

# Good Procurement Practices

Report prepared for the Procurement Reform Working Group of  
the Supporting Communities Forum  
DEPARTMENT OF FINANCE | FUNDING AND CONTRACTING SERVICES

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## **1. Introduction**

This report is an initiative of the Supporting Communities Forum's Procurement Reform Working Group (PRWG). The Supporting Communities Forum was appointed by Premier Mark McGowan to support the implementation of the State Government's Supporting Communities election commitments. It is comprised of leaders from both the not-for-profit community services sector (the sector) and government. The Procurement Reform Working Group was formed to focus on the identified priority to improve community services procurement practice, including through supporting the implementation of the Delivering Community Services in Partnership Policy (2018) (DCSP Policy) and building the capacity of the government and the sector to effectively undertake and participate in community services procurement.

This report assesses current community services procurement practice in Western Australia to identify opportunities and barriers to improvement. It includes the results of consultation with both government and the sector on aspects of good procurement practice and barriers to good practice. It also incorporates findings from a review of the current literature on procurement practice in Australia and internationally, looking at common barriers identified across the profession. Finally, it proposes strategies for strengthening procurement practice, and continuing to build a capability and capacity across government and the sector.

The report illustrates what is currently being done well, and how these positive procurement practices can inform strategies to address barriers to good practice and capability gaps. The report has made significant recommendations to the Supporting Communities Forum by the PRWG that will impact government agencies, the Department of Finance and the sector. These recommendations will work to improve procurement capability, application of the DCSP Policy and partnership between government and the sector.

## **2. Executive summary**

This report outlines good community services procurement practices in Western Australia. It is the result of consultation with government agencies, the sector and sector peak bodies.

The findings outlined in this report indicate that current good practice in community services procurement is centred on effective procurement planning, upfront investment in co-design, a high standard of technical procurement skills and relationship-based contract management.

Additionally, there are a number of barriers to government agencies and the sector engaging in good procurement practices. The procurement profession as a whole remains largely underdeveloped, resulting in gaps in skills and competencies among practitioners and within government agencies.

There is limited collaboration and knowledge sharing amongst practitioners, including between outgoing and incoming procurement practitioners and contract managers. There are a number of gaps in skills around co-design, application of the DCSP Policy, technical skills and use of available procurement methods. Regular and transparent communication by agencies throughout the procurement process has been cited as an ongoing issue, particularly during lengthy processes. The capability and maturity of some service providers to both participate in the procurement process and provide the services required also been raised as an issue.

Additionally, structural disruptions to government agencies and competing political commitments can at times interfere with compliance with the DCSP Policy, and have resulted in inconsistent procurement practices.

This report proposes strategies to strengthen procurement practice that focus on improving procurement planning, increasing investment in co-design and education and training, increasing collaboration between procurement professionals and government agencies, and building trust between the sectors.

It is recommended that a procurement professionals development initiative is developed based on the strategies to strengthen procurement practice outlined in this report, and that additional support is provided to the sector to ensure correct understanding and application of the DCSP Policy.

### **3. Methods of consultation**

This report draws upon multiple sources for examples of, and barriers to, good procurement practice. The key sources for information for this report were the DCSP Policy review consultation records, the Community Services Procurement Review Committee (CSPRC), the Government Community Services Procurement Leaders' Council (GCSPLC) and the sector.

### **4. Good procurement practice examples**

The examples of good procurement practice provided through consultation with government agencies, the sector and peak bodies centred around four key themes:

- effective procurement planning;
- upfront investment in co-design;

- technical procurement skills; and
- relationship-based contract management.

## **4.1 Procurement planning**

### ***4.1.1 Effective procurement planning***

Effective procurement planning has been identified as a fundamental aspect of good procurement practice by both government and the sector. Effective procurement planning enables agencies to set appropriate timeframes for the procurement process, determine the best methodology for the procurement and engage in meaningful stakeholder consultation and co-design.

Agencies advised they used tools and frameworks to assist with their procurement planning. Procurement schedules and planning tools can be used to:

- develop timeframes and identify key tasks and deliverables;
- allocate personnel and engage facilitators;
- align services to program types and provide service providers with an indication of when they will be reviewed, procured and contracted; and
- enable transparent planning and scheduling, with agencies able to provide substantial notice to service providers as to which procurement method it intends to use for the various program types.

Effective procurement planning enables agencies to implement a procurement process that is specific and targeted to the community's needs. By conducting timely market research and data analysis agencies are able to determine a more appropriate engagement and procurement process, as a result of good planning.

### ***4.1.2 Upfront investment in co-design***

Consultation with the sector and peak bodies suggested that upfront investment in authentic co-design, such as engaging a trusted and experienced consultant to facilitate the process or ensuring the agency has skilled personnel, was highly beneficial. Investing upfront in co-design, in terms of time, money and expertise enables government agencies to build quality relationships with the sector, resulting in better procurement outcomes.

