



Department of Finance Procurement Bulletin

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Contract management steps into the limelight

The Department of Finance has answered the call and established a Contract Management Interdepartmental Steering Group (CMISG). They have been given the job of leading the development of a Western Australian Contract Management Framework (the Framework).

This comes hot on the heels of the [Special Inquiry into Government Programs and Projects and the Service Priority Review](#) which revealed WA government agencies need to improve their commercial expertise and contract management is a great place to start.

So the first Framework Principle is best practice contract management. This will underpin the remainder of the Framework. It will include a benchmarking mechanism for agencies to identify capability and performance gaps and track their progress. This is currently being finalised and will be released in early 2019.

Next year the Steering Group will focus on developing a range of tools and resources for both agencies and individual contract managers to support contract management practice. While this will initially be coordinated by the CMISG, there will be further consultation with agencies so if you would like to be involved or have any queries contact the [Procurement Capability and Development team](#).

Decommissioning of GCN and ServiceNet – an update

Back in [July 2018](#) we advised you of the need to decommission the Government Campus Network (GCN) and ServiceNet businesses and this meant agencies needed to transition their services to the GovNext-ICT CUA providers, Atos, Datacom and NEC.

Since then:

- Network services for Optima and David Malcolm Justice Centre (DMJC) have transitioned from GCN to GovNext. NEC is now the provider of network services at Optima and Atos is the provider at DMJC.
- Projects for other GCN sites are well underway and will occur in Q1 2019
- If you are located in a building where network and telephony services are provided by GCN, talk to your IT teams– they will be across the projects and timeframes.
- 19 agencies have moved off ServiceNet across a range of services. Again, if your agency is a ServiceNet customer, contact your IT teams for an update on when you will transition out of ServiceNet.

It is imperative agencies adopt GovNext services as ServiceNet and GCN will be decommissioned. So don't delay, make the service transition as soon as possible.

[Jeremy Pestana](#) from ServiceNet can assist you to understand the services you currently purchase from ServiceNet.

[Darryl de Souza](#) can assist you with your GCN enquiries.

Local Government Procurement - Auditors Report

The Office of the Auditor General recently published an audit on Local Government Procurement that may assist your agency to procure better.

This audit assessed the effectiveness of procurement arrangements at eight local government entities (LGs) of varying sizes in both metropolitan and regional Western Australia.

Procurement activities in LGs are primarily governed by the Local Government (Functions and General) Regulations 1996 (the Regulations), which require LGs to develop their own policies for purchases that are expected to be less than \$150,000. These policies address things like the form (verbal or written) and minimum number of quotes that must be obtained, and how procurement information will be recorded and retained. For purchases over \$150,000, the Regulations set specific requirements for public tender.

Findings

All eight local governments were reported as having shortcomings in their procurement practices such as weak procurement controls, processes and documentation for tendering, purchase orders and approvals, and reviewing invoices and payment. However, no evidence of misconduct was identified.

Your agency may recognise the areas for improvement that include:

- Consistent and effective use of procurement policies and procedures
- Better procurement oversight and controls
- Better documentation around procurement decisions and conflict of interest considerations
- Increase procurement practices to more than just focussing on minimum compliance with legislation.

Recommendations

While the audit did focus on LGs, there are recommendations included in the report that your agency may benefit from, such as:

- Provide procurement staff with adequate training around procurement policy and practice with a particular emphasis on personal accountability, probity and transparency
- Ensure business requirements are determined prior to supplier engagement
- Appropriate internal approvals are obtained prior to any procurement occurring
- Ensure there is an appropriate segregation of duties across the procurement process
- Correct purchasing methods are used and policies are adhered to
- Any exemption processes follow policies and are appropriately documented
- Any conflicts of interest are declared, assessed and recorded
- Purchase orders are raised for the full expected amount (value) and approved by staff with appropriate delegations
- Differences between quoted rates and invoice charges are appropriately justified and documented
- Documentation is retained that supports open, fair and transparent decision showing correct procedure has been followed
- Goods and Services are received and approved by staff with appropriate authority
- Evidence of strong controls around the payment of suppliers and access to back accounts.

If you would like more information contact the [Agency Procurement Services Team](#).

Optima's Tenders Office takes a break over Christmas

The festive season is almost upon us so please be mindful that people who work for our suppliers deserve a holiday too!

It's a fundamental principle of value for money that competitively tendering an opportunity leads to the best outcomes, that's the principle upon which the State Supply Commission's [Open and Effective Competition](#) is based.

Tendering at Christmas time is not particularly 'effective' in seeking responses from the widest pool of possible suppliers. This is true also, when seeking competitive quotes from a Common Use Arrangement. If you must release a tender or call for a quote over the Christmas period consider holding the request open for a longer period, to allow everyone, to spend some time with their families over this time and have the opportunity to respond.

Remember also, that if you are the contact person for a tender released over this period, and you are going to be away for any portion of the request open period, arrange to have someone with the appropriate knowledge available to answer questions from suppliers interested in submitting an offer.

There is also the obligatory shut down of the Optima Tenders Office over the festive period. The key dates are:

- Friday 14 December will be the last day to close tenders at the Optima Tenders Office in 2018.
- Between Monday 17 December and Friday 21 December, requests may be released through the Optima Tenders Office but not closed.
- Between Monday 10 December and Friday 21 December, operating hours for the Optima Tenders Office will be 8:00am to 4:00pm.
- Between Monday 24 December 2018 and Tuesday 1 January 2019, the Optima Tenders Office will observe the Departmental shutdown.
- Wednesday 2 January 2019 will be the first day in the new year to release requests through the Optima Tenders Office.
- Thursday 3 January 2019 will be the first day to close tenders at the Optima Tenders Office.

