# Tool 5: Procurement Lifecycle Checklist

*See Glossary at the end of this document for definitions.*

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| **Tools in this series:**   * [Tool 1: Evaluation Approach for Complex Procurements](https://www.mentalhealthcommission.gov.au/publications/tool-1-evaluation-approach-complex-procurements) * [Tool 2: Evaluation Approach for Simple Procurements](https://www.mentalhealthcommission.gov.au/publications/tool-2-evaluation-approach-simple-procurements) * [Tool 3: Example RFT Template](https://www.mentalhealthcommission.gov.au/publications/tool-3-example-rft-template) * [Tool 4: Checklist for Onboarding New Suppliers](https://www.mentalhealthcommission.gov.au/publications/tool-4-checklist-onboarding-new-suppliers) * [Tool 5: Procurement Lifecycle Checklist](https://www.mentalhealthcommission.gov.au/publications/tool-5-procurement-lifecycle-checklist) * [Tool 6: Supplier’s Report – Template](https://www.mentalhealthcommission.gov.au/publications/tool-6-suppliers-report-template) * [Tool 7: Framework for Undertaking a Needs Analysis](https://www.mentalhealthcommission.gov.au/publications/tool-7-framework-undertaking-needs-analysis) |

## Disclaimer

This document was developed by procurement specialists for the National Mental Health Commission (NMHC). The guidance is high level and organisations should adapt this checklist to suit their requirements. Organisations are responsible for ensuring the approach is appropriate for their workforce and engaging any additional expertise as indicated.

This document provides guidance only and should not be considered legal advice. You may wish to obtain independent legal advice if your organisation has concerns about obligations under law.

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## Purpose

This document aims to guide the procurement team on what to consider when developing a mental health procurement.

## Plan

### Confirming the scope

* Complete a needs assessment and review of workplace mental health needs and determine priorities.
* Conduct a gap analysis by comparing current mental health services on offer against identified needs:
  + Identify goals to be accomplished.
  + Identify area to be analysed.
  + Establish the ideal future state.
  + Analyse the current state.
  + Compare the current state with the future state.
  + Describe the gap and quantify the difference. You can do this by placing metrics on indicators.
  + Summarise the recommendations and create a plan to bridge the gaps. Form a strategy to address mental health, which in turn informs the scope of required procurement activities.
* Analyse the reasons for possible wellness ‘gaps’.
* Confirm what is in—and out of—scope.

### Getting ready to approach the market

* Identify and understand relevant legislative policy requirements.
* Review the gap analysis and determine which gaps require a procurement activity.
* Prioritise and order procurement activities.
* Undertake market analysis and identify potential suppliers:
  + Release a request for proposal or request for information to the market, if required. Use this information to inform your requirements.
  + Undertake a desktop market scan. Scan sources via the internet to find information that helps you develop tendering documents.
  + Communicate with relevant industry associations and professional bodies. Information from reputable organisations can help with the tendering process.
  + Leverage existing contracts and contracting frameworks inside and outside your organisation. This is an efficient way to use networks to start the tendering process.

## Engage

### Approaching the market

* Identify relevant methods for procurement, for example:
  + Request for tender (RFT) – an invitation to other parties to submit a proposal or bid to provide supports
  + Request for quote (RFQ) – a request to suppliers to provide price quotes for the opportunity to fulfill a task
  + Direct source – invitation to chosen potential suppliers to make submissions such as through quotes or tenders.
* Prepare key procurement documents. Generally, an RFx documentation includes the following elements:
  + a statement of requirements or works (SOR/SOW)
  + contact details for questions
  + details on how to submit a response and due date for submission
  + evaluation criteria including mandatory requirements
  + a draft contract
  + other relevant information that may be required including applicable legislative or policy requirements.

Other key documents commonly prepared during this phase of the procurement lifecycle include:

* + approval documentation to endorse the procurement activity with an appropriate delegate
  + procurement or project plans to govern the overall procurement activity
  + an evaluation plan to govern the selection of your preferred supplier
  + a contract management plan (CMP) to govern the contract once it is executed.
* Consider if you need a formal contract, or if a predefined contractual framework or template is sufficient.
* Develop a procurement plan:
  + Define what you are procuring—what is in scope and what the requirements are.
  + Describe the process for your procurement, including processes for managing risk, confidentiality and probity, approval processes, delegates etc.
  + Schedule the timeframes for delivery.
* Develop an evaluation plan:
  + Detail evaluation criteria and weightings (if relevant).
  + Detail relevant policy and international standards, such as relevant mental health legislation and policies.
  + Detail who will be involved in the evaluations (including delegates) and their roles and responsibilities. People with experience of workplace mental health supports would generally be part of the evaluation team.
  + Document the process for assessing submissions, providing a clear process for evaluation, decision making and selection.
  + Finalise and agree the evaluation plan before closing the market engagement process.
  + Scale the plan to reflect the complexity of the procurement.
  + Support development of the evaluation report.
  + Provide methodology for recording decisions made during evaluation process.
* Draft contract management plan.

