

ICAC: Operation Vika

## CONFIDENTIAL

Request for Statement of Information on RFS proposed reforms, section 44 procurement process, finance and inventory management.

Bruce Neil McDonald

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**1. A description of proposed or initiated RFS reform efforts to close gaps and loopholes in s 44 and logistics procurement, including:**

- dates of initial proposals;
- aims and foreseen benefits of these reform efforts, challenges in implementation;
- timeframes for completion of reform efforts; and
- proposed reforms around inventory and asset management.

[Stephen O'Malley responded.]

**1.1 Review of the Emergency Procurement Process**

- (a) On Friday 29 May 2015, the NSW Rural Fire Service (RFS) released Request for Quote 2015-51 (**Annexure BNM-1**) into the market for an accounting or consulting firm to review the emergency procurement process with a view to improving the process. Although a well understood system exists at present, which was detailed in section 21 of the RFS' Response to ICAC Notice E14/0418/25/001 dated 23 April 2015, the RFS is concerned to improve that system and forestall any opportunities for exploiting weaknesses in that system.
- (b) The review will require the accounting firm to analyse the existing procurement process, identify control points, make recommendations for immediate control improvement, identify whether the process can be configured and managed within the RFS' SAP software, and, if not, recommend solutions for a systems-based approach which integrates into SAP.
- (c) Any new system will have to allow the RFS to respond properly, and in a timely fashion, to emergency situations. It is of critical importance to the RFS that volunteers have the resources necessary to undertake their roles and combat bush fires. The intent of the review is to address the need to balance continued speed and flexibility in the procurement process for emergencies against ensuring adequate internal control over expenditure and product usage.

**1.2 Governance Risk and Compliance Module of SAP**

- (a) The SAP Enterprise Resource Planning system utilised by the RFS is a shared instance of SAP utilised by the RFS, Fire and Rescue NSW, the NSW State Emergency Service and the Ministry for Police and Emergency Services. All of these agencies fall within the Justice Cluster of the NSW Public Service. Due to issues in control and segregation of duties within SAP, the RFS requested the SAP Services team to implement the Governance Risk and Compliance (GRC) module of SAP.
- (b) GRC is the module in SAP which controls the roles and transactions assigned to users within SAP and identifies conflicts (i.e. where certain transactions should not be assigned to an individual user as it may allow a user to subvert controls) and segregation of duties issues. For example, an employee should not be able to

ICAC: Operation Vika

approve a higher duties allowance for himself or herself in SAP. It is this issue which the GRC module addresses.

- (c) On initial implementation of GRC in February 2014, the RFS had 102,056 identified risks. Through a process of redesigning roles, limiting access to transactions and improving segregation of duties, the number of identified risks has been reduced to 7,781 as at 19 January 2015. This number will continue to fall as improvements are made, however will never reach zero. It is not possible in any system to remove all conflicts and segregations of duties issues.

### **1.3 SAP Warehouse Management System (SAP WMS)**

- (a) The SAP Enterprise Asset Management project (**SAP EAM**) commenced in February 2013 as the next phase of back office reforms for the RFS and other agencies within the Justice Cluster with which it shares SAP.
- (b) As part of the SAP EAM the SAP Warehouse Management System (**SAP WMS**) is being implemented. The SAP WMS is targeted specifically at the Glendenning warehouse given the volume and complexity of goods which flow in and out of there on a daily basis.
- (c) SAP WMS is used to track items within physical locations within the Storage Location/Warehouse, i.e. at a rack or bin level, bulk storage area, section 44 storage area or within the secure high value asset store room. When coupled with SAP EAM, goods can be received and held in stock, allocated to a person or an incident, returned to stock, moved to repair and managed. Perishable goods with an expiry date can be identified and managed via an end of life report enabling a more prescriptive rotation and deployment of those items.
- (d) The SAP Material Requirements Planning (**SAP MRP**) functionality will be implemented in November 2015. This will enable minimum and maximum stock levels and reorder points to be systematically captured and aligned based on analysis of prior purchasing volumes.
- (e) SAP WMS is fully integrated with SAP finance, procurement and EAM, which allows the RFS to track the movement of stock including consumables, inventory and equipment. All goods movements in and out of the warehouse can be monitored and is done using processes such as goods receipts, goods issues, stock transfers and processing stock differences in the warehouse. It allows us to stocktake all items and record of stock differences that must be approved by a manager.
- (f) Goods to be issued will create a picking slip which identifies the storage location in the warehouse at which the good is housed. The picking slip will assist in the implementation of a first in, first out (**FIFO**) system of stock rotation, so that as little stock as possible goes to waste. Goods can be transferred between storage locations other than Glendenning (i.e. logistics caches around NSW), however once issued to a custodian, a maintenance plan, if appropriate, is automatically triggered. The SAP WMS enables staging within the warehouse assisting in movement of goods to an area subject to awaiting either further goods or delivery resources.
- (g) SAP WMS was implemented for the Glendenning warehouse on 1 June 2015. The RFS will then look at whether other locations will require this functionality in the future.