For more information on the Tenders Office contact [Juliette Reay](#) or [Anna Rechichi](#).

Perth Transport Authority shine a light on savings

Government Procurement's (GP) Energy CUA team were quick to get on board when the Perth Transport Authority (PTA) reached out for help with their contract for electricity which expired on 30 November 2018. PTA wanted to refresh their contract for 81 of their sites which include train stations, bus shelters, carparks and train electrification network.

After a number of meetings with PTA's procurement team, it was decided a new customer contract would be set up with an initial 3 year term, plus a 1 x 2 year extension option giving suppliers a more definitive initial supply term. A pricing quotation framework was added as an appendix to the quote form for suppliers to provide their costings. GP released the draft quotes for comment with PTA and held supplier briefings with each of the three suppliers before presenting PTA with a price evaluation for their endorsement and recommendation of the preferred supplier.

PTA awarded the contract to Alinta Energy which saw some great outcomes:

- A saving of \$34.7M (incl. GST), which translates to 7.3% against their previous contract spend over 5 years.
- The convenience of a single supplier.
- The ability to either roll in newly constructed sites (Metronet) under the same rates or seek competitive quotes under the CUA.
- Revised terms and conditions that were beneficial to PTA.

If you would like more information on how your agency can save electricity dollars contact the [Energy CUA team](#).

Supplier data portal comes to Finance

There's a new supplier portal at Government Procurement (GP) that allows CUA suppliers to login and upload their sales data. The system design includes automation that will improve the timeliness, completeness and accuracy of sales data collected from CUA suppliers.

GP is piloting it on three CUAs, Computing and Mobile Devices, Printing and Copying Machines and Solutions, and Storage, Retrieval, Destruction and Digitisation of Paper and Electronic Records.

GP's CUA Contract Managers for those CUAs are now turning their attention to:

- Compliance checks on CUA contract prices. If incorrect charges are identified they will be reported to your agency
- Analysing the CUA sales data and providing better advice on how to optimise the value for money achieved under the CUA. For example, the new contract management strategy under the Printing and Copying Machines and Solutions CUA focuses on advising agencies on how they can reduce their print volumes and/or colour and optimising your agency's printer fleet so it aligns with your agency's printing profile.

The introduction of the supplier portal will drive improvements in CUA sales data quality, which will be reflected in the interactive Business Intelligence reports and dashboards (including the Who Buys What and How report) being developed by GP. We reported in our [previous edition](#) on how these will assist your agency with maximising the value for money that can be achieved under the CUAs. This includes:

- Providing transparency of CUA spend across WA Government and your agency.
- The ability to compare your prices paid against other agencies and across suppliers.
- Other buying tool information that identifies savings opportunities.

If you would like more information on the supplier sales portal contact [Michael De Luce](#).

There's a new PoolCar booking system, with extras!

Earlier this year, the Department of Finance approached the market for a variety of services under the banner of the [Motor Vehicle Fleet Services Common Use Arrangement](#). Several of these services are now available to Government:

- Telematics (in-vehicle Monitoring systems)
- Vehicle Booking System
- Tyre Supply and Fitting Services
- Aftermarket Vehicle Accessories

One of the new services is 'PoolCar', an Australian company providing an innovative vehicle booking system. In addition to the standard features of a vehicle booking system, PoolCar can provide ride-share options ('going my way?'), car-sharing between agencies, integration with Outlook calendar, utilisation monitoring. There's even an optional electronic key box that potentially replaces paper logbooks and provides FBT reporting and perhaps the biggest selling point, agencies pay no ongoing license fees for State Fleet vehicles.

If you would like more information, contact [PoolCar](#) or [State Fleet](#).

More information on the other services is available in the [Buyers Guide](#).

Training coming up in Government Procurement

Government Procurement has some exciting training and development opportunities for 2019, including a new suite of community services workshops that you can [enrol in now](#) and a new Vocational Procurement Program aimed at the Australian Diploma of Procurement which is currently under development.

But you don't have to wait 'till Christmas, you can enrol in many of our workshops right now. Here's a taste of what's under the tree!

- Contract Management Awareness | [12 February 2019](#)
- Procuring Community Services and the DCSP policy | [6 March 2019](#)
- Risk Management in the Procurement Context | [27 March 2019](#)
- Developing and Using Key Performance Indicators | [4 April 2019](#)
- Written Quotes Process | [11 April 2019](#)
- Introduction to Foreign Exchange | [16 May 2019](#)

For more information and registration click on the date for the session you'd like to attend.

Who Buys What and How 2017-18 has gone interactive

Government Procurement has released new interactive reports for the 2017-18 Who Buys What and How report. There are two versions, Agency and Public that reviews Western Australian government agencies' expenditure for the 2017-18 financial year.

The report is split into three sections:

1. Agency Expenditure – Provides insights on agency reported expenditure
2. Common Use Arrangements – Provides insights on Common Use Arrangement expenditure
3. Contracts – Provides a summary of Western Australian agencies' contracts recorded on Tenders WA

Further information is provided on the 'About this report' page within each report.

You can access the Agency version of the 2017-18 Who Buys What and How from the [Government Procurement - Interactive Reports](#) link. Whilst the Public version is available from the [Department of Finance website](#).

Please note, the Agency version contains information that is not publicly available which should be treated as commercially sensitive.

If you would like more information contact [GP's Business Analysis team](#).



For general enquiries please email gpbusinessdevelopment@finance.wa.gov.au.