### Assessing responses

* Review the different mental health services available and identify appropriate evaluation methods based on needs assessment and gap analysis.
* In cases of rejection, justify and record decision in writing.
* Assess minimum requirements to commence evaluation process:
  + Complete a conflict-of interest declaration.
  + Confirm the supplier meets minimum requirements needed under any applicable legislation or policy (for example, evidence of compliance with components of the *Privacy Act 1988* or relevant Workplace Health and Safety legislation).
  + Confirm the supplier meets minimum requirements as determined by SOR/SOW (for example, a request that any data collected by an app is hosted within Australia).
* Use the outcome from the needs assessment and the suggested evaluation methods to evaluate the likely effectiveness of proposed services:
  + Assess the certifications and qualifications of educators providing the training.
  + Ask participants to reflect on their understanding of mental health following training.
  + Analyse referee reports from other organisations that have used the training services.
* Assess the value for money for procurement outcomes against available budget. Consider the supplier’s:
  + capabilities against your business needs
  + responsiveness and resilience regarding business needs and market fluctuations
  + ongoing adherence to high-quality standards
  + maturity and level of control regarding policies, processes, procedures and supply chain
  + financial and regulatory health
  + costs, both direct and indirect
  + track record and expertise collateral in delivering its services
  + culture and values, and whether they need to align with your organisation
  + commitment to environment and sustainability principles
  + approach to partnership, leadership and communication.

## Manage

### Onboarding new suppliers and managing performance (see Tool 4 for more detail)

* Commence contract negotiation to execute contract.
* Consider the contract management plan and ongoing supplier evaluation methodology:
  + Confirm how to measure the performance of the supplier and the supports over the life of the contract.
  + Establish regular reporting as per the contract. If not detailed in the contract, agree on the metrics to be reported, the frequency of reporting and the format for the report.
  + Establish governance meetings as agreed on the contract.
  + Collect evidence of current insurances.
  + If required, collect evidence of required qualifications and certifications.
* Consider communication strategies and methods to inform workers about the new mental health services available:
  + Develop a communication plan to document processes, systems, and communication approaches, ensuring high levels of trust and accountability in service delivery.
  + Communicate with workers about available mental health services.
* Confirm qualifications of health professionals, ensuring they have appropriate skills and relevant experience.
* Allocate a relationship representative to maintain communication and monitoring between your organisation and the supplier.
* Set clear expectations between your organisation and the supplier, reviewing processes and undergoing corrective actions promptly and consistently when needed:
  + Establish a shared understanding of the contract (for example, through a contract start-up meeting or workshop).
  + Have clear contract management processes that are applied consistently (for example, schedule regular performance discussions with the supplier).
  + Develop a plan to provide prompt and ongoing feedback and early warning to the supplier.
* Ensure both you and the supplier understand how performance will be measured, how frequently and by whom:
  + Set up a performance tracker (for example, via Excel) to input performance data and map performance trends over time.
  + Ensure supplier performance data is provided within the timeframes specified in the contract.
  + Consult with end users to obtain feedback.
  + Be familiar with the contract’s performance management framework.
  + Be aware of any signs of underperformance and address them before they become serious.
  + Know when penalties abatements and other rights are triggered.
  + Periodically assess whether KPIs/SLAs remain fit for purpose.
* Analyse and report on key data related to the end users of the mental health services (for example, via direct end user satisfaction surveys).
* Conduct regular feedback sessions to discuss contract performance and progress against Workplace Mental Health Strategy outcomes, determine the root causes of any trends and issues, and develop and agree on action plans where necessary.
* Determine methods for relationship management and ongoing supplier evaluation. Consider KPIs to assess supplier performance data and track progress.

## Conditional: Procuring in smaller businesses or teams

* Evaluate how your business competes relative to the marketplace.
* Create a short-term and long-term strategy for your organisation, reflecting your organisation’s workplace mental health needs.
* Conduct a market analysis of the target market to gauge the suppliers capable of bidding for your contract, accounting for associated risks.
* Develop a procurement plan.

# Glossary of terms

**Compliance** –Meeting contract terms and conditions

**Conflict of interest** – May arise when an individual associated with the procurement process has a financial or non-financial interest that may prejudice their impartiality. Such conflicts may be real, perceived or potential, and must be managed and documented.

