Procurement Solutions
Business Plan 2013-18
Strategic Supply and Support
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Vision

Supporting quality education, communities and government services with procurement excellence

We will

Deliver strategic and innovative supply solutions and policy guidance that bring ongoing value, efficiency and compliance to the Department’s procurement operations
Procurement Solutions Business Values

Procurement Solutions operates within an environment of a defined set of business values to ensure ethical business practices; consistent, defensible, repeatable outcomes; and credible and sought after expert advice on procurement matters.

**Probity**
- Managing the integrity of process according to government policy
- Acting impartially and fairly
- Being accountable for all our decisions and actions.

**Innovation**
- Daring to think differently to seek new and better ways of doing things
- Overcoming obstacles creatively to achieve our customer’s objectives and optimise value.

**Transparency**
- Conducting all activities openly with clear audit trails
- Documenting all tasks and discussions
- Making available all information for collaboration and collective decision making.

**Flexibility**
- Being ready to vary the objective, process or procedures (within probity) to achieve;
- Maximum customer / stakeholder outcomes.
- Optimise local decision making solutions.

**Equity**
- Providing equal benefit and service across the Department regardless of size or location
- Ensuring the supply market has equal access to the Department’s business. (We have a requirement under the Australian Constitution to provide access to all Australian states, and under the Free Trade Agreement access to the USA.)

**Professionalism**
- Dealing with customers, suppliers and other stakeholders respectfully, courteously, honestly, punctually and responsibly
- Applying research, analysis, experience, expertise and procurement leadership
- Delivering work outputs that are accurate, timely and presentable
- Taking accountability for our work and our decisions
- Adding value to the outcome for every activity we undertake.

DEC’s Interpersonal Values

The Department’s values of fairness, respect, integrity and responsibility are both encouraged and expected of Directorate staff in all interpersonal dealings both internally and externally.
Our Strategic Plan

Our vision of supporting education, communities and government services through procurement excellence will be supported by focusing on the following priorities.

**Priorities**

- **Customer centric procurement support**
  - To provide a customer-centric focus, listening and adapting to the Department’s service delivery needs while maintaining policy compliance.

- **Value, innovation and social responsibility in contracts**
  - To provide the best value supply solutions that deliver savings, bring innovation to Government services and support the Community.

- **Strong and transparent governance framework**
  - To establish a clear governance framework that provides direction and oversight to the Department’s procurement activities and performance.

- **Dynamic Procurement technology solutions**
  - To specify technology solutions that simplify procurement activity, support compliance and reduce red tape.

- **Effective Procurement Solutions Directorate**
  - To attract and retain professional and capable people to deliver efficient procurement services.

- **Category management framework**
  - To provide a category management framework that supports business alignment, decision making and Government procurement objectives.
2013-2018 Strategic Framework
Our Priorities

Details of the key strategic priorities, aligning operational deliverables with Government and the Department’s objectives follow. Contemporary best practice procurement practice will be utilised to optimise value and reduce risk to the Department.

1. CUSTOMER CENTRIC PROCUREMENT SUPPORT

TO PROVIDE A CUSTOMER-CENTRIC FOCUS, LISTENING AND ADAPTING TO THE DEPARTMENT’S SERVICE DELIVERY NEEDS WHILE MAINTAINING POLICY COMPLIANCE

We will:

- Involve customers in the design, development and delivery of goods, services and purchase-to-pay solutions.
- Deliver products that are fit for purpose and safe for classroom and community environments.
- Provide customers with timely information about new contracts, products, processes and policies that affect them.
- Work with our customers to deliver best value solutions to meet their needs in a timely manner.

CUSTOMERS WILL MORE READILY EMPLOY SERVICES AND PROCESSES WHEN THEY LIKE THEM. WE STRIVE TO DELIVER SERVICES AND SOLUTIONS THAT OUR CUSTOMERS ARE HAPPY WITH. WE ENCOURAGE AND ACT ON FEEDBACK FOR CONTINUAL IMPROVEMENT.

MEASURES BY 2018

OUR SUCCESS WILL BE MEASURED BY:

▲ HAVING PROCESSES FOR PROACTIVE CUSTOMER ENGAGEMENT IN PLANNING CYCLES.

▲ ENSURING SOUND SPECIFICATION DEVELOPMENT AND ONGOING SUPPLIER MANAGEMENT PROCESSES.

▲ MAINTAINING COMMUNICATION PLANS AND CHANNELS.