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## **2. How will reformed processes and controls around S44 procurement impact upon pre-season consumables purchased in non-emergency preparation for a fire season and how costs**



**in relation to these will be allocated to specific events once declared.**

[Stephen O'Malley has responded.]

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- 3. What are your views around the potential for further reforms, additional controls, or necessary resources which are not necessarily addressed by currently proposed or initiated reform efforts? Are there any other reforms they can suggest to fill gaps in control? What additional resources are needed, if any, to achieve these reforms?**

[Stephen O'Malley responded.]

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- 4. Description of how new SAP system drives procurement, and details of "phase 1" and "phase 2" implementations which were briefly discussed at our meeting in Lidcombe.**

- (a) A phased implementation strategy for SAP EAM was undertaken to cause the least impact on RFS staff during the 2014/15 fire season. This was based around historical fire activity and the availability of resources to undertake training and necessary data migration tasks. In essence, it is not possible to implement large and wholesale changes to SAP or other systems during a fire season, given that staff are focussed on fighting fires, or taking action to mitigate them. The phases were as follows.
- (b) The first phase included RFS Headquarters and four pilot rural fire districts, one in each region nominated by the Regional Manager. This went live on 1 December 2014 and included the following, with their respective areas of deployment:
- (i) SAP GUI;
  - (ii) Real Estate (Head Office Users);
  - (iii) Project Systems (Head Office Users);
  - (iv) Project Portfolio Management (Head Office Users);
  - (v) Investment Management (Finance Team);
  - (vi) Plant Maintenance (Head Officer Users);
  - (vii) Materials Management (Head Office Users);
  - (viii) SAP Portal & UI5;
  - (ix) Plant Maintenance (Pilot Districts);
  - (x) Materials Management (Pilot Districts); and
  - (xi) Real Estate (Pilot Districts).
- (c) The next phase included Region North, Region East and the State Air Desk (**SAD**). This went live on 30 March 2015. It included the following modules via the SAP Portal & UI5:

ICAC: Operation Vika

- (i) Real Estate;
  - (ii) Plant Maintenance; and
  - (iii) Materials Management.
- (d) The next phase included Region West, Region South and State Mitigation Support Services. This went live on 1 June 2015. This included the following modules via the SAP Portal & UI5:
- (i) Real Estate;
  - (ii) Plant Maintenance; and
  - (iii) Materials Management.

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- 5. Is it possible to initiate s44 procurements while there is no s44 declaration? Under what circumstances would this be appropriate? Who would sign off on such purchases?**

[Stephen O'Malley responded.]

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- 6. Describe the process for s44 procurement as it stands now. How are pre-season purchases of consumables conducted?**

[Stephen O'Malley responded.]

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- 7. How are RFS purchases for emergency operations which are not related to bushfires (for example floods, assistance to other emergency agencies, interstate assistance) initiated, approved, and accounted for?**

[Stephen O'Malley responded.]

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- 8. Clarify the funding sources for fighting class 1, 2 and 3 fires, section 44s, and general RFS operating expenses, and how claims for s44-related funding from other agencies are approved and processed by RFS.**

[Stephen O'Malley responded.]

