



PROCUREMENT POLICY

Effective: 1 June 2023

To be reviewed: May 2026

***To help the public service
spend wisely***

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INTRODUCTION

1. This policy sets out the framework for purchasing, tendering, and contracting within the Office of the Auditor General (“the Office” or “OAG”). The Office shall comply with the *Procurement Act, 2016* and the Procurement Regulations, 2018 (that commenced on 1 May 2018) at all times. This policy supplements the legal requirements set out in the Procurement Act and Regulations.
2. The Central Procurement Office (CPO) has issued a range of guidance that will be used by the OAG where applicable. This policy directs staff to the relevant sections of legislation and the CPO website and provides additional guidance where necessary.

THE SCOPE OF THE POLICY

3. This policy covers the procurement process from start to end, including the preparation of business cases to issuing purchase orders or awarding contracts.
4. All staff are expected to comply with this policy and the *Procurement Act* and Regulations at all times to protect the interests of the Office.
5. Breach of this policy may be dealt with under our Disciplinary Procedures and, in serious cases, may be treated as gross misconduct leading to summary dismissal.

OVERSIGHT AND MANAGEMENT OF OAG PROCUREMENT

6. The *Procurement Act* requires that the Auditor General, as Chief Officer, establish an Entity Procurement Committee (EPC) for the Office, and appoint a Chairman and at least two other members to serve on the EPC. The Auditor General has appointed the Deputy Auditor General (Performance Audit) as the Chair of the EPC. The EPC shall be made up of two of the three other members of the Corporate Management Team.

- Chair Deputy Auditor General (Performance Audit)
- Member Deputy Auditor General (Corporate and International)
- Member Deputy Auditor General (Financial Audit)
- Member Corporate Services Manager

7. In circumstances where any of the EPC members have a potential conflict of interest for specific procurements, or is the project manager for the procurement, the EPC Chair (or Auditor General if the EPC Chair has a conflict) may substitute them with another OAG staff member. The Office may

also choose to supplement the EPC with additional members drawn from the OAG staff for specific procurements.

ROLE OF THE EPC

8. The EPC is responsible for overseeing all procurement carried out by the Office, as outlined in Schedule 6 of the *Procurement Act*. In summary, the EPC is responsible for the following:
 - reviewing business cases;
 - reviewing competition documents before issue;
 - reviewing all eligible bids;
 - ensuring fairness, impartiality, and confidentiality of bid submissions;
 - assuring the Auditor General that the procurement process has complied with legal requirements and this policy;
 - conducting the evaluation process and making recommendations for contract awards to the Auditor General and PPC as required;
 - reviewing draft contracts before signing to ensure that the price and scope are consistent with the original competition document; and
 - reporting the results of all procurement projects in the prescribed format and timeframe.
9. The Chair of the EPC has overall responsibility for the effective operation of this policy, including monitoring and reviewing the operation of this policy and making recommendations for changes to minimise risks to our operations.

ROLE OF THE PROCUREMENT PROJECT MANAGER

10. Each procurement project shall have a designated project manager that is responsible for preparing all of the documentation about the procurement, including the business case, and submitting these to the EPC for review.
11. The project manager shall be the designated contact person for the procurement and be named in all external communications about the procurement.
12. The project manager is expected to respond promptly to any requests for clarification from potential suppliers within the time specified in the bid document and before the deadline for

presenting bids. The project manager should ensure that all clarification information is sent to all potential suppliers that have received the bid documents to ensure fairness.

13. The project manager should maintain proper records for all stages of the procurement project and report to the EPC that this has been done. These include the following:

- internal drafts of competition documents, including internal correspondence;
- originals of issued documents;
- business case and approvals;
- communications with potential bidders and bidders;
- addendums issued;
- original bids received;
- records of the evaluations process, including individual evaluator's notes and scores;
- communications with the PPC;
- record of bidder debriefings; and
- any communications of disputes or complaints.