▲ MONITORING PROCESSES, PROGRAM DELIVERY AND SATISFACTION.
2 VALUE, INNOVATION AND SOCIAL RESPONSIBILITY IN CONTRACTS

TO PROVIDE THE BEST VALUE SUPPLY SOLUTIONS THAT DELIVER SAVINGS, BRING INNOVATION TO GOVERNMENT SERVICES AND SUPPORT THE COMMUNITY

We will:

- Identify savings opportunities through category plans and by applying strategic procurement principles.
- Capture and manage savings through sound contract and vendor management disciplines.
- Engage with customers, vendors and other procurers to facilitate innovation and flexibility into solution designs.
- Maintain a focus on supply chains with sound environmental and socially responsible practices.

THE RIGHT PROCUREMENT APPROACH CAN SIGNIFICANTLY AND POSITIVELY INFLUENCE OUR BUSINESS AND THE COMMUNITY. WE WILL RESEARCH AND COLLABORATE TO IDENTIFY OPPORTUNITIES AND MANAGE AND PROMOTE OUTCOMES TO ENSURE BENEFITS ARE REALISED

MEASURES BY 2018

OUR SUCCESS WILL BE MEASURED BY:

- DEVELOPING AND MAINTAINING CATEGORY PLANS THAT ARE INFORMED BY INTERNAL AND EXTERNAL FACTORS.
- DEVELOPING CONTRACT AND VENDOR MANAGEMENT SKILLS AND DISCIPLINES ACROSS THE DEPARTMENT.
- MAINTAINING SAVINGS CAPTURE AND REPORTING PROCESSES.
- ESTABLISHING KEY STAKEHOLDER AND VENDOR ENGAGEMENT PROCESSES.
- WORKING WITH VENDORS TO ACHIEVE WASTE REDUCTION AND PURCHASING PLAN (WRAPP) TARGETS AND IMPROVE SUPPLY CHAIN PRACTICES.
- PROMOTING THE USE OF ABORIGINAL AND TORRES STRAIT ISLANDER AND DISABILITY SUPPLIERS AND SMALL TO MEDIUM ENTERPRISES IN LINE WITH POLICIES AND STATE PLANS.
3 STRONG & TRANSPARENT GOVERNANCE FRAMEWORK

TO PROVIDE A CLEAR GOVERNANCE FRAMEWORK THAT PROVIDES DIRECTION & OVERSIGHT TO THE DEPARTMENT’S PROCUREMENT ACTIVITIES & PERFORMANCE

We will:

- Establish, review, monitor and report performance against the Procurement Solutions Strategy and Business Plan, and the Department’s Procurement Management plan.
- Maintain a Procurement Governance Committee to support procurement compliance and risk management.
- Maintain procurement policies, delegations and manuals and communicate and educate Departmental staff in their use.
- Develop procurement strategies in consultation with business leaders.
- Maintain and enhance project governance with supporting standards and tools.

CLEAR DIRECTIONS, ROLES, RESPONSIBILITIES AND SKILLS IN PROCUREMENT WILL FOSTER A PROBITY RICH ENVIRONMENT AND MINIMISE RISKS. WE WILL WORK WITH BUSINESS LEADERS TO PROVIDE A FRAMEWORK, GENERATE AWARENESS AND ENCOURAGE SKILL DEVELOPMENT ACROSS THE DEPARTMENT.

MEASURES BY 2018

OUR SUCCESS WILL BE MEASURED BY:

- DELIVERY AGAINST A WELL DEFINED PERFORMANCE REPORTING FRAMEWORK THAT COVERS SAVINGS, SERVICE DELIVERY, COMPLIANCE, RISK, AND SOCIAL AND ENVIRONMENTAL RESPONSIBILITY.
- DELIVERY TO A WELL DEFINED REVIEW SCHEDULE.
- ESTABLISHMENT AND MAINTENANCE OF PROJECT MANAGEMENT DISCIPLINES AND A PROGRAM MANAGEMENT FRAMEWORK.
4 CATEGORY MANAGEMENT FRAMEWORK

TO PROVIDE A CATEGORY MANAGEMENT FRAMEWORK THAT SUPPORTS BUSINESS ALIGNMENT, DECISION MAKING & GOVERNMENT PROCUREMENT OBJECTIVES

We will:

- Establish categories in line with NSW Government and the Department to encourage collaboration and leverage opportunities with other agencies.
- Form and lead category teams that include subject matter experts throughout the Department to jointly develop, implement and monitor category plans.
- Establish formal engagement processes across the Department to share knowledge and grow business and procurement expertise.
- Establish supplier network and engagement opportunities to expand category knowledge and better inform category plans.
- Consider internal and external factors to identify opportunities, support strategy development and establish priorities.