The sector reported that co-design is a positive experience when they are able to participate in an authentic and well facilitated co-design process, during which they have a genuine opportunity to contribute to key areas and freely contribute to the process as a whole.

Co-design has also been used to rebuild trust between a government agency and the sector. Investment in a comprehensive co-design process, following on from

significant changes to services or poorly received announcements can reassure providers and provide an opportunity to redress issues and move forward inclusively.

## **4.2 Technical procurement skills**

Technical procurement skills that enable robust procurement processes designed in accordance with the DCSP Policy are essential. This is particularly important for place-based and culturally specific services and was raised by both government agencies and the sector.

Procurement processes should make use of all necessary procurement tools such as the Registration of Interest. Specifically designed and informed qualitative criteria enables organisations to submit innovative and informed offers ensuring the evaluation process is robust. This is particularly important to ensure culturally competent service providers are engaged.

## **4.3 Contract management**

### ***4.3.1 Relationship-based contract management***

The sector indicated positive experiences with government agency contract managers who took a relationship-based approach to contract management. Government agencies should ensure flexibility within contracts to ensure outcomes are achieved. This can be achieved through implementing regular discussions with the service provider and undertaking service reviews at appropriate intervals.

The sector also indicated that locally-based contract managers were beneficial in regional areas.

Community services organisations with multiple contracts with the same government agency preferred that a single contract manager was responsible for all contracts.

### ***4.3.2 Continuous active contract management***

Continuous active contract management, service reviews and discussions with a focus on program evaluation and service improvement are essential to ensure services are fit for purpose and adaptive to the changing community need.

Variations should be documented to accommodate updates and changes to service outputs and activities to meet the service outcomes throughout the term of the service agreements. This also ensures the service remains responsive and in line with the most contemporary delivery methods to meet the changing community need.

An open and respectful relationship between the provider and contract manager is essential to enable active contract management.

## **5. Barriers to good procurement practice**

Results from the consultation suggest several barriers to good procurement practice. The key barriers suggested were: inconsistent application of the DCSP Policy, insufficient procurement planning, an under-utilisation of available procurement methods and technical procurement skills, gaps in knowledge and implementation of co-design among both the sector and government agencies, and poor communication throughout the procurement process.

A review of the literature identifies two additional issues in procurement practice, both in Australia and internationally. These are: the underdevelopment of procurement as a profession and a lack of information sharing between procurement practitioners. These issues are not limited to community services but are relevant to procurement as a whole.

### **5.1 Underdevelopment of the procurement profession**

Current literature on the procurement profession indicates a gap in skills and competency across practitioners. This is due to how the profession is defined, and how procurement practitioners gain knowledge specific to this profession (McKevitt, Davis, Woldring, Smith, Flynn & McEvoy 2012). Most procurement professionals have not obtained the knowledge of procurement through formal training, but have learned on-the-job (Klay 2015).

Klay (2015) suggests that the lack of maturity and recognition for the procurement profession leads to practitioners who are not engaged in their work. Community services procurement practitioners may benefit from a reminder of the benevolence of their work, that what they do improves outcomes for society.

### **5.2 Limited knowledge-sharing**

The CSPRC advised at their meeting on 21 February 2019 that common barriers to good procurement practice are that learnings may not be documented and shared effectively between outgoing and incoming procurement practitioners, and additional capacity building opportunities are needed for procurement practitioners. The GCSPLC noted at their meeting on 26 February 2019 there were similar issues in contract management, with a high staff turnover and limited shared learnings between personnel. The GCSPLC also suggested more opportunities for networking and shared learning to build excitement and unity amongst the profession. This issue has also been cited by services providers, with responses to consultation noting that the high staff turnover of contract managers impacts on the relationship with the service provider, and that contract managers do not seem to be appropriately trained.

Knowledge sharing within procurement practice appears to be limited between government agencies, within teams and also within agencies.

### **5.3 Inconsistent application of the DCSP Policy**

A large number of respondents to the 2017 DCSP Policy review consultation stated gaps and inconsistencies in application of the DCSP Policy by government agencies as the major barrier to good community services procurement practice. Some respondents suggested that the DCSP Policy lacks authority and fails to maintain accountability of government agencies to comply.

The issues around compliance with the DCSP Policy are a result of gaps in capability or accountability by government agencies, and it is important to explore this further considering the large number of responses that raised this issue.

### **5.4 Under-utilisation of available procurement processes and technical procurement skills**

The sector noted that government agencies relied too heavily on open tendering, whilst other, more suitable, procurement options are being under-utilised. The consultation also indicated that there may be a lack of understanding among government agencies as to which methods are appropriate and when.