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- 9. The policy and design for engaging casual non-government staff to process large amounts of financial invoices and claims in the proceeding weeks/months after a fire season. Describe how many staff RFS usually needs to accomplish its work, what these staff are tasked to do, how they are managed and what training and instructions they receive.**

[Stephen O'Malley responded.]



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**10. It is the Commission's understanding that exact accounting allocations to fire events are not possible, especially during an emergency with multiple fire events happening at once.**

- Are all consumable items such as fire-fighting foam, bottled water and snack packs considered "non-tangible" items?
- From an accounting perspective, describe how consumable items such as water, foam and meal packs, which may initially be allocated to an "operational response" code, are re-allocated to specific fire events for Treasury accounting of s44 funds.

[Stephen O'Malley responded.]

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**11. Describe what it means for assets to be "vested" with RFS for accounting purposes. Why are consumable items and other low value assets such as mobile telephones are not considered assets but rather "vested" with the RFS.**

[Stephen O'Malley responded.]

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**12. Describe how SARC funds, allocated as part of a major telephone contract, are controlled and maintained for accounting purposes and any plans for reforms of this system in the future.**

- (a) On 24 June 2014 the RFS entered into a contract with Telstra for fixed landline and mobile telephone and data services. In accordance with clause 5 of Annexure A to Schedule 2 to the contract (entitled, mobile subsidy fund), Telstra provides a \$200 (excluding GST) hardware contribution for each new service connected. SARC stands for "subscriber acquisition and recontract costs." These funds are "provided" only at contract implementation phase (so it is a once-off opportunity). They are pooled and can then be consumed in any amount on Telstra-provided mobility hardware, i.e. mobile telephones and tablets. Within the RFS, these funds are referred to as "SARC funds".
- (b) The SARC fund is not a fund of money that can be transferred. It is an internal Telstra process which removes the cost of certain hardware orders. Once the SARC fund has been established as part of contract implementation, the customer utilises a template to order hardware through a specific internal Telstra channel. The equivalent hardware value is removed from the SARC fund, and Telstra back of house team are provided with approval to charge \$0 for the provision of that hardware to the RFS. The initial SARC value was \$215,000 (excluding GST). The current value is \$107,436.65 (excluding GST).
- (c) Organisationally, the RFS was not clearly aware of the existence of the SARC funding, rather the Contracts Officer (Mr A J Hacking) used this fund to order from a pool of available devices, some of which were utilised in genuine business activity, others which were the subject of fraud.
- (d) The usual business process is that RFS personnel allocated with a mobile telephone or a data device can upgrade that at the end of its life, subject to their immediate supervising manager's approval. This is done by creating an order in the SAP Procurement system for a new device which proceeds through the work flow up the chain of delegations before its release by the Procurement Officer. New connections are required to be approved by an Executive Director, subject to

recommendation from the line Manager and relevant line Director. All Executive Directors report directly to the Commissioner.

- (e) It should be noted that the RFS commenced an internal audit of mobile devices on 30 September 2014 with responses to be directed to the RFS Contracts Officer, Mr John Hacking. Whilst some evidence of responses to this audit has been found, these are in a spreadsheet which is secured by password to which only Mr Hacking has access. There were no outputs or actions resulting from that audit.
- (f) In April 2015, RFS engaged UXC Consulting Pty Ltd to undertake a detailed analysis of the fixed and mobile services which includes a desktop billing audit, a rate check against contracted standards, a usage and efficiency analysis and an inventory reconciliation matched against billing records. This work is underway in conjunction with our contracted provider, Telstra.
- (g) It is expected the results of this audit will enable the RFS to finalise a review of its mobile phone and data devices policy which has already commenced.

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**13. Describe implementation of "dataline" digital invoice scanning software and how this interacts with SAP.**

[Stephen O'Malley responded.]

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**14. Three-way matching of purchase orders, invoices and delivery dockets is a standard practice in many procurement systems. Is it feasible to apply this practice in the emergency/logistics procurement environment at RFS?**

[Stephen O'Malley responded.]

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**15. Are random audits of finance payments implemented? If not, in your view, could random audits be feasible, and could they address some corruption risks?**

[Stephen O'Malley responded.]