REQUIREMENTS OF STAFF

14. All OAG staff are responsible for their compliance with this policy and for ensuring that it is consistently applied. All staff should ensure that they take the time to read and understand it, and any questions regarding the content or application of this policy should be directed to the Chair of the EPC. Any breach of this policy should be reported to the Chair of the EPC.

GENERAL PRINCIPLES

15. All procurement should comply with extant legislation. All staff should pay due regard to the principles of procurement outlined in Schedule 1 of the *Procurement Act* and the Central Procurement Office's [Code of Conduct for Procurement](#), which sets out the minimum standards expected from staff involved in procurement, including values and behaviours. All staff are bound by the OAG Code of Conduct. The qualities of selflessness, integrity, objectivity, and honesty are particularly relevant to procurement and contracting.

16. All procurement of goods and services should be based on value for money principles, with due regard to propriety and regularity. Goods and services should generally be procured competitively unless there are sound reasons to the contrary; the reasons for any non-competitive procurement should be justified in a business case.
17. Where appropriate, we shall consider the potential environmental and socio-economic impact when procuring goods and services. For example, consideration should be given to the recyclability or toxicity of goods. The Office may also give preference to local suppliers and local economic benefits when procuring.
18. No contracts or orders for goods and services shall be awarded if the estimated expected cost exceeds an approved budget. Before commencing any procurement, the project manager should ensure that there is a sufficient budget by confirming this with the Deputy Auditor General (Corporate and International) as Chief Financial Officer, and/or Corporate Services Manager. The project manager should be clear if the goods and/or services to be purchased needs capital or operational funding and the budget line the costs are likely to be charged against. CMT may need to approve the use of the budget, depending on other commitments and priorities, before starting the procurement process.
19. All contracts awarded will have a specified end date, and the Office will review contracts regularly to ensure that we are obtaining value for money. The Office shall specify options to extend contracts at the procurement stage and in contracts awarded, where appropriate. All other contract extensions should be avoided unless in emergency situations.
20. All procurements require the appropriate levels of approval, which are set out later in this policy. The procurement process should start in sufficient time to allow for proper consideration of documentation and the approvals needed in advance of awarding any contracts. This includes considering if an independent legal review of any contracts is needed as per the CIG Governance and Management Circular GMC 2 of 2022 – CIG guidance – Contracts and Legal Advice. [CIG Guidance – Contracts and Legal Advice \(GMC 2 of 2022\) - tasks and guides \(gov.ky\)](#)
21. All transactions should be supported by adequate documentation which will allow re-performance of the processes by which a procurement decision has been taken. Good documentation will also facilitate the management of and engagement with contractors (particularly where there may be a risk of a dispute arising). The EPC is responsible for ensuring that there is adequate documentation to support the procurement process that demonstrates value for money and ensures compliance with the Procurement Act and Regulations.

PROCUREMENT THRESHOLDS

22. The Procurement Regulations 2018 set five thresholds that inform the procurement process to be followed – less than \$10,000 (direct awards); less than \$100,000; \$100,000 to \$250,000; over \$250,000; and over \$10 million. The OAG has decided to apply more stringent thresholds than the Procurement Regulations specify to lead by example. The following table sets out what is required for Office procurements for each of these thresholds.

Value of goods and services being procured	Procurement method to be used
Orders less than \$5,000	<p>Procurements below \$5,000 may be made subject to a request justifying the procurement being made to, and approved by, the Auditor General or one of the Deputy Auditors General.</p> <p>If a direct award is being proposed this should be made clear and a written estimate or quotation attached to the request.</p> <p>If not a direct award, the project manager should request quotes or written estimates from three potential suppliers, and attach these to the request.</p>
Orders between \$5,000 and \$10,000	<p>A short business case, using the OAG template, should be prepared for procurements within this value range. The business case should be reviewed and approved by the EPC and the Auditor General, before awarding the contract.</p> <p>If a direct award is proposed, the business case should justify this. A single written estimate or quotation should be obtained and attached to the business case.</p> <p>If a direct award is not being proposed, quotations or written estimates from three potential suppliers should be obtained and attached to the business case. The business case should justify and recommend the preferred supplier.</p>