MEASURES BY 2018

OUR SUCCESS WILL BE MEASURED BY:

- WELL DEVELOPED AND DEFINED CATEGORY PLANS WITH MAJOR SPEND / KEY AREAS BEING LONG TERM.
- DELIVERY AGAINST A FORMAL STAKEHOLDER AND SUPPLIER ENGAGEMENT PLAN

A FRAMEWORK THAT BRINGS BUSINESS AND PROCUREMENT EXPERTISE TOGETHER TO PLAN, STRATEGISE, INNOVATE AND LEARN. WE WILL CONSOLIDATE AND PRESENT INFORMATION TO SUPPORT SOUND DECISION MAKING AND GROW PROCUREMENT AND CATEGORY AWARENESS IN THE PROCESS.
5 DYNAMIC PROCUREMENT TECHNOLOGY SOLUTIONS

To specify technology solutions that simplifies procurement activity to support compliance & reduce red tape

We will:

- Develop and maintain electronic catalogues that simplify purchasing and support contracted and compliant suppliers.
- Specify and support electronic purchasing that is connected to the NSW Government transactions hub and streamlines user and supplier processes.
- Specify procurement technology solutions to guide and support staff across the Department with compliant processes to reduce red tape and minimise risks.

<table>
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<th>MEASURES BY 2018</th>
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<tbody>
<tr>
<td>OUR SUCCESS WILL BE MEASURED BY:</td>
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</table>
- ▲ HAVING EN ELECTRONIC CATALOGUE WITH MULTIPLE PRODUCTS AND CATEGORIES THAT IS EXTENSIVELY USED. |
- ▲ HIGH NUMBERS OF TRANSACTIONS AND SPEND BEING ORDERED ELECTRONICALLY. |
- ▲ PERFORMANCE AGAINST A DETAILED TOOLS AND SYSTEMS ROADMAP. |

Aligning electronic solutions to the procurement lifecycle is the most effective way of embedding desired behaviours and managing compliance. It also reduces costs by streamlining processes for staff and suppliers.
6 EFFECTIVE PROCUREMENT SOLUTIONS DIRECTORATE

TO ATTRACT AND RETAIN PROFESSIONAL AND CAPABLE PEOPLE TO DELIVER EFFICIENT PROCUREMENT SERVICES

We will:

- Establish a Procurement Solutions structure to –
  o Develop and maintain strong strategic relationships with stakeholders
  o Ensure support to users of shared contracts
  o Deliver professional procurement advice and support
  o Manage shared strategic contracts to deliver and improve agreed outcomes
  o Deliver procurement savings
- Define workforce requirements including capacity, skill and alignment with its values to ensure ethical business practices; consistent, defensible, repeatable outcomes and credible and sought-after expert advice on procurement
- Acquire, train and develop resources as per HR strategies
- Develop succession and business continuity plans

PROVIDING THE RESOURCES WITH THE RIGHT SKILLS AT THE RIGHT TIME IS CRITICAL TO MEETING OUR CUSTOMER EXPECTATIONS AND THE DEPARTMENT’S PROCUREMENT RELATED OBLIGATIONS. WE WILL BUILD, ENHANCE AND SUPPORT OUR CAPABILITY TO MOST EFFICIENTLY MEET REQUIREMENTS.

MEASURES BY 2018

OUR SUCCESS WILL BE MEASURED BY:

- PERFORMANCE AGAINST A WELL DEFINED STAFF PLAN AND CALENDAR INCLUDING CAPABILITY ANALYSIS, PRIORITISED TRAINING PROGRAM, WORK AND PERFORMANCE PLANS,
- ESTABLISHMENT OF A PROFESSIONAL CAREER PATHWAY DEVELOPMENT PROGRAM.
Business Summary

Procurement Solutions

Procurement Solutions sits within the Corporate Services Portfolio of the NSW Department of Education and Communities (the Department). It is headed by the Chief Procurement Officer who reports to the Deputy Director-General, Corporate Services. Procurement Solutions exists to support the Department in reducing operating costs through best value goods and services acquisition, and to maximise compliance to Government purchasing policies in achieving the best educational outcomes for NSW students and supporting local communities.

