

Insights on procurement

December 2022

Procurement is a core activity of government. Each year, the ACT Government spends approximately \$1.5 billion on goods and services - from buying new buses, laptops for high schools, through to contracting cleaners for our hospitals.

The ACT community rightly expects government to use resources wisely and fairly, and to choose providers from the market that offer the best value for money. A failure to do this can be wasteful and erode public confidence in government.

Procurements carried out by ACT government agencies have been the focus of five ACT Audit Office performance audits since 2019. The audits have considered procurement practices against relevant legislation, policy goals and better practice.

This publication presents insights from the following audits:

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- ▶ Procurement and contracting activities for the Acton Waterfront Project (2022)
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- ▶ Campbell Primary School Modernisation Project Procurement (2021)
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- ▶ Court Transport Unit vehicle – Romeo 5 (2021)
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- ▶ Procurement Exemptions and Value for Money (2021)
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- ▶ Total Facilities Management Procurement (2019)
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More reports on procurement activities are expected to be tabled in the Legislative Assembly in 2023 and 2024.



Consider your capabilities

Conducting a procurement can be challenging. It requires knowledge of the Territory's Procurement Framework, including the procurement thresholds and associated delegations, as well as the Territory's procurement policies, better practice guidance and templates. It also requires a knowledge of agency-specific processes and requirements for planning a procurement, selecting a preferred supplier and managing a contract.

The Audit Office has observed procurements in which officers appear not to have had the right skills and latest knowledge of ACT procurement practices. This has been compounded by officers not knowing of the procurement assistance that is available to them.

Procurement ACT's training modules on procurement, including on probity, delegations and value for money, provide a good foundation to develop procurement skills and capabilities. Equally as important, this training can raise awareness of where there might be gaps or shortcomings in capabilities.

Depending on the nature and value of the procurement, support is available from a range of sources, including Procurement ACT, Major Projects Canberra, the Government Procurement Board, external professional services firms, and probity and legal advisers.

Understand your business need

Identifying and documenting the business need being met by the procurement is the foundation of a successful procurement process.

The business need will be the reference point for a range of activities to be undertaken as part of the procurement lifecycle, including defining the objectives of the procurement, setting out the tender evaluation criteria and any issues to be considered in the contract and in its management.

Procurements have come to the Audit Office's attention that have had poorly defined business needs and requirements. This has led to complications in the management of the procurement process and additional time and resources spent trying to effectively deliver the specifications of the agency.

Be clear about roles and responsibilities

Clearly identifying and documenting roles and responsibilities is important for sound procurement governance. It helps to clarify expectations and safeguard the integrity of decisions made during the procurement.

A range of officers may be involved in a procurement: from officers responsible for defining the business needs, or administering the procurement, through to those involved in evaluating proposals and, subsequently, decision-makers and delegates.



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External expertise, such as the Government Procurement Board, other directorates or specialist advice, may also feature. The Audit Office has observed procurements where roles and responsibilities have not been clearly identified and documented, leading to confusion in the conduct of the procurement and uncertainty in processes.

Take probity seriously

Probity means acting with integrity, fairness and honesty. Concerns about probity in a procurement undermine public trust and increase the risk of the Territory’s exposure to reputational damage and financial loss, including through legal challenge to procurement processes. Probity helps to ensure that a procurement process can withstand internal and external scrutiny.

Ensuring the impartial and equitable treatment of potential suppliers is a demonstration of probity. Potential suppliers should be provided with the same opportunity to participate in a procurement process. This gives suppliers confidence that they are being treated fairly, and that decisions will be based on merit.

Consistency in the administration of the procurement process, which can be demonstrated by following agreed procurement processes and plans, also helps to maintain high standards of probity. Developing and adhering to an evaluation plan and using the agreed evaluation criteria and assessment methodology helps contribute to a fair and impartial outcome.

In all cases, it is important to reiterate that engaging probity expertise through a probity advisor or probity auditor does not diminish the accountability of the relevant agency or the necessity to implement sound practices.



Be alert to risks

Risk management must be practised for all procurement activities regardless of value. A proactive approach to risk management will lead to improvements in decision making and contribute to achieving value for money outcomes.

Risk should be considered at the earliest stages of procurement planning and be continuously reviewed and updated throughout the procurement lifecycle. This is important as the levels of risk may change, or new risks may arise, as a procurement activity progresses. This is an aspect of procurement that the Audit Office has observed not being done well.

The level of effort and documentation directed to risk assessment and management should be equal to the scale and risks of a procurement. Complex or high value procurements, or procurements of new or innovative goods or services, should feature a detailed and formal risk assessment and risk management plan, and would ideally benefit from the input of expert advice.

Importantly, while the formal risk management plan should be a valuable tool for effectively managing the procurement, the risks should be revisited and revised as the procurement process evolves.

About the ACT Audit Office

The ACT Audit Office provides an independent view on the accountability, efficiency and effectiveness of the ACT Public Sector.

Performance audits provide the ACT Legislative Assembly with an independent assessment of the quality of the management of public resources, and identify and promote better practices. Further information about performance audits and performance audit reports can be found on the ACT Audit Office website (www.audit.act.gov.au).

The ACT Audit Office publishes an annual performance audit program in June each year. The Performance Audit Program aims to balance coverage across ACT Government agencies and focus on topics that are of interest to ACT Legislative Assembly and the community.

Ideas for performance audits can be submitted to the Audit Office via email: performance-audit-program@act.gov.au