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**16. A description of prior efforts in moving towards OFS accreditation specifically for logistics procurement processes, as well as any foreseen challenges to achieving this accreditation.**

- (a) The NSW Procurement Board (**Board**) introduced a new Goods and Services Procurement Policy Framework on 1 January 2013. This structural change meant that agencies would transition to become responsible for managing their own procurement of goods and services to meet their own specific requirements, subject to undertaking and achieving accreditation from the Board.
- (b) In the second quarter of 2012, the Justice Cluster of the NSW Public Service commenced the process of Accreditation for Procurement for each of its agencies in line with the Board requiring agencies to be accredited under its Agency Accreditation Scheme for Goods and Services Procurement.
- (c) The RFS was intending to commence the accreditation process along with other peers in the Justice Cluster, however due to an intense fire season in 2012/13 and



### ICAC: Operation Vika

weather forecasters then indicating that the 2013/14 fire season was to be one of the hottest on record, it was held in abeyance.

- (d) With these underlying dry conditions, the 2013/14 season commenced early, with the first of forty-eight section 44 declarations for the season being made in early September 2013. Overall, the season included 103 days under section 44 declarations, with significant fires in the Southern Highlands, Hawkesbury, Hunter, Muswellbrook, Singleton, Port Stephens, the Central Coast, Greater Lithgow, the Blue Mountains, Penrith, the Great Lakes, Greater Taree, Narrabri, Tumbarumba, Greater Hume and Walcha.
- (e) RFS crews and other agencies attended a total of 8,032 bush and grass fires across the State, against 23,375 of all incidents attended by RFS brigades in the reporting period and the SAD coordinated 2,182 aviation taskings. The most intense fire events occurred during 13 to 26 October when there were 627 incidents and 164,054 hectares burnt. Significantly there was also the loss of more than 200 homes across the Blue Mountains region.
- (f) The RFS commenced the Goods and Services Procurement Accreditation Process in October 2013, engaging ARCBlue Consulting (Aus) Ltd, trading as ARCBlue Consulting, to undertake the preparatory work. As required under the framework, in November 2013, the RFS advised the Board that it had commenced the accreditation process with a view to securing accreditation at the end of the financial year which ended on 30 June 2014.
- (g) The RFS understood that inability to gain accreditation prior to June 2014 would mean the RFS would be required to utilise one of the other agencies within the Justice Cluster to procure goods and services valued over \$30,000 and up to \$1 million, which were not available on whole-of-government contracts. The potential impact on resourcing (for all agencies involved) was expected to result in significant delays in procurement activities.
- (h) In July 2014, in line with a direction from the Office of Finance and Service (**OFS**), Procure Group Pty Ltd was engaged to undertake an assessment of the RFS under the NSW Procurement Agency Accreditation Scheme. The outcome of that assessment was that the RFS gained business-as-usual (**BAU**) accreditation with a strong 2B result. As a consequence, contracts with a value of up to \$20 million could be managed internally within the RFS. This accreditation was approved in November 2014.
- (i) The immediacy of emergency purchases, the need to use local businesses as one-off vendors, as well the fact that emergency logistics procurements under section 44 logistics procurement process were not managed substantively in the SAP finance and procurement systems, resulted in an internal decision to exclude section 44 purchases from the accreditation process. That is, the RFS sought accreditation for routine, or BAU, procurement activities as distinct from those undertaken in the context of emergency operations.
- (j) This approach was adopted because, whilst Procurement Accreditation for routine purchasing was the short-term objective, adoption of better procurement management for all of the RFS' expenditure (i.e. including section 44 expenditure) was the medium-term target.
- (k) This strategy was required so as to maintain the continuity of the RFS procurement function given the short time frame to attain accreditation. It was also necessary because the 2014/15 fire season was forecast to be as bad as the 2013/14 season and the RFS could not afford any disruption in the section 44 procurement process. Any such disruption would have compromised the RFS' ability to respond to fires as and when they arose.
- (l) The objective was to obtain accreditation under a staged process with the aim of:

ICAC: Operation Vika

- (i) ensuring that routine procurement was effected, utilising well developed procedures and policies, underpinned by the RFS' SAP process; and
  - (ii) bringing section 44 procurement, with its special demands, into the SAP process, at a later date, albeit as soon as possible.
- (m) The greatest challenge which the RFS faced in obtaining accreditation for section 44 procurement is that many of the processes are still manual and rely on a paper-based system. In an emergency it is often quicker for transactions to be processed by paper and fax machine, than it would be to run them through a computer system. In addition, a paper-based system does not rely on SAP being functional at all times (which it is not). As detailed in paragraph 1.1(a) above, the RFS has sought quotes for a review of the emergency procurement process and develop a robust process within SAP, or another solution. This, coupled with the proactive expansion of category management plans, is expected to mitigate these challenges.

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**17. Hypothetically, would a separate accreditation review, specifically designed for emergency/logistics procurement, be helpful?**

- (a) In line with the NSW Procurement Board guidelines (Guidelines), ongoing assessment of the Goods and Services Accreditation processes is expected to be undertaken in around August 2016, some two years since the initial approval. This assessment will be undertaken by an independent external consultant selected from the pre-qualification scheme. The guidelines advise that where an agency is seeking to increase the scope of its existing accreditation, the assessment may take into account items which are common to the accredited and unaccredited areas of the agency.
- (b) This is the case as many logistics purchases made during emergencies are undertaken from providers who interact and have contracts with the RFS for daily business matters. The RFS has always held the view that whilst Procurement Accreditation for routine purchasing was the short term objective, the migration to better procurement management for all of RFS spending (i.e. including section 44 spending) was the medium-term target. This should not include a separate accreditation process, rather an expansion in the scope of the RFS' existing accreditation.
- (c) As part of its continuous improvement process, the RFS has already commenced development of additional Category Management Plans for the key areas of heavy plant and aviation. As part of this, the RFS intends to analyse 'high spend' section 44 procurements and undertake a gap analysis against existing category management plans. Any identified items will either be incorporated into existing plans or new plans developed.
- (d) The RFS has already commenced negotiations for snack packs which will involve procurement through the Victorian Country Fire Authority's contracted vendor as part of its inclusion within a collaborative purchasing model facilitated through the Australasian Fire and Emergency Services Authorities Council (AFAC). This is a transitional arrangement to ensure continued supply through the 2015/16 fire season.
- (e) During this time the RFS will undertake an Open Tender approach available to both Australian and international suppliers for its own contract. This tender will be published on the NSW Government's eTendering website (<https://tenders.nsw.gov.au/>). A contract arising from that tender is expected to be in place prior to the 2016/17 fire season.



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- (f) Over the next 12 months, the recommendations arising from the two audits (conducted by the IAB and the Audit Office of NSW, respectively) and the items listed in the accreditation improvement plan will also be implemented. Reassessing and reviewing the scope of the existing NSW Procurement Board Accreditation, in line with the August 2016 timelines, will allow the RFS to ensure they meet the needs of the RFS and enable both the procurement and logistics sections to provide goods and services to the fire ground in an appropriate time frame.

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**18. Describe how RFS currently plans for procurement of consumables to be used under S44.**

- (a) The consumption of consumable products is variable and based on fire activity in any given season. The process until recently had been within the purview of the Manager Procurement (formerly, Mr P K Springett) and the Contracts Officer (formerly, Mr A J Hacking) as the key logistics team members. They would make a judgment based on the amount of goods consumed in previous fire seasons and the predicted severity of the forthcoming fire season. It is the RFS' practice to have goods in stock in anticipation of a fire. As these goods are consumed in response to a fire, more are ordered to be held at the Glendenning warehouse. In this way, the RFS cycles through the usage of goods in order to respond to fires as and when they break out.
- (b) From 19 March 2015, the RFS has adopted a new procurement process for consumables to be used in a section 44 event. By a memorandum dated that day (**Annexure BNM-2**), the Commissioner has directed that the section 44 ordering process is only to be used to purchase goods in direct response to an emergency. Any preparatory ordering is to be undertaken through SAP and not through the section 44 ordering process. In addition, the memorandum requires the Financial Services Branch to report to the Chief Financial Officer whenever expenditure against a particular vendor has exceeded \$250,000 for a financial year.
- (c) The RFS is instituting significant change in this process, including adjustments to warehousing, SAP reporting, referrals to the Procurement Strategy Steering Committee and an understanding of positional seasonal activity through the Operations representative on the Steering Committee.
- (d) For example, identified consumables of water, fire ground sustenance (snack packs, self heating meals and 12 hour meal packs) are the subject of pre-season procurement strategies which are being developed presently. Snack packs will be sourced under AFAC collaborative purchasing arrangements from the Victorian Country Fire Authority's contracted vendor, whilst self heating meals and 12 hour meal packs will be subject to a request for quotation process prior to the start of the 2015/16 fire season. The transitional snack pack provider operates a warehouse within the Sydney basin and has indicated they usually hold 3,000 units of snack packs in that location.