On its inception in July 2008, Procurement Solutions was charged by the Director-General to implement and manage the Procurement Reform Savings Program. This program aimed to identify and return targeted savings to Corporate Finance of $90 million by 30 June 2012. At the end of December 2012, $45 million in procurement savings has been achieved across the Department. Funds transferred to Corporate Finance including the Department’s Procurement operating costs are $15 million.

During quarter 4, 2012 a Category Management framework was developed in response to the requirements of NSW Government procurement reforms. The Category Management framework incorporates business experts within other directorates and entities to establish and manage procurement plans across categories.

The Department’s new centre-led procurement model aims to lead and support major procurement and probity risk management activity on behalf of, and across, all sectors of the Department. This can be achieved through its prioritised focus on:

- Design and implementation of standard processes and procedures
- Managing compliance with NSW Government Procurement policies
- Identifying and developing strategic supply solutions that support local decision making through category management disciplines
- Establishing contracts, services and tools to provide best value goods and services for the Department and NSW Government as required.

Through its category management, contract management, governance and electronic procure-to-pay expertise, Procurement Solutions has the structure, management capability and technical expertise to support the Department’s goods and services procurement obligations.

Procurement Solutions comprises the following areas reporting to the Chief Procurement Officer:

- Category Management Teams – Goods and Services, Facilities Management, Information Technology and Professional Services
- Contract Services - Management and Support for strategic shared contracts
- Program Management – Sourcing program of works and contracts
- Procurement Governance – Policy and administration
Planning Context

Procurement Solutions was established specifically to identify and return savings to Corporate Finance. The inaugural three year Procurement Strategic Plan 2008 – 2010 set out the fundamental purpose, directions, objectives and strategies for this period and is endorsed by the Department’s Executive.

In mid-2010 Procurement Solutions was transferred from the Director General’s office to the Finance and Infrastructure Portfolio, with the Chief Procurement Officer reporting to the Deputy-Director General, Finance and Infrastructure. The second Procurement Strategic Plan 2011 – 2014 was developed through a multi-faceted planning process involving business performance review and analysis; customer, stakeholder and corporate research; a planning workshop with the Procurement Solutions’ Executive team; and planning sessions with staff teams.

During 2012 two Portfolios merged including Finance and Infrastructure to form the Corporate Services Portfolio. Also in 2012, Procurement Solutions began preparation for becoming accredited under the NSW Government Procurement framework.

In 2013, the Procurement Strategic Plan 2011 – 2014 was reviewed, updated and extended to a five year plan in line with procurement accreditation requirements, it supports and is formed within the contextual framework of:

- **The NSW State Plan 2021**
  - rebuild the economy
  - return quality services
  - renovate infrastructure
  - strengthen our local environment and communities
  - restore accountability to government.

- **The NSW Government procurement strategic directions 2012-2014**
  - Driving value for money
  - Delivering quality government services
  - Aligning with business needs

- **The Procurement Management Plan 2013-2015**
  - Category Plans – Goods & Services, Facilities Management, Information Technology and Professional Services
  - Spend Data
  - Contracts Database
  - Market, Business and Political Environment

- **The NSW Department of Education Corporate Plan 2012-2017.**
  - Quality Teaching and Leadership
  - High Expectations, Closing the Gaps
  - New and Better Ways of Doing Business

- **The Learning Management and Business Reform Program.**
  - Better access for teachers to learning and teaching resources
  - Improved administration processes allowing focus on teaching and learning activities
  - Better access and insight into students’ information and other customer data.
The Customer Market

Any Department employee or student who purchases, approves purchases, or uses products and services acquired by the Department, is a customer of Procurement Solutions. Over 100,000 employees supporting more than 1 million students collectively form the Procurement Solutions’ customer market.

The Procurement customer base is spread across NSW and is made up of:

- More than 20 corporate business units
- Over 2,300 schools
- 10 TAFE Institutes comprising approximately 130 campuses
- Numerous businesses within the Office of Communities including independent entities, and
- Individual entities – Board of Studies and NSW Teachers Institute

While these customers have a wide range of overlapping procurement requirements, they are also discreet entities with a variety of specific requirements, particular business environments and varying government objectives and responsibilities.

Procurement Solutions works actively to develop solutions to meet the individual needs of its customers. Where there are competing priorities, Procurement Solutions places high importance on ensuring schools operate as efficiently and effectively as practicable.
Business Plan Focus

Previous Performance

The Department measures, monitors and reports its performance regularly. Refer Appendix 1 for its last full year Performance Scorecard for the 2011-12 financial year.