<p>Orders over \$10,000 but less than \$100,000</p>	<p>A business case should be prepared, using the OAG template, specifying the appropriate competitive procurement method. The business case should be reviewed and approved by the EPC and the Auditor General.</p> <p>The approved competitive procurement method must be applied unless a direct award has been approved.</p>
<p>Orders over \$100,000 but less than \$250,000</p>	<p>A business case should be prepared, specifying the appropriate competitive procurement method, which is reviewed and approved by the EPC and the Auditor General.</p> <p>The business case should include the information as prescribed in section 3 (2) of the Procurement Regulations.</p>
<p>Orders over \$250,000, but less than \$10 million</p>	<p>A business case (in the format specified by the PMFA) and a local impact assessment (in the format specified by CPO) should be prepared.</p> <p>The Business case and all procurement documents should be submitted to the EPC for review and approval, and then to the Auditor General.</p> <p>Procurement documents must be submitted to the PPC for approval. The approved competitive procurement method, as set out in the business case and approved by PPC, must be applied.</p>

23. We recognise that there will be uncertainty with pre-tender cost estimates and there is a possibility that bid prices and actual tender costs may exceed these estimates. This applies particularly where the anticipated cost is higher i.e. more than \$50,000. It is therefore important that appropriate market research is carried out before starting the procurement exercise. The Office may choose to issue a request for quotations to help clarify the requirements and potential costs before progressing further with the procurement.
24. If there is a significant chance that the cost will exceed any of the limits, then the procurement process to be followed is that relating to the next category. This principle does not necessarily apply to variations that arise during the course of a contract, where these could not be reasonably anticipated when the contract was first agreed.

25. The objective of any contract should be to secure cost certainty so that tender acceptance results in the commitment to obtain specified goods and services of sufficient quality at a fixed price. Where an exact cost is not known at the time of awarding a contract, a maximum or cap must be set to ensure prudent financial management and support value for money.
26. The OAG outsources some audits to private firms on five-year appointments. This procurement exercise falls into the 'over \$250,000' threshold, which means that PPC approval is required. All procurement documents prepared for this project should be reviewed internally by the EPC and Auditor General before submission to the PPC. Due to the additional approvals required more time will be needed to plan and execute this procurement project.

PROCUREMENT METHODS

27. The Procurement Regulations set out the following range of procurement methods that may be used for competitive procurement, which are subject to certain conditions being met:

Procurement method	Conditions		
	Less than \$250,000	\$250,000 and above	Other conditions that must be met
Direct awards			Less than \$10,000 or other specific conditions.
Open tendering	Yes	Yes	This is the expected procurement method unless an alternative is proposed in an approved business case.
Restricted tendering	Yes	Yes	The subject matter is highly complex or specialized, available from a limited number of suppliers; or the time and cost to examine and evaluate a large number of bids is disproportionate to procurement value.
Request for quotations (RFQ)	Yes	Yes	Goods and services that are readily available, not specially produced or provided for the buyer, and for which there is an established and competitive market.
Request for proposals	Yes	Yes	Where financial aspects of proposals need to be considered separately and only after the examination

(RFP) without negotiation			and evaluation of the technical, qualitative, and performance characteristics of proposals are completed.
Two-stage tendering	No	Yes	Where discussions with suppliers are needed to refine aspects to obtain the most satisfactory solution; or no bids were received from open tendering or the procurement cancelled and it is expected that a new procurement would not result in a contract.
Requests for proposals (RFP) with dialogue	No	Yes	Where it is not feasible to formulate a detailed description of the subject matter and dialogue is needed to obtain a satisfactory solution; the contract relates to research, experiment, study, or development; it is the most appropriate method for the protection of essential security interest; or no bids were received from open tendering.
Requests for proposals (RFP) with consecutive negotiations	Yes	Yes	Where the financial aspects of proposals need to be considered separately and only after the examination and evaluation of the technical, qualitative, and performance characteristics of proposals are completed; and consecutive negotiations are needed to ensure that the financial terms and conditions are acceptable.
Competitive negotiations	No	Yes	Where other competitive procurement methods are not appropriate for the protection of essential security interests.
Electronic reverse auction	No	Yes	Where it is feasible to formulate a detailed description of the subject matter; there is a competitive market of suppliers and suppliers will qualify to participate; and the criteria to determine success are quantifiable.