Time constraints may be another barrier to full utilisation of the available procurement methods, including multiple procurements occurring simultaneously within limited time constraints. This creates increased pressure on agency staff and the sector to meet and comply with specific procurement process deadlines.

Technical procurement skills including developing specifications and drafting qualitative criteria that enable small, medium and large organisations to produce competitive offers appears to be limited within government.

### **5.5 Gaps in knowledge and implementation of co-design**

Gaps in government agencies' knowledge and implementation of co-design principles have been cited as a barrier to good procurement in the consultation sessions.

Respondents have noted that some agencies seem to be unwilling or unable to engage stakeholders, including service users, in a meaningful way, stating that many agencies go into consultation or collaboration sessions with a predetermined outcome in mind and generally inform stakeholders rather than engaging genuinely. Other issues noted with co-design are that there is a lack of diversity and transparency in stakeholder engagement, as agencies tend to always consult with the same large

sector organisations, and not with service users, and that approaches to stakeholder engagement and co-design are not always culturally appropriate.

There appears to be an additional gap between the requirement to undertake co-design and the budget allocated to conduct it.

## **5.6 Communication throughout the procurement process**

Participants in the DCSP Policy consultation frequently cited poor communication as a barrier to good procurement practices. A lack of communication throughout the procurement process, inconsistent language used across government agencies when discussing community services procurement, a lack of clarity as to how much detail is required when responding to a tender and inconsistent reporting requirements were all raised as barriers to good procurement practice from the sector's perspective.

Participants also noted that there was no mechanism for raising concerns with a process that does not comply with the DCSP Policy, without making a complaint at a ministerial or director general-level.

Some service providers indicated that there appeared to be a lack of trust from government agencies towards the sector, indicated by a requirement that everything must be backed up by a report. There also appears to be a gap between the perceived quality of practice by government agencies and the quality of practice reported by the service providers they work with.

## **5.7 Maturity and skills of the sector**

Government agencies noted that a lack of maturity and skills amongst some service providers was a barrier to good procurement practices. In some cases, agencies noted there was a potential lack of skilled service providers available to deliver the services, particularly in regional and remote areas.

The maturity of some service providers in terms of DCSP Policy application and procurement still requires development. For example, some service providers appear to struggle in an environment of purchasing of services rather than funding, understanding sustainable pricing and costing of their services, and outcome focused and individualised service delivery.

Additionally, it is the responsibility of both service providers and government agencies to take a collaborative approach and engage in open and honest dialogue in the first instance of any issues in procurement or contract management. Feedback has indicated that both parties are not always provided an opportunity to respond to such complaints prior to escalation and risk of reputational damage. Both agencies and the sector should keep service users at the centre of the procurement process and work collaboratively to resolve issues in the relationship. Such circumstances may be

indicative of engagement issues between service providers and government agencies during the procurement process and in contract management.

## **6. Approaches to strengthen procurement practice**

The results of consultation and the literature review raised a number of possible approaches to strengthen community services procurement practice. The key strategies centre on the following actions: plan for success, invest in co-design, collaborate and share good practice examples, build trust between the sectors, invest in education and training, improve policy compliance and oversight, and develop a government-wide procurement system.

### **6.1 Plan for success**

Effective procurement planning is essential and at the forefront of good procurement practice. Results from the consultation indicated that effective procurement planning underpinned quality co-design, clear communications, transparency and appropriate procurement methods. It is important that government engages effectively with regional areas and procures place-based services. Tools for procurement planning<sup>1</sup> can assist government agencies to manage multiple processes, as well as communicate procurement intentions to service providers.

A publically available procurement schedule provides clear and transparent communication to service providers as to the procurement intentions of the government agency. The schedule can detail when planning for upcoming procurements is due to begin, a timetable for the key steps in the process and when the new service agreement is expected to commence.

The procurement timeline template available on the Department of Finance (Finance) website contains key tasks in a procurement process enabling procurement personnel to plot a range of procurement tasks to a timeline. The procurement timeline facilitates understanding of the importance of procurement planning and the nature of required tasks, enabling tasks that require increased resourcing to be identified as well as where delays or potential hold-ups may occur.

For significant procurements agencies should undertake an independent Gateway<sup>2</sup>-style review process. Focus areas may include: stakeholder needs, risk management and readiness to progress. This will confirm informed decisions are made at each stage of the procurement process. In particular, agencies should ensure that

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<sup>1</sup> See the Department of Finance [Planning in Partnership Guide](#)

<sup>2</sup> [https://www.finance.wa.gov.au/cms/Government\\_Procurement/Gateway/Gateway.aspx](https://www.finance.wa.gov.au/cms/Government_Procurement/Gateway/Gateway.aspx)

processes are ready for market<sup>3</sup> and that the business case and procurement strategy are sound prior to submitting a procurement plan to the CSPRC.

