

NSW Government  
**Procurement  
Policy Framework**





























# Manage

Manage contracts and develop supplier relationships to deliver the best outcome for your agency and the government.

## Contract and supplier management

Relating to	Status	Category	Value	Obligation	Reference
Contract and supplier management			Any	Signing an agreement is not the end of a process, but rather the start of an ongoing relationship with the supplier. Both the contract and supplier relationship need to be managed to deliver the best outcome for the agency.	<a href="#">NSW Procurement's approach</a>
			Any	<p>You <b>should</b>:</p> <ul style="list-style-type: none"> <li>ensure smooth transition of services, especially if there is a new supplier</li> <li>jointly establish systems and processes with the supplier team to ensure compliance with contract terms and performance requirements, and determine who is responsible for key tasks and activities on the agency and supplier sides</li> <li>define and maintain the right level of management and resources according to the business criticality and complexity of the procurement arrangement</li> <li>manage performance, drive continuous improvement and encourage innovation in coordination with the supplier and key stakeholders</li> <li>track and report benefits to demonstrate how value for money is being delivered.</li> </ul>	

## Contract and supplier management

Relating to	Status	Category	Value	Obligation	Reference
Supplier relationship management		 	Any	Supplier relationship management (SRM) delivers value over and above the minimum levels of performance covered under contracts by focusing attention on the whole value stream.	<a href="#">Supplier Relationship Management Guidelines</a>
		 	Any	You <b>may</b> wish to identify strategic suppliers to develop relationships through proactive performance and innovation management to deliver additional value.	
Supplier conduct		 	Any	You <b>must</b> use best endeavours to identify adverse findings against suppliers and report such findings to the Procurement Board.	<a href="#">PBD 2017-07 Supplier Conduct</a>
Paying suppliers on time  Small businesses		 	<\$10,000	You <b>should</b> pay invoices up to \$10,000 as soon as possible by PCard for <a href="#">applicable expenditure categories</a> , unless a more cost-effective electronic alternative is available or the supplier cannot accept electronic payment methods.	<a href="#">Faster Payment Terms Policy</a>
		 	\$10,000 – \$1 million	You <b>must</b> pay registered small businesses (<20 FTEs):	
				≤ 20 calendar days of receipt of correctly rendered invoice, unless an existing contract or standing offer provides for an alternative time.	
				From 1 January 2020, ≤ 5 business days of receipt of a correctly rendered invoice, unless an existing contract or standing offer provides for an alternative time period.	
		 	\$10,000 – \$1 million	The Office of the Small Business Commissioner (OSBC) monitors and reports on agency payment performance to <i>small businesses</i> . This process has been automated using the NSW Procurement Spend Cube to develop a <i>small business</i> reporting dashboard.	
Annual reporting		 	Any	Your agency <b>must</b> provide details of its performance in paying accounts, including details of any actions taken to improve performance, in its annual report.	<a href="#">Annual Reports (Departments) Regulation 2015<sup>2</sup></a>
		 	Any	Your agency <b>must</b> report all instances where interest has become payable due to late payment, and the reason for the delay in making that payment, in its annual report.	



















<sup>2</sup> To be replaced by a Treasurer's Direction or Regulation under the *Government Sector Finance Act 2018*.



## Contract and supplier management

Relating to	Status	Category	Value	Obligation	Reference	
Construction – security of payments			Any	You <b>must</b> ensure construction contractors receive progress payments in compliance with the <a href="#">Security of Payment Act</a> .	<a href="#">Building and Construction Industry Security of Payment Act 1999</a> <a href="#">PBD 2013-01C</a>	
			Any	You <b>must</b> , as part of ongoing contract management activities, take steps to verify the claims of head contractors about payments made to subcontractors.		
Aboriginal participation				>\$1 million >\$10 million	You <b>must</b> monitor suppliers' progress in implementing Aboriginal Participation Plans and allocating eligible spend (for construction contracts), and ensure progress reports are provided via the Aboriginal Participation Portal as follows:	<a href="#">Aboriginal Procurement Policy</a> <a href="#">Aboriginal Participation in Construction</a> <a href="#">Aboriginal Participation Portal</a>
				<b>Frequency</b>		
			>\$1 million	Quarterly progress reports (construction only)		
			>\$10 million	Monthly progress reports		
				>\$1 million >\$10 million	You <b>must</b> ensure suppliers provide an <b>Aboriginal Participation Report</b> at the end of the contract, or on a periodic basis depending on the agency's requirements.  You <b>must</b> submit Aboriginal Participation Reports to the Procurement Board.	
Construction contracts				>\$1 million	You <b>must</b> ensure suppliers on construction contracts that cannot, or do not, fully allocate Aboriginal Participation funds to eligible spend types, distribute the remainder of the funds to the APIC policy's list of approved bodies, in consultation with the Procurement Board.	<a href="#">Master Builders Association of NSW</a> <a href="#">Literacy for Life Foundation</a>