28. All procurements made by the Office, other than direct awards, shall be subject to open tendering unless an alternative procurement method is justified and recommended in an approved business case. For additional guidance on the different procurement methods please refer to the Procurement Regulations and the CPO website.

DIRECT AWARDS

29. The *Procurement Act* states that direct awards may be made if appropriately justified and subject to prescribed thresholds. Direct awards are contracts awarded outside of a competitive procurement process, i.e. single source procurement or non-competitive procurement.
30. The Office allows direct awards for the procurement of goods, services, or works, subject to the relevant and appropriate process and approval dependent on the estimated value of the procurement. For direct awards valued at less than \$10,000, the relevant approvals required are as follows:
- Direct awards that are valued at less than \$5,000 are subject to a request being made to, and approved by, the Auditor General or one of the Deputy Auditors General.
 - Direct awards above \$5,000 and less than \$10,000 should be justified in a business case that has been approved by the EPC and Auditor General.
31. The OAG may also allow direct awards for goods and services over \$10,000 (subject to a business case). The Procurement Regulations set out the process that may be used for direct awards. Section 5 of the Procurement Regulations specifies the following criteria for direct awards over \$10,000:
- Goods or services are available from only one supplier.
 - The goods or services are required to match an existing brand to ensure compatibility (including replacement parts) within the Office, or to comply with established entity specifications and standards. In this case, staff should be alert to the possibility of other suppliers/manufacturers having similarly available equipment that may be compatible and possibly of the same or superior quality and cheaper in price.
 - The goods or services are required to meet the physical design or quality specifications and are only available from one supplier.
 - The goods or services are of a confidential or privileged nature and the disclosure through a competitive process is likely to compromise defence, security, public safety, or is likely to cause economic disruption or is otherwise contrary to the public interest.
 - It can be demonstrated that only one supplier can meet the requirements of a procurement project.
 - The goods or services being procured are from charitable and philanthropic institutions or are produced by the labour of persons who are inmates in the prison or persons with disabilities.

- Retaining the services of legal counsel in exceptional circumstances to provide legal advice, opinion, or representing an entity involved in litigation, arbitrations, mediation, or any other legal proceedings.

The Procurement Regulations specify five other criteria in section 5 that are unlikely to be relevant to the Office and are not included above (i.e. (f), (j), (l), (m), and (n))

32. The Office should prepare business cases for all direct awards over \$5,000 (justifying the approach) and these should be submitted to the EPC for review and approval and then to the Auditor General. For the direct award of contracts over \$250,000, PPC approval must be obtained. All approvals must be obtained before any orders are placed or contracts awarded.

PLANNING THE PROCUREMENT

33. The overall aim is to obtain goods and services of sufficient quality at the best possible price using competition to ensure value for money, without placing an excessive burden on potential suppliers. This requires planning, including the following:

- Any market research needed. To determine the appropriate procurement method the Office may undertake market research through requests for information or a request for quotations, although these cannot be used to award a contract.
- An estimate of the likely cost, which will be used to determine the procurement method, documents needed, and approval required in line with this policy. For example, PPC approval is required for all procurement above \$250,000.
- The preparation of a business case if required (see below).
- An assessment of the most appropriate procurement method, which will inform the procurement process and timescale.
- Information and documentation needed to ensure a fair and transparent process. A clear and detailed specification should be prepared for each procurement to encourage open, fair and transparent competition.
- How the procurement process will be managed, including the role of the EPC and approvals needed.
- Identifying whether the Government has any framework agreements or government-wide contracts in place that the OAG may want to take advantage of. Information is held on the CPO website.