## 6.2 Invest in co-design

Authentic co-design is a crucial aspect of the DCSP Policy and is required for all community services procurements. Co-design should be appropriate to the procurement being undertaken. However, consultation indicates that there are still gaps in knowledge and implementation of co-design by government agencies. Adequate investment in co-design will help to bridge these gaps. There are three ways in which government agencies can invest in co-design: investing upfront to ensure co-design is done well, investing in co-design skills for procurement practitioners and investing in quality facilitators for co-design.

The consultation indicated that when government agencies invest upfront in the co-design process it can help to build trust with the sector and service users, determine the appropriate methods of procurement and deliver more appropriate services. Several respondents indicated that involving the sector and service users in the co-design process ensured transparency of the process, and service providers were less likely to be upset by or challenge a decision that they have been involved in and understand to be clear and transparent.

Investing in co-design skills for procurement practitioners will help to bridge the gap in knowledge currently cited by the sector. Procurement practitioners should undergo training and development to build their skills in and knowledge around co-design. Co-design should be undertaken with both service providers and service users. There is a range of cohort-specific tools to assist with co-design that have been developed, and a range of methods available for co-design.<sup>4</sup> Procurement practitioners should consider how to engage potential service users who are not being reached by existing services, as well as how to engage effectively with service users and providers in regional areas. By investing in co-design skills for procurement practitioners, agencies will help ensure that the right stakeholders are engaged in appropriate and culturally competent ways.

The sector indicated that the co-design process benefited from the engagement of an experienced, independent facilitator who is well regarded within the community

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[http://www.finance.wa.gov.au/cms/uploadedFiles/Government\\_Procurement/Gateway/readiness\\_for\\_market.pdf](http://www.finance.wa.gov.au/cms/uploadedFiles/Government_Procurement/Gateway/readiness_for_market.pdf)

<sup>4</sup> [WACOSS Co-design Toolkit](#)

[People with Disabilities Western Australia Co-design Toolkit](#)

[Mental Health Commission Working Together Toolkit](#)

services and government sectors. Government agencies must recognise the costs associated with undertaking a co-design process, and the benefits of paying to engage an appropriate, qualified external facilitator to ensure the process is satisfactory for participants.

### **6.3 Collaborate and share good practice examples**

Improving collaboration within the community services procurement space would provide opportunities to share learnings and good practice examples. The consultation suggests collaboration could be improved within teams as well as within and between government agencies.

In addressing the underdevelopment of community services procurement as a profession, McKevitt et al. (2012) suggest that 'a common professional identity is shaped through education, training and professional associations'. Professional networks are a key strategy in building a common identity within the community services procurement profession. A professional network can help increase collaboration, cohesion and a community amongst practitioners, overcoming barriers such as underdevelopment of the procurement profession, inability to consistently apply policy and a lack of shared learning.

A professional network will provide networking opportunities by building a community of community services procurement practitioners through programs such as conferences and forums, networking events and mentorship programs. Such programs will provide practitioners with an opportunity to collaborate with, and learn from, practitioners from other government agencies, addressing a common complaint of inconsistency of government procurement across agencies.

### **6.4 Build trust between the sectors**

The DCSP Policy partnership principles and behaviours are a framework for building relationships between government agencies and the sector, however the results of the consultation suggest that there is still a need to increase the level of trust between the two sectors.

By being clear and transparent, engaging in effective and appropriate co-design, being culturally competent, undertaking relationship-based contract management and collaborating and communicating regularly and effectively, government agencies can help to build trust between the sectors.

The complexity of the request document and the length of advertising period should be considered. Where possible, the complexity of request documents should be reduced. Additionally, longer advertising periods should be provided to allow for more innovative service models, collaboration between respondents and higher quality

offers. The greater the number of qualitative criteria and their complexity, the more time should be allowed for advertising.

Government agencies and the sector need to recognise that consortia responses add to the workload, time and cost to submit a suitable offer. Acknowledge that consortia arrangements may require additional support from contract managers to ensure a smooth transition following award of the contract, which will benefit the relationship and service users.

Regular service reviews should be undertaken in collaboration with the service provider. Where service agreements include extension options, good practice in exercising the option is to give the service provider confirmation the contract will be extended as early as possible. Earlier advice to the provider enables it to offer certainty and stability to staff and service users.

Government agencies must better understand the value of the sector. Government agencies can have a persisting expectation that community services organisations will work without adequate compensation, which erodes trust and respect between the sectors and affects the sustainability of service providers. There is also a need for better communication and understanding of value for money in the context of community services procurement, to help providers understand how a value for money decision is made.

## **6.5 Ensure service sustainability**

Good procurement practice ensures that services are procured for a sustainable price in order to provide quality services that will achieve better outcomes. The responsibility for ensuring a sustainable price is paid for service delivery lies with both the government agency and the service provider.