Progress against the 2011-2014 Business Plan priorities and their relevance to this current plan are summarised below:

**Localisation**
To provide schools and TAFE’s with more flexibility and options to better support schools’ individual needs by increasing regional business opportunities as appropriate. Establish initiatives to utilise and grow the capability of small and medium-sized enterprises (SMEs) which can foster a more dynamic marketplace and contribute to the State economy.

The Local Schools, Local Decisions (LSLD) initiative removed the need to continue with exemptions from State contracts. Up until this point the Procurement Solutions Directorate had accredited and promoted local suppliers for ‘Back to School’ office and classroom consumable needs and for ‘Household Electrical and Whitegoods’.

To better support TAFE specific local needs and as a result of LSLD, greater flexibility has been built into the Department’s eCatalogue policy to provide a framework for access to non-contracted products and suppliers.

This Business Plan continues to focus on small and medium enterprises through its Priority number 2 – **Value, Innovation and Social Responsibility in Contracts**.

**Enhanced eBusiness and Data Management**
To build on the Department’s e-business capabilities and enhance the Department’s ability to collect and analyse spend data to enable strategic sourcing and business decisions.

The Department’s eCatalogues has continued to grow with more than 1 million products now available to its buyers. Usage has reached 1.8 million sessions and overall satisfaction was last recorded at 82%.

A schools eprocurement system was developed to support electronic purchasing until this is implemented through the Department’s Learning Management and Business Reform program. Procurement Solutions engaged its suppliers to train and support schools in the use of the tool which is proving extremely popular with school administration staff and teachers alike.

Procurement Solutions has fully integrated the TRIM electronic records management system and development of the Department’s spend data has commenced in conjunction with NSW Procurement.

This area will continue to be a priority focus through its Priority number 5 – **Dynamic Procurement Technology Solutions**.
**Professionalism and speed to market**

To build internal efficiencies that increases Procurement Solutions’ ability to go quickly to market to source new products and services

A capability analysis and development plan process and report was established and new processes, documented procedures, systems and controls have been and continue to be developed.

The Department’s application for accreditation has been submitted to meet the July 2013 deadline.

Procurement Solutions has restructured to better support the Department’s needs and a resource plan has been completed and submitted for formal approval in advance of the Department’s staffing realignment.

This area will continue to be a focus through its Priority number 6 – **Effective Procurement Solutions Directorate**.

**Outsourced Managed services**

To leverage the infrastructure, resource profile and the professional service solutions and expertise offered by suppliers to create internal resourcing efficiencies and stimulate innovation for the Department

Managed solutions introduced or enhanced include Print Services Management and the Pay as you Print Optimisation Program providing access to new imaging technology fleets for schools.

Procurement Solutions has partnered with its suppliers to offer training and support of the Department’s electronic purchasing solution.

The program to cleanse vendor data for the LMBR program was outsourced and the Department is working with NSW Procurement to establish a managed vendor solution for contingent labour.

The actions from the previous business plan are complete, although the objectives will be maintained through **business as usual activities**.

**Sustainable Procurement**

To lead and manage the introduction of sustainable procurement policies, processes and contracts in the Department through leveraging our management of the supply chain.

A socially responsible procurement policy was commissioned and developed.

Environmentally sustainable products have been and continue to be introduced through existing suppliers and made available on the Department’s eCatalogue.

This area will continue to be a focus through its Priority number 2 – **Value, Innovation and Social Responsibility in Contracts**.
Social responsibility

To identify socially responsible procurement solutions which support the sustained development of NSW communities and businesses.

Key office products suppliers were assessed for their social responsible supply chains practices.

AIMSC (now known as OneNation) and eligible disability suppliers are promoted throughout the Department and spend is monitored and reported annually.

A request to create a procurement development role targeted to an ATSI individual was declined, however a position was created and an individual engaged under the Ready Willing and Able program. While very successfully contributing, the individual was uncomfortable with the transfer to Parramatta and resigned. The position was removed as part of the staff realignment process.

Social Responsibility in Procurement will continue to be a focus through its Priority number 2 – Value, Innovation and Social Responsibility in Contracts.

Procurement education and awareness

To educate and build understanding among staff about procurement policies and thereby increase understanding and compliance with purchasing processes

A video and presentation was developed and delivered to some school groups and is available on request.

The intranet site was extended to provide more information and referred to in regular bulletins and face to face presentation across the State.