34. The designated project manager should ensure that the procurement is planned in sufficient time to allow for the preparation of documents and the necessary approvals in advance of awarding contracts.

BUSINESS CASES

35. Business cases are required for all purchases that are estimated to cost more than \$10,000, or where a direct award valued at \$5,000 or more, is being proposed as the procurement method.

36. Business cases should support decision-making and demonstrate value for money. They should provide justification for the procurement, consider and assess different options, identify any assumptions, constraints, benefits, costs, and risks, recommend the procurement method to be used, and provide a local impact assessment where appropriate.

37. Business cases should be prepared by the project manager for procurement and submitted to the EPC for review and approval, before approval by the Auditor General. All business cases should be approved at the appropriate level i.e. procurement projects less than \$250,000 should be EPC and approved by the EPC and Auditor General, and for procurements above \$250,000, these should also be submitted to the Public Procurement Committee (PPC) for approval.

38. As indicated previously, the Office shall prepare business cases for all direct awards above \$5,000 and all procurements, no matter the procurement method, the estimated cost of \$10,000 or more. Most OAG procurements will be below the \$250,000 threshold, except for outsourcing financial audits to private firms. The business case should therefore be proportionate to the value of the procurement i.e. a business case for procurement less than \$10,000 may require less information than a higher-value procurement project. The Office shall use the following business case templates:

- For direct awards above \$5,000 and all other procurements up to \$100,000, the Office shall use the [OAG business case template](#).
- For procurements where the estimated value is between \$100,000 and \$250,000 the Office shall use the [business case template](#) as prescribed on the CPO website. The Procurement Regulations section 3(2) specifies that business cases should include the following:
 - Demonstrate the economic need for the project
 - Include a thorough risk and impact assessment that details costs and the socio-economic impact of the procurement projects on small and medium-sized suppliers operating in the Cayman Islands;

- Provide a breakdown of all anticipated procurement projects within the larger project;
 - Recommend the procurement method to be used;
 - Specify the benefits that the project is expected to deliver;
 - Demonstrate the options to be incorporated into the procurement process to promote the positive economic development of the Islands; and
 - Demonstrate that there is a basis on which a decision may be made on whether to proceed to the procurement stage.
- For procurements of \$250,000 or more the Office shall follow the CPO's business case guidance and [template](#) (see the CPO website for guidance).
 - The CPO also has a template for procurement that is high value (i.e. over \$10 million), which is a three-stage business case. This would generally be the procurement of major capital projects and it is unlikely that this would apply to the Office

39. The EPC Chair can provide further guidance and advice on what is required and would be deemed appropriate.

PROCUREMENT PROCESS

40. The type of competitive procurement determines the process to be followed and the documentation needed. The Office will generally use open tendering unless a direct award has been decided in an approved business case.
41. The Office may choose to use the Government's procurement portal (Bonfire) or carry out its procurement exercise, depending on the estimated value of the procurement. The method of issuing tender documents should be clearly specified in the business case.
42. All procurement documents should be approved by the EPC and the Auditor General.
43. For all procurement projects valued at \$100,000 or more the OAG is required to publish a notice of opportunity on Bonfire. If using Bonfire then the process is set out on the CPO website. The notice of opportunity should be published for a minimum of 15 working days and include the following information:
- Brief description of the procurement.
 - The location where further information may be obtained.
 - Conditions for obtaining such information (if any).

- The location and method for submitting bids.
- Statement that the procurement is subject to the Procurement Act and Regulations.

TENDER DOCUMENTATION

44. The OAG shall provide tender documents for each procurement that include the following:

- Detailed specification for the supply or work where applicable (see next section).
- Instructions for submitting tender inquiries, if allowed, and how they will be answered.
- Information on the scoring methodology.
- Timescales for procurement, including deadlines for submission and queries. The document should clearly state a specific date and time after which no tender will be considered.
- Clear instructions for the return of the tender, including form and content, return deadlines, and methods e.g. hardcopy or electronic.
- A named contact within the OAG to resolve any difficulties.

