

Procurement Policy



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Last Amendment:

Approved by: NSW State Librarian and Chief Executive

Policy owner/sponsor: Director, Operations & CFO

Policy Contact Officer: Manager, Facilities & Security

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1. Summary

This Policy establishes the framework for the State Library's procurement activities consistent with the legislation and the NSW Government's Procurement Policy Framework, the Code of Practice for Procurement and government priorities and objectives.

This policy applies to staff that have the responsibility and delegation to arrange, approve and manage procurement.

It applies to the procurement of all goods and services, capital works, major plant and equipment, construction and improvement of infrastructure, Information Technology projects, professional services, leasing arrangements, utilities and contract labour services for the State Library regardless of source of funding.

2. Policy Statement

The fundamental objective of the State Library Procurement Policy is to ensure that State Library procurement activities achieve best value for money in supporting the delivery of library services and are conducted in accordance with Government overarching policy and guidelines.

The NSW Government Procurement Policy is implemented as a Treasurer's Direction under Section 9(1) of the *Public Finance and Audit Act 1983* which articulates the base requirement that all public sector agencies use monies efficiently and effectively.

3. Policy Principles

The State Library's procurement activities will be governed by the following principles:

- Value for money – Potential suppliers will be evaluated against non-cost factors such as fit for purpose, quality, timely delivery, ongoing service support, warranty, legal compliance and whole of life costs.
- Transparency, probity, equity and ethical behaviour – the State Library will purchase goods and services for official business purposes. Confidentiality will be maintained in all transactions. Conflicts of interest will be disclosed and dealt with. Gifts and benefits that may influence the procurement process will be declined.

- Risk management – Primary risks will be identified, assessed, controlled and monitored throughout procurement activities.
- Responsible financial management – State Library funds will be used appropriately and every effort will be made to contain the costs of procurement from suppliers to the State Library wherever possible.
- Social and environmental impact – the State Library has a responsibility to ensure that its procurement activities consider social, community and environmental issues. This is achieved through the purchase of energy efficient goods from suppliers who minimise their energy consumption and environmental impact.
- Open and fair competition – the State Library will ensure that there are opportunities for open and fair competition between all potential suppliers including Disability Services contractors under the Ready, Willing and Able Scheme to achieve best value for money.
- Timely and accountable decision making – the State Library will develop clear documented procedures for purchasing, risk management and tendering which support timely decision making.

4. Legislative and Policy Framework

On 1 July 2012, the Public Sector Employment and Management Act 2002 was amended as part of the NSW Government's procurement reform. The State Contracts Control Board was abolished and replaced by the NSW Government Procurement Board, with its membership to be drawn from the Directors General of the NSW Government's Principal Departments. The statutory-based NSW Procurement Board will have responsibility for overseeing the Government's procurement system, setting policy and ensuring compliance.

The *Public Sector Employment and Management Act 2002* sets out the NSW Procurement Board functions:

- Oversee the procurement of goods and services by and for government agencies
- Develop and implement procurement policies
- Issue directions to government agencies
- Monitor compliance by government agencies with the requirements of the Act (including NSW Procurement Board directions)
- Investigate and deal with complaints about the procurement activities of government agencies
- Develop appropriate procurement and business intelligence systems for use by government agencies
- Collect, analyse and publish data and statistics in relation to the procurement of goods and services by and for government agencies
- Such other functions as are conferred or imposed on the NSW Procurement Board by or under this or any other Act.
- All things necessary or convenient to be done for, or in connection with, the exercise of its functions.

The NSW Government Procurement Policy is a comprehensive document and to be followed in conjunction with the State Library's Procurement Policy. The Policy states that State Contracts are to be utilised where they are available. State Contracts are arrangements made with suppliers to supply or dispose of specific goods and/or services for a specific price for a specified period. Agencies must use State Contracts where they are available for procuring Goods and Services.

Where no state contract is available agencies can undertake their own procurement in accordance with the General Purchasing Delegation. The General Purchasing Delegation specifies actions according to procurement value ranges: up to \$3,000, over \$3,000 and up to \$30,000, over \$30,000 and up to \$250,000 and over \$250,000 (all amounts are inclusive of GST). Under the NSW Government Procurement Policy agencies may impose their own purchasing limits at lesser values for internal management purposes.

State Library Procurement Limits:

The State Library has the following policy and limits for purchases that are not collection purchases:

1. If a state contract is available for the goods and services required, it must be used for the purchase of goods and services as applicable.¹
 2. Goods and services not available through state contract **up to \$3,000 in value** (GST inclusive) may be purchased without obtaining written quotations or raising a purchase order.
 3. Goods and services not available through state contract **over \$3,000 and up to \$30,000 in value** (GST inclusive) may be purchased subject to at least one written quote being obtained and appended to the purchase requisition form.
 4. Goods and services not available through state contract **over \$30,000 and up to \$250,000 in value** (GST inclusive) may be purchased subject to a minimum of three written quotations being obtained. The Approval to Procure form must also be completed before the procurement commences. If three quotes are unable to be obtained, this should be outlined in the Approval to Procure form seeking approval to procure including the reasons for less than three quotations being obtained. An internal evaluation committee may be convened to assess quotations depending on the value and/or risk of the procurement. The quotations and the Approval to Procure form must be appended to the purchase requisition form along with the rationale for the recommended supplier.
 5. For goods and services not available through state contract **over \$250,000 in value** (GST inclusive), details and the procurement plan are to be submitted to the NSW Department of Trade and Investment for approval to commence the tendering process. The tender can then be managed in-house by the State Library.
- ***All orders (commitment of expenditure) are to be approved in accordance with the State Library's Financial Delegations Policy.***
 - ***It is incumbent on officers with financial delegations to be mindful of interim and periodic restrictions that can be placed on either the Library Executive, as a directive from NSW Treasury or the Department of Premier and Cabinet.***

The *Clause 10 Direction General Purchasing Delegation* states **that an agency must:**

- Ensure that the approved supplier's rates for the goods or services are reasonable and consistent with normal market rates

¹ Under the NSW Government Procurement Reform, agencies will continue to purchase goods and services from State Contracts, through agencies' own contracts and under the General Purchasing Delegations until the NSW Procurement Board advises of any changes.