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**19. Describe how reforms to SAP and enterprise resource planning (ERP) inventory management will enable constant monitoring of inventory levels and consumable expiry dates across RFS warehouses and caches. How accessible will this inventory data be to warehouse staff?**

- (a) It is important to note that warehouse personnel will be using the WMS to manage the stock levels, rotation and distribution and not the inventory management system. Whilst the SAP inventory management system exists, this amalgamates all items within the storage location and does not have the level of granularity that WMS provides.

ICAC: Operation Vika

- (b) SAP WMS is used to track items within physical locations within the storage location/warehouse (i.e. at a rack or bin level, bulk storage area, section storage area or within the secure high value asset store room). When coupled with SAP EAM, goods can be received and held in stock, allocated to a person or an incident, returned to stock, moved to repair and managed. Perishable goods with an expiry date can be identified and managed via an end of life report enabling a more prescriptive rotation and deployment of those items.
- (c) In addition, by November 2015 the RFS intends to incorporate the Material Requirements Planning (SAP MRP) functionality into its instance of SAP. SAP MRP will enable the RFS to identify and capture minimum and maximum stock levels and reorder points in a systematic fashion. This will enable the RFS to determine what the minimum and maximum stock levels for each product which should be maintained at various points in the year. As data about the usage of particular products is systematically captured this will be aligned with usage based on analysis of prior purchasing volumes. SAP WMS is fully integrated with SAP finance, procurement and EAM, which allows the RFS to track the movement of stock including consumables, inventory and equipment. All goods movements in and out of the warehouse can be monitored and are done using processes such as goods receipts, goods issues, stock transfers and processing stock differences in the warehouse. It allows the RFS to undertake a stocktake of all items and record of stock differences that must be approved by a manager.
- (d) Warehouse personnel have undergone training to understand how WMS operates, that they record, maintain and capture daily movements and transactions. A number of standard WMS reports are available from the system and accessible to warehouse personnel today, notwithstanding that the RFS is undertaking a procurement strategy to engage an external provider specialising in customising reports using SAP Business Intelligence (BI) modules. RFS has data within the BI system and is currently using a series of standard reporting outputs. The first step is to develop an overarching agency reporting strategy for all SAP data, then individual SAP modules will have business specific reports developed.

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**20. Will ERP software, along with other information such as weather reports, feed into pre- season planning for consumables to determine need in future fire seasons?**

- (a) The ERP is focused around business administration and does not integrate into the RFS' operational management systems. It will be used as a primary source of information based on analysis of consumption both within and outside of fire season activity. Operational officers will be required to identify season potentials though their various inputs and it is expected that minimum and maximum stock levels will be adjusted based on the comparative analysis from various sources.
- (b) Ultimately a human judgment will be required to determine how much stock should be ordered for each particular fire season. That judgment will be based on data including:
  - (iv) weather forecasts;
  - (v) previous weather reports
  - (vi) ERP data; and
  - (vii) other data captured from SAP.

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**21. Is it possible to employ data analytics to data from ERP combined with data from previous years to predict/project**



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**procurement of standard consumable items (foam, water, meal packs) for future fire seasons?**

[Stephen O'Malley responded.]

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**22. Provide a brief description of plans for quarterly electronic stock takes.**

As discussed earlier, the RFS has implemented WMS into the Glendenning warehouse. This is supported by a warehouse policy previously described which requires quarterly stocktakes. Standard SAP stock take functionality is available for WMS and training for RFS personnel was undertaken prior to the system's implementation as part of the change management and training plan. The first stocktake will be undertaken in September 2015.