45. When issuing tender documentation, potential suppliers should be advised of the need to comply with current statutory requirements, government legislation, any special arrangements prescribed by the OAG, and other professional or trade guidance. In particular:

- The supplier should be requested to confirm that they have (or will have) insurance coverage appropriate to the contract to be undertaken and should be requested to furnish evidence of such coverage before the commencement of the contract.
- Suppliers should be requested to provide a declaration detailing any pecuniary or other interest, or potential conflict of interest, which could arise, either directly or indirectly, from the contract.
- Unless permitted in a contract, a contractor may only assign or sub-let the contract with the prior written consent of the OAG. Where sub-contractors are appointed, all conditions to be observed by contractors, (in terms of relevant legislation and OAG's requirements), shall equally apply to sub-contractors, and all contractors shall be responsible for the observance of such conditions by such sub-contractors.
- Suppliers should be requested to confirm that they do not discriminate unlawfully against their employees on grounds of sex, race, disability, religion or belief, age, or other grounds.
- Suppliers should be asked to confirm their pension and health insurance plans in line with legislation.
- Suppliers' attention should be drawn to the implications of the *Freedom of Information Act* and *Data Protection Act*.

- The specification should include a copy of the OAG's standard conditions which will apply to any contract.
- Suppliers should be requested to confirm these conditions are acceptable.

SPECIFICATION FOR THE GOODS AND/OR SERVICES REQUIRED

46. It is important that the Office provides sufficient information to potential suppliers to ensure that it receives value for money. Preparing a good specification is therefore an important part of the procurement process. Specifications should provide a clear statement of need and help ensure that all quotations are submitted with similar information so that each supplier is directly comparable.
47. For every procurement, the designated project manager shall prepare a clear, detailed specification. Section 11 of the Procurement Regulations set out the requirements for specifications. In summary, specifications should include the physical characteristics, functional, performance or expected results, quality characteristics, and intended use descriptors that are required from the potential supplier. For example:
- For goods, the physical attributes and any requirements for delivery, installation, and maintenance must be specified.
 - For services, the nature of the service, overall aims, the deliverables, the standard of service and the timetable to be achieved should all be described. The skills and expertise expected to be necessary to complete the work should also be specified. Tenderers should be invited to propose how they will complete their work to the required standard. The aim should be to put the onus on the tenderer to demonstrate how they will provide quality.
48. The specification should not be written in a manner that unduly restricts suppliers from bidding, but encourages open, fair, and transparent competition. It should contain all of the information that is needed for potential suppliers to submit a bid or calculate proposed pricing, and set out any legal requirements, including indemnification, insurance, or other legal requirements.
49. The specification should support an effective tender evaluation; most evaluations will be based on a mixture of quality and price.

PRE-QUALIFICATION

50. Pre-qualification can help identify the most suitable suppliers to invite to tender and reduce the resources needed for the procurement project.

51. Section 8 of the Procurement Regulations sets out the conditions under which a pre-qualification process is allowed. A pre-qualification process is only allowed for procurements where the estimated value is more than \$250,000. The regulations specify assessment criteria including, for example, professional, technical, and environmental qualifications. A pre-qualification process may be used as a stand-alone process for specific projects or as an ongoing process to establish and maintain a framework agreement.
52. The Office may carry out a pre-qualification stage for our high-value procurements, for example, the procurement of outsourced financial audits. If pre-qualification is being considered, this should be set out in an approved business case and approval is obtained from PPC to undertake pre-qualifying.