## Contract and supplier management

Relating to	Status	Category	Value	Obligation	Reference
Resource Efficiency		 	Any	Your agency <b>must</b> report annually against the policy initiatives in the <a href="#">GREP</a> to the Department of Planning and Industry, including a statement of compliance with the procurement standards in the policy. The reporting deadline for the previous financial year is the last working day in November each year. Compliance with the GREP is voluntary for agencies with fewer than 100 employees.	<a href="#">Government Resource Efficiency Policy</a>
FX Risk		 	Any	Your agency <b>must</b> provide an annual FX Attestation Statement to Treasury by 31 October, for the previous financial year.	<a href="#">FX Risk Policy</a>
		 	Any	You <b>must</b> monitor and annually report to Treasury on FX exposures and any <i>hedges</i> in place.	
Extensions		 	Any	Routinely exercising extension options or rolling-over contracts reduces competition and limits access to new suppliers, products and services. Agencies should consider using extension options on a case by case basis, allowing enough time to conduct a new procurement exercise if the contract is not meeting the agency's needs or delivering value for money.	
		 	Any	You <b>must</b> only exercise extension options where it can be demonstrated the contract will continue to deliver value for money.	
		 	Any	You <b>should</b> conduct a strategic assessment of the market prior to rolling-over or extending a contract, including how the extension will impact competition and create (or continue) barriers to new suppliers.	













Key  Mandatory  Recommended  Goods and services  Construction  ICT  Human services  Additional information



### Additional requirements for goods and services contracts

Relating to	Status	Category	Value	Obligation	Reference
SME and sustainability commitments			>\$3 million	You <b>must</b> monitor supplier compliance with SME and sustainability commitments made in response to the <i>SME and Sustainability Criteria</i> , as part of contract management activities.	<a href="#">SME and Regional Procurement Policy</a>
			>\$3 million	You <b>must</b> ensure suppliers with contracts >\$3 million provide monthly reports on SMEs that have been engaged in the delivery of the contract to meet SME and sustainability commitments, via the online SME reporting portal.	
Human Services			Any	You <b>must</b> report amendments to the prescribed template NSW Human Services Agreement to the Human Services Category Management Group (CMWG) each year.	<a href="#">PBD 2017-04 Procuring Human Services from NGOs</a>
			Any	You <b>must</b> require <i>NGO</i> service providers to report the: <ul style="list-style-type: none"> <li>• service delivery location (local government area (LGA)) where their services are delivered to the service user</li> <li>• service user location (LGA) where the service user resides.</li> </ul>	
			Any	You <b>may</b> seek an exemption from location reporting requirements from the Procurement Leadership Group.	

## Additional requirements for construction contracts

Relating to	Status	Category	Value	Obligation	Reference
Apprenticeships and trainees			>\$10 million	You <b>must</b> ensure contractors report <b>at least quarterly</b> on the engagement of apprentices and trainees on relevant projects (>\$10 million), and progress in achieving the project target.	<a href="#">PBD 2017-05 Construction Training and Skills Development</a>
			>\$10 million	Your agency <b>must report quarterly</b> to the Department of Education on the engagement of apprentices and trainees reported by contractors.	
Financial assessments				You <b>must</b> regularly analyse the financial status of contractors throughout the course of construction contracts. At a minimum, financial assessments must be conducted:	<a href="#">PBD 2013-01C Financial Assessments</a>
			<b>Value</b>	<b>Frequency</b>	
			\$1 million - \$10 million	every six months	
	>\$10 million	every three months			
			Any	You <b>must</b> use the <a href="#">Financial Assessments Prequalification Scheme</a> to source financial assessment reports, or request recent reports for specific contractors from the <a href="#">central repository</a> held by NSW Procurement, unless the agency has capability to conduct financial assessments itself.	<a href="#">Financial Assessments Prequalification Scheme</a> <a href="#">Financial Assessments Repository</a>
		Any	You <b>must</b> address identified risks and recommended actions in financial assessment reports throughout the life of the contract.		
Industrial Relations			Any	You <b>must</b> ensure contractors comply with the <a href="#">NSW Industrial Relations Guidelines: Building and Construction Procurement</a> and, if applicable, the <i>Workplace Relations Management Plan</i> .	<a href="#">NSW Industrial Relations Guidelines</a>