A Best Buy Program was established to promote specials to schools and bring greater focus to procurement contracts and programs.

A professional electronic newsletter program and management tool was acquired and templates developed for targeted audiences.

The recent restructure to form a category management framework to integrate more closely with the Department’s business areas will continue to support delivery of procurement policy awareness and support.

Extensive develop is underway to enhance access and usability of procurement policy and support.

Awareness will continue to be a focus through all of the current Priorities and through business as usual activities.
Current Objectives

To achieve its objectives Procurement Solutions engages extensive planning and ongoing monitoring processes as detailed below:

**Strategy and Governance**

A Governance Manual sets out the Department’s procurement governance structure and the calendar for reviewing and updating key documents and reporting.

A Governance team is responsible for monitoring, maintaining and communicating procurement policy, risks, plans, actions and reports. This includes but is not limited to: Strategic Procurement Plan, Procurement Solutions Business Plan, Procurement Manual, PSD Operations Manual, Procurement Risk Management Plan, Procurement Management Plan, Communications Plan, PSD activity and report reminder, etc.

The Governance Team is also responsible for administering the Department’s Procurement Governance Committee.

**Customer Support and Communications**

Procurement Solutions Directorate has a strong customer service focus and strives to deliver contracts and services that will engage them into the future.

Common use contracts and processes that support them are developed with input and involvement of the end-users. Extensive effort is applied to implementation and ongoing support and management of contracts to ensure they continue to meet the customer needs.

Communications Plans are developed to manage the needs of customer across all levels of procurement including information on contracts, products, process, policies and other areas of awareness (eg. Promoting use of disability or Aboriginal and Torres Strait Islander suppliers).

Communications include regular professional bulletins, targeted emails, intranet and face to face through meetings and conference presentations.

A support Team is available through the Department’s contact centre able to answer general queries about procurement policy and process and contract and product support.

Further customer support and communications is delivered through the following stakeholder engagement processes.
Stakeholder Engagement

As well as end-user customers, procurement’s stakeholders include business and contract managers across the Department, the Department’s leaders, the business community and other government agencies.

A Stakeholder Engagement Plan has been developed which includes processes for both reactive and proactive engagement. The main focus of this Plan is the Department’s business managers and leaders.

A category management framework has been established to support integration between the Department’s procurement and other business managers.

Processes are being formalised for engaging the supply network for market research and development of more flexible and innovative business solutions.

Collaboration with other Government agencies is being strengthened through procurement leadership, working and category groups and will continue as agencies take on contract leadership roles and more contracts are shared.

Category Plans

The process of category management is described in the Procurement Solutions’ Operations Manual. At a high level it incorporates the development of detailed category plans in consultation with the Department’s business experts.

Four category management teams have been established encompassing Goods and Services, Facilities Management, Information Technology and Professional Services. Category Plan overviews are developed for each of these categories that highlight the priorities for establishing more detailed category plans for sub categories.

These plans utilise internal and external factors including market maturity, product and technology evolution, supplier positioning, contract expiries, spend analysis, political, business and educational needs. Identified opportunities are presented to business managers and leaders and projects developed to improve savings, compliance and / or service delivery.

Category plans will also identify contract leakage or compliance issues and allow targeted communications and support and may provide input to the Department’s Audit plans.

Category plans inform the Department’s Procurement Management Plan and annual reporting.
Program of Works and Contracts Database

A system for the management of the Department’s procurement program of works has been established that includes documented processes, tools and monitoring of projects from concept to benefits realisation. This is documented in the Procurement Solutions Operations Manual.

A Program Manager is responsible for the maintenance and management of the Program and Contracts Databases. The Program Manager oversees the status of all projects and ensures updates and reports are completed regularly and processes are followed.

Supported by the Contracts Compliance Officer the Program Manager administers the Projects Acceptance and Project Review Committees (PAC and PRC). These Committees assess and approve procurement strategies and review and support the Program, forming an integral part of the Department’s procurement governance processes.

Savings and Benefits Realisation

Delivering savings continues to be a core procurement focus and robust processes for identifying, tracking and reporting savings are in place and documented in the Procurement Solutions Operations Manual.

Procurement’s senior management regularly review performance to savings targets and establish actions for filling shortfalls or generating new opportunities.

Data analysis has shown that the Goods and Services category where many contracts are managed by Procurement Services delivers the lion’s share of the Department’s procurement savings highlighting significant opportunities for increasing this capability across the other Categories.