- Must not split its purchase requirements into either components or succession of orders to reduce tendering requirements.

When undertaking purchases through quotations, an agency must:

- Ensure purchase specifications and requirements are disclosed equally to all suppliers invited to quote and that supplier selection evaluation criteria are established prior to receiving quotes

Exceptional Circumstances

The obligation on users to solicit competitive offers set out in this policy will only be waived in any of the following exceptional circumstances:

- there is a bona fide need for a proprietary product to ensure compatibility with existing equipment and there is a sole source of supply for the proprietary product;
- emergencies – there is a genuine business or operational urgency that seriously threatens employees, customers, assets or corporate reputation;
- there may be a material and otherwise unavoidable threat to the Company's financial performance;
- there is a need for unique intellectual property or expertise or services on the scale required, that is available from only one supplier;
- confidentiality;
- where the introduction of a third party supplier may materially diminish the Company's contractual rights with an existing contracted supplier; or
- where a case can be made to substantiate the restricted approach to the market observing that poor planning is not regarded as grounds for exceptional circumstances.

Requests to invoke Exceptional Circumstances provisions for procurement must be made to the NSW State Librarian and Chief Executive. Users must provide an adequate justification for why competitive offers should not be solicited to satisfy the requirement.

All procurements with Exceptional Circumstances are to be reported to the State Library's Audit and Risk Committee.

Right to Information

Under s.27 of the *Government Information (Public Access) Act 2009* all contracts the State Library enters into with the private sector valued over \$150,000 are to be recorded in the register of government contracts, which is published on the Government tender's website.

Recordkeeping

Full and accurate records are to be maintained securely to protect confidentiality and are to be registered in the State Library's recordkeeping system in accordance with the Records Management Policy and the *State Records Act 1998*.

Most relevant legislation

- *Independent Commission Against Corruption Act 1988*
- *Government Information (Public Access) Act 2009*

- *Public Finance and Audit Act 1983*
- *Public Sector Employment and Management Act 2002*
- *Public Sector Employment and Management Regulation 2009*
- *State Records Act 1998*

Related and/or most relevant State Library and government policies

- Code of Conduct
- Financial Delegations Policy
- Fraud Control Policy
- NSW Government Procurement Policy (July 2004)
- NSW Government Code of Practice for Procurement
- NSW Government Tendering Guidelines
- NSW Government Sustainability Policy
- NSW Government Local Jobs First Policy
- Records Management Policy.

5. Definitions and Acronyms

Contract: A binding agreement between the Company and a supplier established for a specific purpose or for a specific duration up to an amount approved by the relevant Financial Delegate.

Contractor: A person or company engaged to undertake a particular task as opposed to the provision of advice on those particular tasks, eg, provision of training, provision of routine services, and program implementation in accordance with set specifications.

Expression of Interest (EOI) or Registration of Interest (ROI): A response to a request for companies to register their interest in supplying a product or service and state their general capabilities.

Probity: Probity is about making decisions with the right intentions, that is, in good faith. Probity involves maintaining fidelity to public sector values and duties such as selflessness, accountability, fairness and observing value for money. Probity implies values such as integrity, uprightness and honesty and, in doing so, minimises the risk of corrupt or dishonest conduct and mismanagement.

Procurement: The end-to-end process associated with sourcing goods and services including, without limitation, planning, market research, sourcing, contract management, supplier relationship management, and benefits tracking. For the purposes of this procedure the term procurement is used interchangeably with the term purchasing.

Purchase Order (PO): A written contractual document prepared by the State Library to engage a supplier that sets out the goods and services required by the State Library and relevant pricing and delivery information. A PO must be in place prior to obtaining goods or services.

Request for Proposal (RFP): Request for response to a high level specification (where the State Library seek the suppliers to provide detail). A request to provide a solution.

Request for Quotation (RFQ): A request for a response in the form of quotation for the supply of a product or service to a defined specification, generally used where the value of the requirement is less than the tender threshold.

Request for Tender (RFT): Request for a structured and detailed response to a comprehensive statement of requirements.

State Contracts are arrangements made with suppliers to supply or dispose of specific goods and/or services for a specific price for a specified period (usually three to five years). For some contracts there may be a panel of suppliers who can provide goods and services and in other cases there may be a sole supplier.

Value for Money: The commercial attractiveness of a bid having regard to the extent to which it satisfies the Company's requirements, evaluation criteria, the value of the bid, risk, and the whole of life costs.

6. Responsibilities

Executive Committee members are responsible for leading the implementation of this policy including its conformity to legislative and other compliance requirements, communicating this policy to managers and supervisors and other relevant activities regarding specific policy implementation.

Managers and supervisors are responsible for managing processes relevant to this policy and communicating this policy to staff.

Staff are responsible for understanding and complying with this policy.

7. Approval

This policy was approved by NSW State Librarian & CE on 18 March 2013 for immediate implementation.

8. Implementation

This policy is implemented on 18 March 2013.

9. Related Policy

This policy is related to the Collections Acquisition Policy.

10. Prepared by:

Manager, Facilities & Security
15 January 2013

11. Document History and Version Control

Version	Date approved	Approved by	Brief description
1.0	18 March 2013	NSW State Librarian & CE	First release