**Contract** – An undertaking by one person to do something or refrain from doing something if another person does something or refrains from doing something or makes a promise in return in a legally binding manner. A contract may be entered into either in writing or orally.

**Contract management** – Managing the contracting cycle from establishing the business need to reviewing performance

**Contract management plan** – A plan to manage the contract lifecycle from establishing the business need to reviewing performance

**Contractual framework** – A document that outlines the terms and conditions for an ongoing business relationship between two or more parties

**Current state** – The state that your organisation is currently at, such as having presenteeism at 20%

**Desktop market scan** – Use of external information, reports and data from the market that support the organisation’s sourcing activities. (Also referred to as market analysis)

**Direct cost** – Purchase of raw materials, goods and services that go directly into a product being manufactured or into the services being delivered by an organisation

**End user** – The organisation, team and/or individual that will use the supports being procured

**Evaluation plan** –A written document that describes how you will:

a) evaluate the supplier responses as part of a procurement activity

b) monitor and evaluate your program, as well as how you intend to use evaluation results for program improvement and decision making.

**Fit for purpose** – The ability of a product or service to do what it was designed for

**Future state** –The state that your organisation desires to be at, such as having presenteeism at 0%.

**Gap analysis** – Comparison of what has been achieved against what was targeted or planned (e.g. in the project initiation document and project plan). It can be applied to budget, scope, schedule and project deliverables.

**Indirect cost** – The general running costs of the organisation, i.e. rent, service charges and wages. These costs cannot easily be attributed to specific products or services (also known as overheads).

**Key performance indicator (KPI)** –A quantifiable measure that can be used to assess performance over time. Often in supplier contracts, KPIs are set around many factors such as quality, cost and delivery.

**Market analysis** – See ‘desktop market scan’.

**Marketplace or panel** – Contractual arrangements that have been established with one or more suppliers to provide supports. These suppliers have already agreed to certain contractual terms and conditions often including pricing. The arrangements are managed by the organisation but can be open for use by other organisations. For example, an organisation may manage a panel to provide education or training services that could be used to seek quotes to provide mental health training.

**Onboarding process** –Processes and procedures for setting up a new member of an organisation. It can include sorting out login and email address, coordinating access to the relevant IT systems and arranging for appropriate identification badges.

**Performance management** – Getting better results by improving the outputs from individuals and teams

**Preferred supplier or vendor** – A provider of goods, services and/or works to an end user that has been assessed based on technical, pricing, financial and/or other evaluation criteria

**Probity** – Complete and confirmed integrity, uprightness and honesty. Purchasing processes must be carried out in accordance with probity principles to ensure purchasers, tenderers and other providers conduct business fairly, reasonably and with integrity.

**Procurement** – Every activity involved in acquiring goods, services and/or works either outright or by lease (through to subsequent disposal or lease termination) but excluding the acquisition of interest in or for the use of land

**Procurement activities** – The procurement team oversees the steps of the procurement cycle, covering core activities such as market analysis, sourcing, negotiation, contracting and supplier relationship management for goods, works and services, covering both acquisitions from third parties and in-house providers. The process spans the whole procurement cycle from identifying needs, through to the end of a service contract or the end of an asset’s useful life.

**Procurement lifecycle** – Encompasses all the steps involved in obtaining goods and services, from defining your business needs to soliciting bids, awarding contracts and managing supplier relationships. Steps, as outlined in this guide, are simplified to (1) Plan, (2) Engage and (3) Manage.

**Procurement plan** – A plan that provides your organisation and potential suppliers with an overview of what you are planning to buy

**Procurement process** – Methods developed to explain how procurement tasks should be undertaken to implement procurement policy

**Project plan** – Defines project goals and objectives, specifies tasks and how goals will be achieved, and identifies what resources will be needed, associated budgets and timelines for completion

**Relationship management** – Monitoring of relationships between an organisation and its external partners

**Request for information (RFI)** – A document that gathers information about suppliers and their capabilities before a formal procurement process

**Request for proposal (RFP)** – A document that canvasses potential solutions from suppliers when the specification is still unclear

**Risk** –A situation that involves exposure to danger

**Statement of requirements (SOR)** – Defines what the procurer wants to buy, and what the supplier is required to provide

**Statement of works (SOW)** – Defines the activities to be undertaken on a program, specifying deliverables, timescales and activities to be completed

**Tender process** – The process used by a procurement professional to decide from a number of bidders which one should be awarded the contract

**Value for money** –The most advantageous combination of price and quality that makes a product or service fit for purpose and achieves the buyer’s required outcomes. This needs to be reviewed in terms of whole-life cost.