OPENING TENDERS

53. Most tenders will be received electronically (either via Bonfire or email) and the process for opening tenders depends upon the method of receipt of tenders.
54. All procurements of \$100,000 or more should be done through Bonfire. The OAG may use Bonfire for other procurements. The OAG will comply with the specified approach in Bonfire, where applicable.
55. For all other procurements the project manager should ensure that there is a clear process for opening and recording tenders after the deadline for submissions. This should include recording the following information on an Official Tender Record Sheet:
- Title of the project, location, etc.
 - The name of all firms invited to tender.
 - The name of all firms from whom tenders have been received.
 - The date tenders were invited.
 - The latest date for receipt of tenders.
 - The date tenders were received.
 - The date tenders were opened.
 - The proposed contract prices per each bid.
56. The official tender record must also record the name of the contractor whose tender is ultimately accepted.

ADMISSIBILITY OF TENDERS

57. **Late tenders** are those received after the due time and date and, as a general rule, should not be accepted. In exceptional circumstances, late tenders may be considered. For example, where the tender has been dispatched in good time but the Office's receipt is delayed beyond the due time through no fault of the tenderers. The project manager, in consultation with the EPC, should decide whether to accept such tenders as having arrived in due time. The Project Manager should record on the Official Tender Record Sheet the reason for the late acceptance.
58. **Amended tenders** are those amended by the tenderer upon their initiative either orally or in writing after the time for receipt. They should be dealt with as incorrect tenders (see below).
59. **Incorrect tenders** are those involving arithmetical or pricing errors. If discovered by the bidder before the opening of the tenders, a revised tender should be submitted accompanied by an explanatory letter and considered in the normal way as a technically late tender. If an error is discovered by the OAG following the opening of the tenders, the tenderer should be requested to confirm if the tender has to be evaluated based on the stated or the corrected total.
60. **Tenders requiring clarification** - If it is necessary to discuss with tenderers the contents of their tender to clarify technical points, etc. before the award of the contract, the tender need not be excluded from the decision.

CONFIDENTIALITY

61. To maintain a fair and proper procedure, complete confidentiality must be observed on all information contained in offers made by contractors or suppliers, and that information shall not be passed on or discussed with any outside agency. All OAG staff who handle this information from the time of receipt of the tenders or quotations and thereafter when it is recorded against the appropriate reference or job number shall be aware of the strict requirement of this confidentiality.
62. For procurements of \$100,000 or more all tender documents are stored on Bonfire. In circumstances where the project manager and/or EPC download any tender documents, they should ensure that they are secured, and disposed of, safely.
63. For all other procurements, the project manager should ensure that all tender documents are kept strictly confidential and sealed, and stored securely. To ensure confidentiality only the project manager should open and read tenders at a predetermined time and share these with the EPC for evaluation purposes.

BID EVALUATION

64. The OAG must always evaluate bids in a manner that is fair and transparent. The project manager is responsible for ensuring that the bid evaluation team (EPC) has all of the information necessary to evaluate the bids received.
65. Bid evaluation should be based solely on the evaluation methodology stated in the procurement documents that were made known to bidders from the outset. Applying undisclosed evaluation criteria would put the integrity of the procurement process in jeopardy.
66. For most procurements, the evaluation criteria will include a mix of price and quality. The evaluation criteria and scoring methodology should be determined at the outset and communicated in tender documents.
67. Quality requirements and measures should be set out in the specification so that potential bidders know what quality criteria will be applied and can make proposals that best fit the quality requirements. This is particularly important when procuring services.
68. For some procurements, where several suppliers offer similar products, the Office may rank price as the highest priority, i.e. the lowest quotation, if payment is being made by the Office, or the highest if payment is to be received by Office.
69. The evaluation process normally consists of the following three stages:
 - i. Mandatory requirements – reviewing and assessing whether bidders have met all of the mandatory requirements. These should be evaluated as a simple pass or fail. This part of the process should be independently carried out by at least two members of the bid evaluation team. Only those bidders who pass this stage should move forward to stages (ii) and (iii).
 - ii. Technical evaluation – reviewing and assessing the bid against the quality and technical criteria specified. Care must be taken to assess each bid to ensure that it fully covers every aspect of the request made, will produce finished work of the required standard, and is of fair and reasonable value. Care must also be taken to ensure that any special items or conditions made in the suppliers’ terms do not contravene the Office’s normal practice or policies
 - iii. Financial evaluation – reviewing and assessing the prices submitted.