Potential service providers must price and cost services to include the cost of complying with all matters necessary to deliver service agreement outcomes including compliance with legal obligations.

Government agencies should engage in genuine negotiation with the service provider when extending service agreements, acknowledging changing regulations and increasing costs for the provider over time. Regular service reviews provide an opportunity for the service provider and government agency to discuss the service sustainability and adjust the price or deliverables if necessary. Government agencies should not expect service providers to absorb the costs of new systems or standards implemented by government during the service agreement.

## **6.6 Invest in education and training**

Education and training were recognised through both the consultation and the literature as means of improving procurement practice.

Education and training should be ongoing and comprehensive, with specified training opportunities for staff at all levels: beginner, intermediate and advanced.

### **6.6.1 Training for line agencies**

Finance and the PRWG have developed training initiatives to support both senior and new-to-government procurement practitioners to address the current gaps in skill sets in order to more consistently and successfully apply the DCSP Policy. This program is in addition to Finance's regular workshops for government agencies: Planning and Designing Community Services and Procuring and Managing Community Services.

Finance has sponsored 25 senior procurement practitioners from government agencies to undertake the International Association for Public Participation Australasia's Certificate of Engagement. This training, taking place over five days in May 2019, has enhanced participants' skills in stakeholder engagement and co-design. The certificate consists of three modules: Engagement Essentials, Engagement Design and Engagement Methods. To further enhance stakeholder engagement skills, Finance will host one-day Engagement Facilitation skills training in the second half of 2019.

In response to Recommendation 7<sup>5</sup> of the Service Priority Review and the Special Inquiry into Government Programs and Projects<sup>6</sup> Finance is developing a contract management framework comprising principles, a competency self-assessment matrix for practitioners, a risk tool, an intra-agency benchmarking tool and contract management training ranging from awareness raising to the role and responsibilities of a full time contract manager. Implementation of the contract management framework is anticipated to commence in the second half of 2019.

Commencing in September 2019, Finance is re-launching its Procurement and Contracting Vocational Program to build technical skills in government procurement. The program covers essential skills in procurement planning, contract formation, negotiation and management and provides participants with a Diploma of Procurement and Contracting. Finance will sponsor up to 15 places in the program for community

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<sup>5</sup> Recommendation 7: Leverage government procurement to both reduce costs and improve outcomes for the community.

<https://www.dpc.wa.gov.au/ProjectsandSpecialEvents/ServicePriorityReview/Pages/Final-Report.aspx>.

<sup>6</sup> <https://publicsector.wa.gov.au/public-administration/sector-performance-and-oversight/reviews-investigations-and-special-inquiries/special-inquiries/inquiry-government-programs-and-projects>.

services procurement practitioners. Interest has been registered by all agencies which procure community services.

Training for practitioners will be ineffective without support for change from within the government agency. In addition to the strategies outlined below, senior management in government agencies must understand good procurement practice, current trends and issues and enable and support practitioners to implement their new skills. Agencies should encourage and support their staff to participate in procurement training programs to build the capacity within their teams.

### **6.6.2 Collaboration with central agencies**

Increasing collaboration between government agencies should include increased collaboration with the central agency. As administrators of the DCSP Policy, Finance staff have a thorough understanding and knowledge of its principles and requirements, and how it works in practice as well as a practical understanding of the day-to-day operations of line agencies. The key line agencies who procure community services are Department of Communities, Department of Health, Mental Health Commission, Department of Justice and Department of Education.<sup>7</sup>

There are mechanisms currently in place to support collaboration between central and line agencies. The Directors General Implementation Group has been established to improve collaboration and provide direction for the implementation of policies as directed by the Community Safety and Family Support Sub-Committee. Additionally, the GCSPLC is a forum administrated by Finance where key procurement managers meet bimonthly to share information and discuss current challenges in community services procurement.

### **6.6.3 Training for the sector**

Feedback from government agencies suggests the sector may benefit in up-skilling around:

- DCSP Policy application and understanding;
- co-design;
- budgeting and sustainable pricing;
- continuous improvement activities (with a focus on individual feedback and active involvement in these processes such as service reviews);
- partnerships with other relevant community based services; and
- complaint process information.

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<sup>7</sup> Department of Treasury 2015, *Sustainable Funding and Contracting with the Not-For-Profit Sector Initiative: 2015 Evaluation Report*, Government of Western Australia, p. 9.

Through a training provider, Finance offers regular training in costing and pricing. The training provides participants with an understanding of direct and indirect costs, factors to consider when costing their services and sustainable pricing.

