

**Estimates Committee 2008**  
**Questions Taken On Notice**

( 17/6/2008 to 20/6/2008 )

Date: 17/06/2008

Output: Treasury  
Sub Output: Whole-of-  
Government  
Questions - Budget  
and Fiscal Strategies

Subject: Treasury Procurement Management Plan

**From:**Mr Terry Mills MLA to Hon Delia Lawrie MLA  
Treasurer

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**Question:** 2-6  
I would like a copy of the agency Procurement Management Plan

**Answer:**  
Answered On: 17/06/2008

# Northern Territory Treasury

# Strategic Plan

## Procurement Management Plan

### Introduction

#### Purpose

The purpose of the Procurement Management Plan is to:

- Set out a strategy for improving procurement procedures in Treasury;
- Set out a strategy for ensuring procurement related expenditure is well managed;
- Assign responsibility for improving competency in procurement functions; and
- Identify risks and risk management strategies relating to procurement.

This plan meets Treasury's obligation to produce an annual Procurement Management Plan, as stipulated in Procurement Direction PO3.8 – Procurement Planning.

#### Application

This policy applies to all Treasury employees procuring or approving the procurement of goods or services in Treasury.

#### Relevant legislation

This plan has been developed under the Northern Territory Government Procurement Framework which consists of:

- *Procurement Act*
- *Procurement Regulations*
- Procurement Directions
- Northern Territory Procurement Code

#### Related policies

The following Treasury procedures are relevant to this procurement plan:-

- Procuring Goods and Services ;
- Invoice Procedure;

#### Date effective and date for review

Treasury's procurement management plan will come into effect in June each year for the forthcoming financial year. The plan is provided as an attachment to this document.

#### Responsible Officer

The Director Corporate Support is responsible for developing and overseeing this plan.

## Definitions

### **Agency Purchase Requisition On-line (APRO)**

APRO is an online approval system developed by the Department of Corporate and Information Services and mandated for use across the Northern Territory Public Sector. APRO enables the creation, processing and recording of all agency procurement action and includes an electronic workflow system.

### **Department of Corporate and Information Services – Contract and Procurement Services (DCIS – CAPS)**

DCIS–CAPS are responsible for coordinating whole of government public tender processes on behalf of agencies. DCIS-CAPS also manage APRO and provide system support to agencies.

### **Future Tender Opportunities (FTO)**

It is a requirement under the procurement directions that agencies advertise any FTOs in the NT News two months prior to a tender being advertised. This process is coordinated by DCIS – CAPS, who arrange for the monthly advertising of future tender opportunities to provide advance notice to industry and business of proposed Procurement activities.

### **Procurement**

Procurement is the obtaining of supplies through purchase, hire, lease, rental exchange or any other commercial transaction. Procurement encompasses the whole process of acquiring property, goods and services.

## Principles

The following five principles underpin the Northern Territory Government's Procurement Framework:-

- Value for Money;
- Open and fair communication;
- Enhance the capabilities of local business;
- Environmental protection; and
- Ethical behaviour and fair dealing.

Treasury staff must also adhere to these principles and follow Treasury procedure when undertaking any procurement action.

## Treasury's Procurement Profile

Treasury's procurement profile has been reviewed in preparing this procurement plan and the two largest areas of expenditure are professional consulting and legal services. Further information on Treasury's procurement profile is detailed below under the categories of goods and services.

### **GOODS**

- Whole of government contracts
  - Desk top computing and servers
  - Photocopiers
  - Photocopy paper
- Information Technology purchases-Out of specification computer hardware, software and consumables
- Office equipment-Facsimile equipment, whiteboards, audio visual and photographic equipment.
- Paper and Stationery-Office stores and consumables
- Food and cleaning equipment-Tea and coffee supplies, other catered food products and detergent and dish cloths.
- Plant and equipment-Fridges, microwaves and other kitchen appliances.
- Motor Vehicles-Mandated service through NT Fleet
- Furniture-Office furniture, desks, chairs, filing cabinets, shelves, workstations etc

### **SERVICES**

- Consultants (Professional Services)-Information Technology, Audit and Accounting services, Management Consultants, Economic Services and Valuation Services
- Travel-Air travel, air charter/hire
- Accommodation-Domestic and overseas accommodation
- Communications-Mandated Whole of Government contracts through DCIS
- Food services-Catered services (supply of food and beverages)
- Advertising-Promotions and general
- Legal Services-Department of Justice legal services contract
- Waste Removal and Waste Recycling-Collection of waste, waste paper recycling (paper) and confidential document destruction
- Property Services-Office cleaning, maintenance of equipment, buildings etc

## Risks

Treasury has identified the following risks that may arise as a result of failing to adhere to government procurement processes. Treasury's Procurement Management Plan provides strategies to address these risks.