### Additional requirements for construction contracts

Relating to	Status	Category	Value	Obligation	Reference
WHS			Any	You <b>must</b> review contractors' WHS performance throughout the life of the contracts, including WHS management monthly reports and investigating any <i>Notifiable WHS incidents</i> . You <b>must</b> also:	<a href="#">Work Health and Safety Management Systems and Auditing Guidelines</a>
			<b>Value</b>	<b>Requirement</b>	
			<\$1 million	Review the contractor's implementation of the <i>WHS Management Plan</i>	
			≥\$1 million	Agree and implement an audit schedule of the contractor's <i>WHS Management Plan</i> , with a minimum of two audits conducted over the life of the contract. You <b>must</b> ensure any corrective and preventive actions are carried out within agreed timeframes.	
Environmental Management			Any	You <b>must</b> regularly review the contractor's implementation of the <i>Environmental Management Plan</i> over the life of the project, including on-site evaluations.	<a href="#">Environmental Management Systems Guidelines</a>
Quality Management			Any	You <b>should</b> conduct regular reviews, audits and/or inspections to monitor contractors' implementation of <i>Quality Management Systems, Quality Management Plans</i> and/or <i>Inspection and Test Plans</i> , based on the value and risk profile of the contract.	<a href="#">Quality Management Systems Guidelines</a>



## Managing the lifecycle of goods and assets

Relating to	Status	Category	Value	Obligation	Reference
Disposal of goods of assets		 	Any	The <i>Public Works and Procurement Act 1912</i> defines procurement to include the disposal of goods that are unserviceable and no longer required. Accordingly, any Board Direction or policy that refers to procurement also applies to the conduct of disposals.	<a href="#">Public Works and Procurement Act 1912</a>
		 	Any	You <b>must</b> ensure that disposals are approved by the appropriate authority and that due process and disclosure is undertaken including: <ul style="list-style-type: none"> <li>• complying with the agency’s authority to conduct the disposal (refer to <a href="#">Authority to Procure</a>)</li> <li>• disposal specifications and requirements are disclosed equally to all suppliers invited to quote, if required</li> <li>• supplier selection evaluation criteria are established prior to receiving quotes</li> <li>• proper processes are followed for managing market requests and for receiving and opening quotes.</li> </ul>	
Circular economy		 	Any	You <b>should</b> consider the product lifecycle when conducting needs analysis and developing product specifications, including <i>circular economy</i> principles, so that reuse, repurposing, recycling and/or disposal of goods or assets is planned into the procurement process.	<a href="#">NSW Circular Economy Policy Statement</a>
		 	Any	You <b>must</b> ensure any disposal or repurposing is consistent with environmental and waste management legislation, regulations and policies.	

Key  Mandatory  Recommended  Goods and services  Construction  ICT  Human services  Additional information



## References

Type	Reference	Status	Category		Value	Plan	Source	Manage
Legislation	<a href="#">Annual Reports (Departments) Regulation 2015<sup>3</sup></a>				Any			
Legislation	<a href="#">Building and Construction Industry Security of Payment Act 1999</a>				Any			
Legislation	<a href="#">Work Health and Safety Regulation 2017</a>				≥\$250,000			
Policy	<a href="#">Aboriginal Participation in Construction Policy (APIC)</a>				<\$250,000 >\$1 million			
Policy	<a href="#">Aboriginal Procurement Policy (APP)</a>				<\$250,000 >\$10 million			
Policy	<a href="#">DFSI 2015-02 Efficient Electronic Payment Methods Policy</a>				<\$10,000			
Policy	<a href="#">Environmental Management Systems Guidelines</a>				Any			
Policy	<a href="#">Faster Payment Terms Policy</a>				<\$1 million			
Policy	<a href="#">Government Resource Efficiency Policy</a>				Any			
Policy	<a href="#">NSW Circular Economy Policy Statement</a>				Any			
Policy	<a href="#">NSW Industrial Relations Guidelines: Building and Construction Procurement</a>				Any			
Policy	<a href="#">PBD 2013-01C Financial Assessments</a>				>\$1 million			

<sup>3</sup> To be replaced by a Treasurer's Direction or Regulation under the *Government Sector Finance Act 2018*.

## References

















































Type	Reference	Status	Category		Value	Plan	Source	Manage
Policy	<a href="#">PBD-2016-03 Construction Standards and Conformance</a>				Any			
Policy	<a href="#">PBD 2017-04 Procuring Human Services from NGOs</a>				Any			
Policy	<a href="#">PBD 2017-05 Construction Training and Skills Development</a>				>\$10 million >\$500 million			
Policy	<a href="#">PBD 2017-07 Supplier Conduct</a>				Any			
Policy	<a href="#">Quality Management Systems Guidelines</a>				Any			
Policy	<a href="#">SME and Regional Procurement Policy</a>				<\$50,000 <\$250,000 <\$1 million >\$3 million			
Policy	<a href="#">TPP18-03 NSW Government Foreign Exchange Risk Policy</a>				Any			
Policy	<a href="#">Work Health and Safety Management Systems and Auditing Guidelines</a>				Any			
Guidance	<a href="#">Financial Assessments Reports Central Repository</a>				>\$1 million			
Guidance	<a href="#">Supplier Relationship Management Guidelines</a>				Any			
Guidance	<a href="#">TCorp Foreign Exchange Execution Framework</a>				Any			

Table 13 References: Manage


 Mandatory
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