Commencing in May 2019, Finance delivers Tendering for Community Services workshops in the metropolitan area and some regional locations. The workshop focuses on the DCSP Policy, the community services procurement process including planning in partnership and co-design, and the request document and how to respond to it. Participants have the opportunity to shape workshop content and format through a brief survey prior to the workshop. This workshop improves the sector's understanding of the DCSP Policy and community services procurement. Finance will continue to develop and tailor training to meet the needs of community services providers.

Peak bodies also provide training relevant to community services procurement and should respond to sector needs to build capacity.

## **6.7 Policy compliance accountability and oversight**

The sector has strongly recommended greater accountability and oversight of government agencies' compliance with the DCSP Policy.

Accountability for compliance with the DCSP Policy sits with the Accountable Authority within each government agency. Under Section 52 of the *Financial Management Act 2006*<sup>8</sup>, the Accountable Authority is responsible for the financial management of services under the agency's control. The Accountable Authority is usually the Director General of a department or the Executive Director of a sub-department, and is responsible to the Minister for ensuring that each procurement process has complied with the requirements of the DCSP Policy.

Finance has recently met with several peak bodies to discuss how to better ensure compliance and accountability. Finance, in partnership with peak bodies and government agencies, will develop options to ensure greater accountability and transparency. Initial discussions have included: the role of Finance, creation of a platform for the sector to voice key compliance concerns to Accountable Authorities, and strengthening the position of the CSPRC. A paper is being developed that will align with recommendations from this report and current procurement reform programs. The procurement reform program Finance is currently leading will include

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<sup>8</sup> [Financial Management Act 2006](#)

community services and aims to reduce red tape. The procurement reform program will also recognise the recommendations made in this paper.

## **6.8 Government-wide procurement system**

A number of barriers to good procurement practice could be mitigated through the introduction of a government-wide procurement system, improving access to procurement data and forecasting procurement processes.

There should be consistent, streamlined methods of data collection between government agencies for 'core' reporting requirements, for example, financial reporting and insurance currency. Templates could be provided to assist with standardisation.

Government agencies have also suggested that the policy requirement to reduce the administrative burden on service providers has led to a transfer of that burden to government agencies. A government-wide procurement system could help to improve the administrative burden on government agencies.

## **7. Roles and responsibilities**

The approaches for strengthening procurement practice outlined in this report have implications for Finance, government agencies that procure community services and the sector. Each has a role and responsibility to ensure good practice in community services procurement. These roles and responsibilities, within the context of this paper, are detailed below.

### **7.1 Finance – Role and responsibilities**

The role of Finance as the functional leader for procurement is to lead procurement policy and capability building for both government and the sector.

Finance's responsibilities include:

- provision of leadership, guidance and support in the application and principles of the DCSP Policy and good practice procurement;
- development and maintenance of templates and guides;
- coordinating a range of education and training initiatives;
- developing sector support initiatives to enable a strong sector;
- complaint management for DCSP Policy issues; and
- working in partnership to develop strategies to address procurement capability gaps.

## **7.2 Government agencies – Role and responsibilities**

It is the role of government agencies to work in partnership with the sector, other agencies and Finance for the procurement and contract management of services. Government agencies should operate in line with the DCSP Policy to improve outcomes for individuals and the community and work towards achieving the agency's strategic goals.

Government agencies' responsibilities are:

- undertaking procurement of community services, including appropriate planning, service design and sector engagement.
- ensuring their procurement and contract management processes comply with the DCSP Policy;
- ensuring procurement and contract management are undertaken as per State Supply Commission policies; and
- enabling a cohesive, appropriate and supported procurement and contract management function.

## **7.3 The sector – Role and responsibilities**

The role of the sector is to work in partnership with government and in the spirit of the DCSP Policy to improve outcomes for individuals and the community.

The sector's responsibilities are:

- endeavouring to cost and price services sustainably;
- engaging in open and genuine conversations, particularly during co-design;
- take advantage of training opportunities to address capability shortfalls in tendering, pricing and contract management; and
- raising DCSP Policy issues with the agency, peak bodies and/or Finance.

## **8. Recommendations**

This report identifies seven practical approaches for improving community services procurement practice. Implementation of these approaches is the responsibility of government agencies that procure community services, the sector and Finance as the lead agency administering the DCSP Policy and governments' procurement function leader. Finance, in collaboration with the PRWG, will draft an implementation plan for the strategies identified within this report, with responsible parties required to report on progress against the strategies at the end of a twelve-month period.

The strategies outlined in this report have implications for Finance, government agencies and the sector (including peak bodies) that may stretch or increase existing

resourcing requirements and timeframes. It is essential that Accountable Authorities are aware that in order for government to practice good procurement and be compliant with the DCSP Policy, significant time and effort must be dedicated to the below recommendations.