**Staff competency** -The failure for staff to understand their individual responsibilities in relation to procurement could result in inefficient processes that do not achieve best value for money, or can result in Treasury or government reputation being negatively affected due to poor or deficient procurement processes.

**Reputation** -Failure to comply with Northern Territory Government Procurement legislation and procedure could impact negatively on Treasury's and the Territory Government's reputation. Treasury's corporate governance principles of accountability, transparency, integrity and equity could also be undermined as a result of failing to adhere to legislative frameworks and whole of government policy.

**Inefficiencies** -Failure to procure goods and services in a timely manner can inhibit Treasury's commitment to delivering high quality output. So to, procuring goods and services in an ineffective manner can result in failure to achieve best value for money.

# Treasury's Procurement Management Plan 2007-08

## TREASURY'S PURPOSE

To promote sustainable fiscal strength and economic development of the Northern Territory, and contribute to improved social and fiscal wellbeing for Territorians.

## TREASURY'S FUNCTIONS

Treasury provides advice, analysis and administration of matters relating to:

- financial management and fiscal initiatives
- economic frameworks and the territory economy
- commercial projects
- own-source revenue, including taxation;
- public sector superannuation
- borrowing and investing on behalf of the Territory; and
- grants, subsidies and community service obligations related to our responsibilities

## TREASURY STRATEGIC OBJECTIVES

- quality analysis and public policy advice on economic, fiscal, social and commercial issues;
- best practice financial management;
- effective intergovernmental financial relations;
- a fair and efficient Territory tax system; and
- appropriate superannuation arrangements for the Territory public sector.

Through a well-managed and flexible organisation, we:

- recruit and retain high quality staff and provide professional training, development and encouragement;

- maintain our commitment to high quality output; and
- ensure a safe, supportive workplace that recognises diversity and respects every staff member

This plan is linked to Treasury's strategic objectives through the objective of a well-managed and flexible organisation where we maintain our commitment to high quality output.

## OBJECTIVES OF PLAN

After considering Treasury's procurement profile and identifying risks associated with procurement, the following procurement objectives have been developed in 2007-08 for Treasury's Procurement Management Plan:

1. **Procedure and Delegations** - Establish and maintain appropriate and practical procedures for procuring goods and services.
2. **Performance Reporting and Evaluation** - Ensure compliance with Northern Territory Government legislation, procurement policies and guidelines through performance reporting and evaluation
3. **Education and Awareness** - Promote high level awareness of procurement obligations, improve procurement planning and develop high levels of competency for staff involved in procurement
4. **Process Improvement** - Establish a culture of continuous improvement in the efficiency and effectiveness of procurement

Strategies and actions have been developed for each objective and provided on the following pages along with timeframes, performance measures and the responsible action officer.

<b>OBJECTIVE 1: PROCEDURE and DELEGATIONS - Establish and maintain appropriate and practical procedures for procuring goods and services.</b>					
<b>Strategy</b>	<b>Action</b>	<b>Responsibility</b>	<b>Timeframe</b>	<b>KPI</b>	<b>Status</b>
1. Develop internal procurement procedures consistent with the Government Procurement Directions.	i. Prepare annual agency procurement management plan.	Director Corporate Support	May / June each year	Agency Procurement Management Plan approved and available on Insite	In progress – 2008-09 Plan being developed for consideration by SMG
	ii. Develop procurement procedures for each of the Five Tiers of procurement	Director Corporate Support	January 2008	Procurement procedures developed by agreed timeframe	Achieved - Procedures Developed
2. Improve the effectiveness of procurement through a proper planning process.	i. Establish and maintain a rolling schedule of Future Tender Opportunities, (beyond the mandatory 2 month public notification)	Manager Office Services	As required		Ongoing - MOS emailing Directors each month regarding FTOs
	ii. Develop individual procurement plans for all significant purchases in excess of \$100,000 two months in advance of the procuring	Director Corporate Support	As required	Directors advised at Managers Forum	
3. Ensure procurement delegations are appropriate	i. Procurement delegations updated annually	Director Corporate Support	November/ December each year	Delegate advised annual review complete.	Achieved - Review completed Dec 2007.
	ii. Develop checklist for annual review of delegations	Director Corporate Support	December 2007	Checklist developed	Achieved - Checklist developed Dec 2007

