

Management of External Service Providers

Procedure

CONTROLLED DOCUMENT

REV	DATE	GENERAL DESCRIPTION	PREPARED	REVIEWED	ENDORSED
0.3	3/04/2019	Reviewed comments and edited document and formatting.	K Giles & M Abe	J Peters	J McKenzie
1.0	02/09/2019	Published approved document	K Giles	-	-
				NEXT REVIEW	22/08/2022
				<p style="text-align: center;">APPROVED</p> <p>Tony Edmondstone Chief Financial Officer Power and Water Corporation</p>	

THIS PROCEDURE IS UNCONTROLLED WHEN PRINTED



We put
**PEOPLE
FIRST**



We value our
customers and
give them
OUR BEST



We have
pride in
ourselves and
OUR WORK



We work
better by
working
TOGETHER

Power and Water's values in action.

Essential. Every day.

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1 Purpose

The purpose of the procedure is to establish a framework for the management of External Service Providers (ESPs) to:

- Promote industry and public confidence in our commitment to promoting transparent, open and fair competition
- Safeguard sensitive and non-public information and ensure the protection of commercial in confidence information of Power and Water Corporation (Power and Water) and its industry partners.

Power and Water is committed to delivering quality services that are responsive to the needs of its staff, clients and stakeholders. This includes building an organisational culture that recognises the benefits of ensuring the principles of probity and transparency are applied to the engagement of consultants and contractors or ESPs.

ESPs form a legitimate part of our workforce, especially when a specialist skill-set is required which is not available within Power and Water at the time. However, employees must be conscious of protecting the corporation's interests when dealing with ESPs.

Employees are accountable for the efficient, effective and ethical use of resources and staff must consider value for money and how to develop and retain skills and knowledge within Power and Water when engaging ESPs, particularly on longer-term contracts.

The following procedure and associated documents are designed to assist your work with ESPs and should be followed at all times.

2 Scope

This procedure applies to the management of an ESP in any part of Power and Water.

2.1 Definition of an ESP

An ESP can be categorised as a consultant (which may be an individual or an organisation) or a contractor for professional services who typically works at a Power and Water site for at least some of the time.

2.1.1 Examples of Consultant's Tasks Include:

- Providing expert advice on technical and professional matters
- Carrying out research projects, attitudinal surveys, feasibility studies and fact finding investigations where recommendations are made
- Developing and designing benchmarking framework/process and standards
- Reorganisation of an agency or business unit
- Providing advice in the development of processes and strategic planning issues.

2.1.2 Examples of Contractors for Professional Services Include:

- Keynote speakers, workshop facilitators, trainers, presenters
- Information technology programmers, software development and implementation, analysts and system support staff
- Market researchers, organisations compiling statistical data
- Built environment design and production undertaken by architects and engineers
- Feasibility studies
- Valuation services on land, buildings and other departmental assets or potential assets
- Legal advice
- Building and construction contractors (capital works)

- Design, conceptual design services provided by creative design houses, public relations companies etc
- General financial, legal and taxation services that provide ongoing advice on day-to-day issues
- Financial audit, workplace health and safety audits and most probity advisor/audit activities.

3 Procedure

3.1 Engagement of ESPs

As with all procurements, the engagement of an ESP requires approval from the delegated officer prior to inviting quotes or tenders. The overall value of the contract will determine who may approve the engagement. All procurements must be conducted in a manner that complies with the [Procurement Sourcing Rules](#) and aligns with the Procurement Principles (refer [Attachment A](#)).

3.2 Request Documentation

ESPs must not commence work without an approved contract in place, which includes executed Confidentiality Deed/s.

- [Pre-Contract - Confidentiality Deed](#)
- [Personnel - Confidentiality Deed](#)

3.3 Managing an ESP

3.3.1 Commencement

Managers of ESPs will ensure that all appropriate site and safety inductions are completed. This will include emergency procedure information and review of appropriate procedures including where resources can be found i.e. Fitness for Work Procedure, Contractor WHS Management Procedure, other safety procedures, ICT Usage Policy, Motor Vehicle Procedure and Code of Conduct etc. If the ESP will be given a Power and Water LAN account, the Information Security, Privacy and Records Management Standard must be reviewed.

3.3.2 Identification of ESPs

ESPs are an integral part of Power and Water activities and to ensure that it is easy to distinguish between an ESP and a Power and Water employee, ESPs should:

- Wear distinctive nametags, company shirts or company badges for identification purposes
- Identify their status on correspondence, emails, in telephone conversations and in meetings they attend.