70. All members of the EPC (including additional members added for specific procurements) should independently evaluate qualifying bids against stages (ii) and (iii). The EPC should then discuss evaluation scores and identify a preferred bidder to be recommended to the Auditor General.
71. For some contracts, particularly for services, the quality of each proposal will need time to be considered, assessed, and evaluated. Interviewing tenderers to help assess their proposals may be planned. If this is a possibility, it should be set out on the tender documents. Sufficient time should be built into the procurement process to allow for this step.
72. In all cases the process for tender evaluation and the basis and justification for all decisions should be well documented in recommending the preferred supplier to the Auditor General.
73. The project manager is responsible for preserving, and maintaining the confidentiality and security of, all documents relating to the evaluation of bids in the procurement file. This information may be required if the evaluation procedure is challenged and if an access to information request is submitted.

ACCEPTANCE OF TENDERS

74. The Office shall comply with section 16 of the Procurement Regulations when accepting bids and awarding contracts.
75. All procurement decisions should be formally reported to the EPC.
76. Where the order or contract is for more than \$25,000, and the OAG has no history of dealing with the supplier, the EPC may request that the designated project manager carry out a credit check on the supplier and report back to the EPC before an official order is placed or contract awarded.
77. All potential suppliers that have submitted a bid shall be informed in writing of the Office's decision, whether successful or unsuccessful. The Office will issue award and rejection letters using the sample letters on the CPO website. The project manager should draft letters, which are then approved by the EPC Chair, and signed by the Auditor General.
78. If the successful contractor withdraws that offer before receipt of the official order or letter of intent, or immediately afterward under circumstances which are considered to preclude abuse, the next highest rated tender should then be accepted and the circumstances recorded.

CANCELLING A PROCUREMENT PROJECT

79. The Office may cancel procurement projects from time to time. In such circumstances, the Office will comply with the requirements set out in section 12 of the Procurement Regulations.

PUBLICATION OF CONTRACT AWARDS

80. The Office will publish the awarding of all contracts to aid transparency. We will publish contract awards as follows:

- For all contracts or purchases valued at \$10,000 or more we will publish contract award information on the Government's procurement portal (Bonfire) within 30 days of the contract being awarded. Information should be posted on the portal irrespective of whether Bonfire was used for the procurement process. The information may also be published on the OAG's website.
- For contracts valued at under \$10,000 we will publish the contract award information on our website within 30 days.

POST-PROCUREMENT REVIEW

81. The Office advocates continuous improvement and will carry out post-implementation reviews of procurement projects to learn lessons. The project manager should prepare a post-implementation report, considering the views of all staff involved, and submit this to the EPC for review. The EPC may use the findings on lessons learned to adapt our process and this policy if necessary, and feedback to CPO.

CONTRACT MANAGEMENT

82. All contracts awarded should be effectively monitored and managed. The OAG must ensure that it puts in place contract monitoring procedures that are appropriate to the circumstances of the contract. The CPO website provides guidance on managing contracts.

83. The project manager should retain copies (electronic or otherwise) of all invoices relating to the contract, summarise these after the project, and compare the total project cost with the tender/contract price. An explanation for any variation should be reported to the EPC and Auditor General. If, at any time during the contract period, the project manager anticipates that the cost is likely to exceed the contract value this should be discussed with the EPC Chair and Auditor General.

84. Effective contract management includes regular feedback on performance, during and on completion of the contract. Well-designed tender evaluation procedures and good records will help provide useful and objective feedback to tenderers.
85. The Office should have regular meetings with private firms that carry out audits on behalf of the Auditor General. At least once a year the Office will have a de-brief meeting with every firm on each audit after the completion of the annual audit.