<b>OBJECTIVE 2: PERFORMANCE REPORTING AND EVALUATION - Ensure compliance with Northern Territory Government legislation, procurement policies and guidelines through performance reporting and evaluation</b>						
<b>Strategy</b>	<b>Action</b>	<b>Responsibility</b>	<b>Timeframe</b>	<b>KPI</b>	<b>Status</b>	
1 Compliance review	i. Incorporate procurement review audits into internal audit plan	Treasury Risk and Audit Committee (SMG)	As required	Review completed	Ongoing - Procurement considered in October 2007, however considered low risk. To be considered again for 2008-09 internal audit program	
2 Internal quality control	ii. Subject tender documentation to quality control prior to being lodged with DCIS-CAPS	Director Corporate Support	Ongoing	% tender documents reviewed	Achieved & ongoing - 100% Two tenders lodged (Superannuation and TCorp) reviewed by DCS	
	iii. Subject Business Papers to quality control before submission to the Procurement Review Board	Director Corporate Support	Ongoing	Approval by Procurement Review Board (target 100% first submission)	Achieved & ongoing - 100% (Superannuation business paper reviewed by DCS and UT prior to PRB )	
	iv. Monitor that notification of Future Tender Opportunities (FTO) in APRO for all projects over \$50,000.	Director Corporate Support/ Manager Office Services	Ongoing	% tenders complying with two month notification (FTO) period	Achieved & ongoing - 100% (APRO used for Superannuation and TCorp tenders)	
3 Monitoring of procurement complaints	v. Liaise with the Department of Business, Economic and Regional Development - Procurement Complaints unit	Director Corporate Support/ Manager Office Services	Ongoing	Nil complaints received	Achieved & ongoing - No complaints to date	



**OBJECTIVE 3: EDUCATION AND AWARENESS - Promote high level awareness of procurement obligations, improve procurement planning and develop high levels of competency for staff involved in procurement**

Strategy	Action	Responsibility	Timeframe	KPI	Status
1 Improve the competency and training of all staff involved in procurement	i. Develop a procurement training plan	Director Corporate Support	December 2007	Plan developed	Achieved
	ii. New staff advised of Treasury's procurement process at quarterly induction sessions.	Manager Office Services	Ongoing	Number of staff attending procurement training Inducted staff advised of procurement processes	Achieved - Corporate Support staff attended training in 2007-08 Ongoing
	iii. Treasury's procurement procedures delivered as a topic at Managers Forum's.	Director Corporate Support / Manager Office Services	March 2008	Number of managers attended session	No action to date Session to be developed for delivery in 2008-09
	iv. Staff informed that procurement delegations updated upon completion of delegations review	Director Corporate Support	Within 7 days of changes being approved	Staff notified on Insite of changes in procurement delegations	As required
2 Develop Treasury intranet site has procurement page with links to Treasury and WOG policy and procedure	i. Intranet page developed	Director Corporate Support	June 2008	Intranet page developed	Page being developed
	ii. Staff advised	Director Corporate Support	June 2008	Staff advised	Staff to be advised once page developed

<b>OBJECTIVE 4: PROCESS IMPROVEMENT - Establish a culture of continuous improvement in the efficiency and effectiveness of procurement</b>					
<b>Strategy</b>	<b>Action</b>	<b>Responsibility</b>	<b>Timeframe</b>	<b>KPI</b>	<b>Status</b>
Analyse Treasury's procurement profile to improve compliance, efficiency and effectiveness of procurement	As part of developing Agency Procurement Management Plan, review Treasury's procurement profile and expand to identify number and type of procurement activities	Director Corporate Support	May / June	Procurement profile reviewed and included in Agency Procurement Management Plan.	Ongoing
Monitor internal processes to identify what improvements can be made.	Conduct informal survey of staff to assess their knowledge and awareness of procurement processes and identify service improvement opportunities	Director Corporate Support	April / May each year	Number of respondents completed survey.  Responses summarised and considered in development of future Agency Procurement Management Plan	No action to date.