Category Managers are charged with the responsibility of ensuring benefits realisations plans are developed for all projects and support provided to contract managers across the Department. This is tracked through the Program of Works and Category Planning processes and savings reports.

Supplier Performance

For Procurement Solutions managed contracts, mature supplier management processes are in place and are documented in the Procurement Solutions Operations Manual. This includes negotiation of KPI standards and measures, and detailed induction, implementation, reporting and review processes.

Procurement Solutions ensure a standard suite of supplier reports are received for all key suppliers which support the Department’s supplier and contract performance reporting, along with input from customers and other internal intelligence.

Procurement Solutions proactively manages suppliers with regard to day to day matters, regular operational meetings as well as formal strategic review meetings. This expertise will be transferred to contract managers across the Department through the category management framework.
Staff Capability and Development

Procurement Solutions supports and develops its staff through a range of formal and informal processes.

Starting with a template induction program to help orientate staff in how the Directorate operates and expectations. Along with WHS matters, it includes the Strategic Procurement Plan, this Business Plan, The Procurement and Operations Manuals and Code of Conduct. A program of meetings with key team members and stakeholders, where applicable, is also arranged.

Procurement staff are asked to sign the Department’s Code of Conduct each year as a reminder of requirements.

An annual capability analysis process is conducted which informs the year’s training budget and sets the priorities along with development plans highlighted through performance reviews. Details of the process, templates and training reports are documented in the Procurement Solutions Operations Manual.

A staff newsletter “the Juggler” is issued and a whole Directorate meeting held each week to share latest policies, processes, projects, learnings, Department and Government information and general housekeeping and staff news. This is in addition to regular management and team meetings which focus on specific work and strategic plans and actions.

Development of procurement related personnel across the Department is planned through the Procurement Essentials Newsletter, promoting Certificate Courses and through the category management framework.

A formal development pathway is being established for procurement professionals with Procurement Solutions and other procurement related staff encouraged to participate with the aim of increasing the Department’s procurement skills.

Operational Performance

The Procurement Governance Team ensures that work plans are established annually and reviewed biannually by issuing templates, guidelines and deadlines to managers and staff.

Procurement Solutions’ work plans incorporate shared goals and targets and ensure individual targets reflect the Directorate’s objectives.

The Directorate’s KPIs are reviewed annually against the CPO’s performance targets, the Directorate’s strategic objectives and the Procurement Management Plan. Operational reports are established for the whole Directorate and for each team to report against monthly.

The Procurement Solutions performance scorecard is produced each month and presented to the Senior Team with the team providing explanations and action plans discussed where any issues are highlighted. Each senior team member also presents their team report with recognition and support provided as required.

The performance reporting processes are documented in the Procurement Solutions Operations Manual.
Key Performance Indicators

As detailed in “current objectives” and the Procurement Solutions Operations Manual, the Procurement Key Performance Indicators (KPIs) are reviewed and set annually.

At a high level the Directorate’s KPIs incorporate tension metrics as follows:

<table>
<thead>
<tr>
<th>KPI</th>
<th>Dependency</th>
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<tbody>
<tr>
<td>Program Delivery</td>
<td>Quality programs delivered on time</td>
</tr>
<tr>
<td>Risk Management</td>
<td>and managed well</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>means happy customers</td>
</tr>
<tr>
<td>Compliance</td>
<td>will use our contracts and services</td>
</tr>
<tr>
<td>Savings</td>
<td>ensuring savings are realised</td>
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A general overview of KPI management is provided as follows:

**Program Delivery**

Example - On time project delivery is calculated monthly from the Program of Works actual performance. The Program is monitored daily and reviewed by the Program Review Committee each fortnight to help keep projects on track.

**Risk Management**

Example - Supplier Performance is monitored against their own KPIs with an overall performance reported each month. Individually suppliers are required to explain performance issues and actions are put in place and monitored to satisfaction completion.

**Customer Satisfaction**

Example – Upon completion of each sourcing project the key stakeholder is interviewed independently for feedback on how the project was delivered. Other project team members are sent the same survey electronically. The scores are assessed at the Category Management Team Meeting and learnings discussed. The average satisfaction score is applied to the overall performance scorecard.
Compliance

Example – Use of the eprocurement tools means compliance to p2p processes. Growth in usage of the tools is reported each month as an indicator of one compliance area. Any decline that is not seasonal would flag the need for further investigation and actions to resolve.

Leakage to contracts will be reported under this area when more detailed spend data is available.