**Recommendation 1** – that the **Co-Chairs PRWG** submit this report to the SCF chair for forwarding onto the Minister for Community Services, with the intention for the report to be placed on the agenda of the Directors General Implementation Group (DGIG), to ensure this group is informed of the report’s findings and recommendations. The Minister for Community Services to then submit the report to the Community Safety and Family Support Cabinet Sub Committee for further consideration.

**Recommendation 2** – that **Finance**:

- effectively administers of the DCSP Policy, including development of the capability of the sector and government for good practice;
- provides assistance to agencies to improve compliance via the strategies identified in the report, including formalising considerations for a ‘gateway’ style review process;
- coordinates development and delivery of training for nominated staff in agencies and the sector to improve co-design skills;
- facilitates the sharing of lessons learned between government agencies and the sector;
- provides training at all maturity levels to build capacity of the sector and procurement practitioners to engage in good practice;
- works with government agencies and non-government peak organisations to assist them to develop to a state where the DCSP Policy is being applied as intended; and
- explores options for streamlining data collection and reporting.

**Recommendation 3** - this report establishes a clear need to develop skills and improve procurement practice within agencies and the sector when working with the DCSP Policy to deliver improved outcomes for those in most need. It is recommended **Finance** further develops the procurement professionals’ development initiative based on the key approaches to strengthen procurement practice outlined in this report, and identifies approaches to building capability in the sector.

**Recommendation 4** – that the cost, resourcing and timelines for implementation of the DCSP Policy co-design requirements needs to be better understood and quantified. **The PRWG**, with **Finance**, will work together to identify the resources and time required for their agencies and stakeholders to undertake co-design activities in line with the DCSP policy. This will be included as part of the co-design project that the PRWG will progress.

**Recommendation 5** – that **government agencies** work to transition and invest the appropriate amount of time and resources to improve co-design, procurement and contract management capability to ensure compliance with the DCSP policy and optimal outcomes for services users:

- ensure the structural position of the procurement and contract management function within agencies is appropriate;
- take steps to improve procurement planning, co-design and technical procurement skills;
- improve collaboration and knowledge sharing amongst procurement practitioners within the agency as well as with other agencies;
- build trust with the sector by improving adherence to the partnership principles and behaviours outlined in the DCSP Policy; and
- commit to the development and support of procurement staff to participate in training and professional development opportunities, and to implement their learnings in the workplace.

**Recommendation 6** – that the **sector**:

- undertakes training and education opportunities when available including pricing and costing;
- ensures all submissions are priced and costed sustainably;
- builds trust with government agencies improving adherence to the partnership principles and behaviours outlined in the DCSP Policy; and
- raises DCSP Policy issues with peak bodies and/or Finance as needed.

**Recommendation 7** – That the **PRWG** continues to support the application of the DCSP Policy and these recommendations.

## References

Klay, WE (2015), The enlightenment underpinnings of the public procurement profession, *Journal of Public Procurement*, 15(4), 439-457.

McKevitt, D, Davis, P, Woldring, R, Smith, K, Flynn, A and McEvoy, E (2016), An exploration of management competencies in public sector procurement, *Journal of Public Procurement*, 12(3), 333-355.

## Attachment 1: Sources

### CSPRC minutes and meeting discussions

- Key issues raised:
  - Inconsistent application of the DCSP Policy
  - High turnover of procurement practitioners
  - Learnings not being shared between outgoing and incoming practitioners

### GCSPLC meeting discussion

- Key issues raised:
  - High turnover of contract managers
  - Limited knowledge sharing between procurement practitioners
  - Sector concerns
  - More opportunities for networking and collaboration between procurement practitioners are required

### DCSP Policy review consultation survey / workshop results

- Key issues raised:
  - Inconsistent application of the DCSP Policy (34 individual responses)
  - Gaps in knowledge of co-design
  - Procurement planning needs improvement
  - Poor communication throughout the procurement process
  - Procurement planning needs improvement
  - High turnover of contract managers
  - Training required for contract managers
  - Locally-based contract managers preferred
  - A range of procurement methods should be used
  - Procurement process should be more concise/streamlined
  - Lack of trust between the sectors
  - Prefer a single contract manager for multiple contracts between the same agency/NFP
  - Importance of relationship-based contract management
  - Inconsistent language used across government
  - Education and training should be comprehensive and target different levels (e.g. introductory, intermediate and advanced)
  - Better sharing of knowledge/information required
  - Co-design skills require improvement

### Response to request for good practice examples

- 7 responses
  - 4 government agencies

- 2 peak bodies
- 1 service provider
- Key aspects of good practice provided:
  - Effective procurement planning
  - Upfront investment in co-design
  - Continuous active contract management

#### Literature review

- Key issues raised:
  - The procurement profession is underdeveloped
  - Knowledge sharing between procurement practitioners is limited
  - Procurement is a technical skill set that is largely learned on-the-job
  - Education, training and a professional network will help to develop the procurement profession