3.3.3 Information Security

To manage security of information, ensure that when working with ESPs you:

- Disclose and discuss sensitive information only with those who have a need to know
- Do not include an ESP in discussions or give them access to information which will give them or their employer an improper competitive advantage
- Do not release proprietary information to an esp unless protected by appropriate contract clauses and an executed deed of confidentiality
- Ensure proper controls are in place in relation to ESP access to electronic records and systems to safeguard procurement, confidential or other non-public information.

3.3.4 Use of Power and Water Resources

ESPs may use Power and Water resources for official business where and as described in the contract and Power and Water's Management Governance and Assurance Framework.

3.3.5 Delegations and Powers

ESPs must not hold any delegations unless the Power and Water Board approve an instrument of delegation, specific to that particular ESP. Upon a receipt of such an instrument, the ESP must only hold such delegations as expressly provided for in the instrument of delegation.

An ESP must not be nominated in any contract to perform any contractual function, including Contract Owner, Principal's Representative or Power and Water's Representative, without the express written approval of the Chief Executive.

3.3.6 Participation in Tender Assessment Panels

Under the Procurement Sourcing Rules, Power and Water may contract third-party contractors or consultants (ESPs) to provide advice, arrange or manage a procurement activity. **In these instances, the third-party contractor or consultant must comply with the rules.**

When conducting a quotation or tender assessment:

- a. ESPs may be engaged to perform specialist advice on certain aspects of the tender responses. ESPs must not have access to any financial information contained in any tender response, unless that ESP has been engaged for the specific purpose of analysing the financial information only. ESPs must not form part of the quotation or tender assessment panel, rather their specialist report must inform the quotation or tender assessment panel unless the ESP satisfies clause (b) below.
- b. An ESP may form part of a tender assessment panel (excluding the position of chairperson) if:
 - there are no real or apparent conflicts of interest
 - the tender or quote being assessed is not for a scope of works similar to the scope of works used to engage the ESP
 - two Power and Water employees also sit on the tender assessment panel.

3.3.7 Training and Professional Development

Power and Water is not responsible for the professional development of ESPs. ESPs must not attend any training or professional development courses during the ESPs' engagement, other than attendance at a site induction course and the provision of any on the job training.

3.3.8 Performance/contract management

The contracting of an ESP should result in achieving the most beneficial outcome for Power and Water and the Northern Territory. Contract management ensures benefits are realised and risk is managed appropriately.

The ESP manager will collect performance data as outlined in the contract. If an ESP isn't meeting the requirements under the contract, the manager will:

- a. discuss performance issues with the ESP
- b. document all performance discussions
- c. allow the under-performing ESP an opportunity to discuss their performance
- d. agree on measures for the ESP to address performance issues, including timeframes for implementation and document a performance Improvement plan (if required)
- e. agree dates for a supplementary performance review.

Underperformance can't be overlooked for the sake of the relationship. Clear, solution-focused communication that leads to improved performance will support the professional working relationship between all parties.

Every effort is to be made by both parties to resolve performance issues before considering termination of the contract or commencing formal dispute resolution processes in line with the conditions of contract.

3.3.9 Separation

Upon completion of an ESPs service, the ESPs Manager ensures that all physical and electronic accesses are revoked, i.e. return security id card and liaise with ICT to remove Power and Water system access.

3.4 Roles and Responsibilities

Role/Title	Responsibility
Board	Devolve delegations to an ESP through an instrument of delegation specific to the ESP
Chief Executive	Make decisions under this procedure Vest contractual function powers
Delegates	Endorse and or approve the engagement of ESPs Ensure the ESP procedure is followed within the business unit
Contract/Project Manager (ESP’s Manager)	Ensures policies and procedures are followed Ensures the effective management of ESPs for a specific engagement Inform Power and Water staff about the engagement details of the ESP and advise when the service has ceased
Chief Procurement Officer	Maintains the performance of this procedure
Employees	All Power and Water employees are responsible for compliance with this procedure
ESPs	All ESPs are responsible for compliance with all contractual obligations

4 Definitions

Where terms or words are not included in the definitions section, refer to our [‘Jargon Buster’](#) for clarification.

5 Change Management and Continuous Improvement

5.1 Consultation, Approval and Communication

This procedure must be endorsed by the Responsible Manager and approved by the Accountable Manager.

Role / Title	Requirement
Chief Financial Officer	Accountable and Responsible - approve this document
Chief Procurement Officer	Responsible - endorse this document
Procurement Support Lead	Consult - endorse this document
All staff	Communicate – inform of any changes

5.2 Review

The requirements of this procedure are mandatory and shall be reviewed and updated periodically for its ongoing effectiveness. This procedure will be reviewed, at a minimum, every three years or in the event of any significant change in our vision, values, long term goals, risk appetite, policy statement, management standard, business model or organisational structure, or related systems or processes.