Savings

Example – Savings are reported with each initiative and a realisation program scheduled. They are captured through analysis of supplier reports, spend data and rebates received. Actual savings each month are then calculated and applied against the targets set by Treasury and/or Finance. This is monitored monthly along with the tracker and any shortfalls are required to be explained by the officers responsible and actions set in place where possible.
Business Environment

An environmental scan identified issues that have the potential to impact Procurement Solutions’ performance and will need to be proactively forward managed.

External factors impacting Procurement Solutions

Political environment

Significant budget cuts and constrains on the Department will require broader, more wholistic, more integrated and more entrepreneurial procurement initiatives. Accordingly this requires an increased reliance on technology managed solutions to trap expertise and risk manage the impact of the loss of corporate knowledge retained in individuals.

NSW Procurement Reforms

The NSW Government changes to the procurement policy framework presents a challenge to Procurement Solutions as it not only adapts its own processes and structure to align, but is required to communicate and implement the changes across the Department.

The objective of raising procurement capability in Government presents both opportunity and risk in regard to skilled procurement personnel. Developing and retaining skilled resourced needs to be a key Department priority if it hopes to secure and maintain a high level of accreditation.

Stakeholder relations

The development of engagement plans for internal and external stakeholders and interest groups is needed to help in the design of relevant procurement strategies that best meet the Department’s business objectives.

Procurement Solutions’ new charter of centrally leading procurement for the Department requires proactive development to stakeholder and customer understanding of the procurement process and benefits.

Internal factors impacting Procurement Solutions

Local Schools Local Decisions

It is important that the growing autonomy in local decision-making by principals does not compromise the department’s ability to maximise its scale to leverage improved pricing for all the Department’s buyers.

Procurement Solutions will continue to build solutions, infrastructure and relationships to support local decision making and help optimise the benefits central procurement services can provide.
Realignment Processes within the Department

The Department is undergoing realignment processes with Procurement and the Shared Service Centre pending approval of a structure to be implemented this financial year.

Careful planning of both the structure required to meet the Department’s needs under accreditation and the final engagement and recruitment process is critical to ensure retention of skilled personnel.

With high demand for skilled personnel, the risk of losing the Department’s procurement knowledge due to uncertainty and instability is high. Regular and open feedback and support throughout the realignment process is vital, as is a strong sense of purpose, belonging and appropriate recognition from the Department’s leadership team.

LMBR Program

The LMBR Program is implementing the SAP Finance, Human Resources and Student Administration systems across the Department. Procurement Solutions has a critical relationship with LMBR to ensure procurement processes are incorporated in SAP. Procurement Solutions support the Department’s reform objectives of delivering business improvements.

Environmental and social responsibility

Environmental and social responsibilities are key areas for the community. Procurement Solutions will assist the Department, Government, and the supply market at large to meet a range of community expectations for business practice. Procurement Solutions plays a leading role in influencing change in these areas, bringing sustainable products and Aboriginal and Torres Strait Islander and disabled suppliers into the Department’s procurement solutions and purchasing policy.

Target for increased levels of attainment and participation

The Department is focused on increasing the attainment of degree qualifications, and increasing participation of low socio-economic students. Procurement Solutions plays a role by providing services that reduces administration time and provides access to quality goods and services at lower prices. Stretching the education dollar further increases and improves education and learning in NSW.
Appendix 1: 2011-12 Financial Year Performance Scorecard

PROCUREMENT SAVINGS REFORM SCORECARD - JUNE 2011/12

- **Average Performance Index** ▼ 140%
- **Realised Net Savings** ▼ 100%
- **Contract Delivery** ▼ 92%
- **Electronic Contract Spend** ▲ 300%
- **Customer Satisfaction** ▲ 108%
- **Contract Vendor Performance** ▲ 101%

**Monthly Performance Index**
- Net Cost of Performance: $4.4m
- Return on Investment: 9:1
- Savings per FTE: $2.0m
- Net Realised Savings: $90m (54.4m retained)

**Program of Contract & Priority Works**
- Active (8)
- Completed (23)
- Behind, At Risk, On Track

**Electronic Purchasing**
- Actual
- Target
- Electronic Contract Spend: $617m

**Customer Satisfaction**
- Actual
- Target
- Customer Satisfaction*: 81% Avg

**Vendor Performance**
- Actual
- Low Target
- High Target
- Vendor Performance*: 96% Avg

All figures correct as at 19 July 2012

*Based on financial year average