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- Key issues raised:
  - DCSP Policy compliance and the role of the Accountable Authority
  - Government agency senior management and enabling good procurement practice
  - Trust and respect and the value of the sector needs to be better understood by government
  - Procurement practice and understanding sustainability practices for government and the sector
  - Demystifying value for money
  - Integrated services need high level buy-in (homelessness example)
  - Oversight for key tenders (currently occurring with the Department of Communities Out of Home Care procurement process)
  - Co-design is not the panacea for everything
  - Complaints process – clarify for service providers
  - Competitive tender processes are held yet government agencies expect collaborative offers from providers

## **Attachment 2: Case studies**

### ***Case study 1: Department of Communities – Empowering Communities***

The Department of Communities procuring state-wide services conducted a varied co-design process facilitated by an independent consultant highly-regarded by the sector. The Department engaged Mr Peter Kenyon, Director of Bank of I.D.E.A.S, to facilitate.

The co-design process included:

- 14 workshops around the state;
- Individual structured interviews with over current 70 service providers;
- Two workshops for peak bodies and local government organisations, and;
- An online survey of current and potential service users.

Overall, in excess of two hundred people were involved in the co-design process and a comprehensive report was delivered summarising the feedback from participants about the current program, its strengths and weaknesses, and current challenges for service providers in delivering community development programs. The report also provided suggestions for future directions and recommendations related to the outcomes, procurement process and pricing allocation for the new program.

### ***Case study 2: Mental Health Commission – Recovery Colleges***

In the 2017-18 Budget, the State Government provided the Mental Health Commission (MHC) with \$200,000 to develop a comprehensive, evidence-informed model of service for Recovery Colleges in Western Australia, and a business case.

As part of this commitment and through an open Expression of Interest process conducted between December 2017 and March 2018, an Independent Expert Panel (Panel) was appointed to co-design the development of a Model of Service. The Panel consisted of ten individuals from different backgrounds. In conjunction with the MHC, the Panel were responsible for overseeing the co-design of the draft Model of Service for Recovery Colleges in Western Australia.

To support the Panel in developing the draft model of service, the MHC commissioned a literature review of a range of models, including the previous Business Model coordinated by Western Australian Association for Mental Health, to inform the development of a unique, evidence informed model of service for Western Australia. The MHC progressed with the development of this evidence informed draft Model of Service for Recovery Colleges in Western Australia through a co-design process led by the Panel and in consultation with a broad range of stakeholders including consumers, their families and carers, and workers from non-government organisations and health service providers.

The consultation included information sessions, community workshops and an online survey. Based on the results of the consultation, the Panel provided the MHC with the final draft Model of Service.

The opportunity for clinicians to participate and assist in the co-design and the co-delivery of the Recovery College courses will help break down the stigma that is often found in traditional clinical practices and also provides the opportunity to positively influence the attitudes and behaviours of those working in the mental health and AOD sectors.

### ***Case study 3: Department of Communities – Financial Counselling (metropolitan)***

All providers currently and previously contracted by the Department of Communities, plus those contracted by the Commonwealth Department of Social Services were invited to a workshop to discuss the expansion of sites when the funding was reinstated to pre-2016 levels in 2017. It was made clear at the outset that the workshop would likely be in lieu of a formal tendering process, with tight timelines not allowing this in the shorter term. Engagement levels were high with most stakeholders participating.

At this workshop the pros and cons of different models were explored, within the limitations of resourcing and also against a backdrop of data. An analysis of the 'heat' map of the unmet need plotted alongside service sites was shared with the assembled group as part of this. The group decided on three potential options and then voted on them (using individual clickers which was both confidential and simultaneous). A preferred way forward was clearly identified which was not challenged because the process was both inclusive and transparent.

### ***Case study 4: Department of Communities – Registration of Interest for Individual advocacy services for Aboriginal people with disability in the Kimberley region***

Disability Services undertook a Registration of Interest (ROI) process for organisations to deliver individual advocacy services for Aboriginal people with disability, their families and carers in the Kimberley.

Disability Services wished to gauge the level of interest of Kimberley based organisations.

The aim of the procurement was to identify organisations who could build the knowledge, skills and self-determination of Aboriginal individuals with disability, their families and carers to access disability supports and services to meet their needs and goals of everyday life, through a personalised advocacy service.

The ROI sought organisations that:

- were based in the Kimberley
- understood the unique needs of Aboriginal people with disability
- had solid connections to Aboriginal people and their communities and community organisations in the Kimberley
- were capable of delivering culturally sensitive services in a safe environment

Disability Services engaged with organisations who registered their interest to determine their capacity and capability to deliver effective advocacy services.

This process resulted in the negotiation of bespoke grant agreements with two established Aboriginal organisations that had no previous relationship with Disability Services.