5.3 Power and Water Internal References and Related Documents

Document title	Record number
Procurement Policy Statement	CONTROL0291
Procurement and Contract (Policy) Management Standard	CONTROL0410
Contractor WHS Management Procedure	CONTROL0011
Fitness for Work Procedure	CONTROL0432
Information Security, Privacy and Records Management Standard	CONTROL0196
Code of Conduct	CONTROL0204
Conflict of Interest	CONTROL0020
Motor Vehicle Procedure	CONTROL0229
Procurement Sourcing Rules	D2014/313553
Jargon Buster	D2014/453124
Flowchart - Management of External Service Providers	D2015/160243
Checklist - Commencement of an External Service Provider	D2015/155466
Checklist - Separation of an External Service Provider	D2015/156029
Template - Example Email Signature Block for External Service Providers	D2015/193379
FAQ - Management of External Service Providers	D2015/159568

5.4 External References, Legislative and Regulatory Obligations

- Government Owned Corporations Act
- NTG Procurement Act
- NTG Financial Management Act
- NTG Contracts Act
- Financial Management Regulations
- AER Compliance Framework and Reporting Guidelines for Networks
- Utilities Commission Compliance Framework & Reporting Guidelines
- Corporate Governance and Reporting Framework for Government Owned Corporations

5.5 Records Management

This procedure and all related documents are captured, stored and managed in our Electronic Document and Records Management System (EDMS) and controlled in the Controlled Document Register (EDMS).

5.6 Improvement Suggestions

Improvement suggestions are captured and managed in our process improvement and event information management system Promapp. To log an improvement suggestion for this document please see the 'how to report an event' user guide located on our intranet or contact events@powerwater.com.au.

5.7 Document History

Date of issue	Version	Prepared by	Description of changes
6/11/2018	0.1	K Giles	Migrated to MGAF Template
1/4/2019	0.2	M Abe	Updated with new terminology, removed transitional requirements and added performance management and termination
3/4/2019	0.3	K Giles & M Abe	Reviewed comments and edited document and formatting.
02/09/2019	1.0	K Giles	Published approved document

6 Appendices

6.1 Attachment A - Power and Water procurement principles

The engagement of ESPs must adhere to Power and Water's procurement principles.

A Value for Territory

Engagement of ESPs should result in achieving the most beneficial outcome for Power and Water and the Northern Territory. This means that a reasonable consideration of the expected benefits must be given to justify the cost of engaging an ESP as opposed to undertaking the work in-house.

Where an ESP is engaged because the required skills do not exist within Power and Water, steps should be taken to ensure the ESP transfers his or her specialist skills and knowledge to Power and Water staff. Institutional strengthening should be a core consideration when engaging any ESP as it underpins value for Territory for the Power and Water.

B Ethical and Fair Treatment

All procurement activity, including the engagement of ESPs, is governed by the Procurement Sourcing Rules. The rules require employees and delegates to demonstrate fair and consistent decision-making regarding the procurement process, engagement and management of ESPs. This means ensuring that all ESPs wishing to conduct business with Power and Water are given a fair and reasonable opportunity to do so and that the corporation and its employees behave with impartiality, integrity and professionalism.

C Probity, Accountability and Transparency

Power and Water employees need to be accountable for their actions and must be able to defend their decisions. This means that the process and approval of engaging an ESP instils confidence in industry and the public as to the probity and cost effectiveness of the procurement activity. Care must also be taken to avoid actual and perceived conflicts of interest. As a government-owned corporation, the corporation must ensure it is free from bias and we operate in the most transparent way.

The protection of commercial-in-confidence and other sensitive information is also imperative and poses a number of challenges when engaging ESPs. Some ESPs will be privy to internal systems and have access to sensitive information including that of competitors.

It is expected that they operate in full confidentiality and due care including signing the 'Confidentiality Deed' is important in ensuring this occurs.

D Sustainable and skilled industry partners

Engagement of ESPs should promote the delivery of projects at least cost and ensure sustainable solutions that benefit Power and Water's consumers. Procurement activities undertaken to engage an ESP must not disadvantage Territory Enterprises, providing competitive business with full, fair and reasonable opportunity to participate in the growth of the Northern Territory.

E Environmental protection

The engagement and conduct of ESPs must support Power and Water's objective of adopting best practices to promote and protect the environment and minimise environmental harm. All ESPs are required to act in accordance with Power and Water's Management Governance and Assurance Framework.

F Promotion of Power and Water's objectives

The other five principles contribute to this but this principle also requires staff and ESPs to maintain the highest image and reputation of Power and Water through the execution of activities in full conformity with Power and Water's Management Governance and Assurance Framework.