*Annexure BNM-1*



## **Request for Quote 2015-51**

# **Review of Emergency Logistics and Emergency Procurement Processes**

Author: Linden Dryburgh, Business Coordinator

District or Directorate: Infrastructure Services

Version: 1.0

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## Document Control

### Release History:

Version	Date	Author	Summary of changes
0.1	May 15	All	Initial Document
0.2	May 15	All	Minor Changes
0.3	May 15	All	Minor Changes
0.4	May 15	All	Minor Changes
1.0	29.05.15	All	Version 1

### Reviewed by:

Name	Title	Date
Stephen O'Malley	Chief Financial Officer	29.05.15
Bruce McDonald	Executive Director, Infrastructure Services	29.05.15

### Approvals

This document requires the following approvals (as per the Policy P2.1.1 – Administrative Delegations):

Name	Signature	Title	Date	Version
John Parnaby		Director, Assets & Infrastructure (A/Chief Procurement Officer)	29.05.15	1.0
Stephen O'Malley		Chief Financial Officer	29.05.15	1.0
Bruce McDonald		Executive Director, Infrastructure Services	29.05.15	1.0

## Contents

1. INTRODUCTION.....	4
2. RFQ STRUCTURE.....	4
3. QUOTING CONDITIONS .....	5
4. ELIGIBILITY TO QUOTE.....	5
5. QUOTATION PROCESS.....	6
6. REQUESTS FOR INFORMATION .....	10
STATEMENT OF REQUIREMENTS .....	11
7. INTRODUCTION.....	11
8. OBJECTIVES OF THE RFQ .....	11
9. SCOPE OF WORK.....	11
10. NOTES .....	16
11. GLOSSARY.....	17
RFQ RESPONSE.....	18
12. COMPANY DETAILS .....	18
13. RESPONSE TO SCOPE OF WORKS .....	19



## 1. INTRODUCTION

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The NSW Rural Fire Service (NSW RFS) comprises over 2,100 rural fire brigades with a total volunteer membership of approximately 72,000. In addition, over 900 staff members are employed to manage the day to day operations of the Service at District Fire Control Centres, Regional Offices, Customer Service Centres, Operational and Mitigation Support Service bases and Headquarters at Lidcombe.

The NSW RFS operates in an increasingly complex and dynamic environment. Although fighting fires and protecting the community from emergencies is the most visible aspect of the NSW RFS, the Service has many responsibilities as the leading agency for bush fire management and mitigation in NSW. Our volunteers who provide the bulk of our service to the community also have increased demands on their time, not only in their volunteer capacity but also in their private and professional lives as well.

The administration of the NSW RFS is part of the larger NSW Public Sector. Our Chief Executive Officer (CEO) is the Commissioner. Employment of staff members is governed by the *Government Sector Employment Act 2013* (the Act), the *Crown Employees (Rural Fire Service 2009) Award* (the Award) and the *Crown Employees (Public Service Conditions of Employment) Award 2009*.

The NSW RFS is located in over 150 centres right across NSW. The majority of these centres are located in Districts. However, we have four Regional Offices (North, South, East and West), three Customer Service Centres (Glendenning, Coffs Harbour and Batemans Bay) and 20 Operational and Mitigation Support Service bases plus our Headquarters at Lidcombe.

The NSW RFS plays a key coordinating and strategic role in the overall planning and management of fire prevention, protection and suppression in NSW. The NSW RFS is the lead combat agency for bush fires in NSW and also provides resources and support to other emergency service organisations. The Commissioner of the NSW RFS has ultimate responsibility for bush fire suppression across the State.

The NSW Audit Office, in its 2013-14 Financial Audit Report dated September 2014, identified a number of Emergency Procurement transactions that had not been appropriately authorised, and recommended a review of the Emergency Procurement process with respect to work flows, processes and delegations.

NSW RFS management, in consultation with its independent Audit and Risk Committee, have determined that it is appropriate for an even broader review of the Emergency Procurement process than that envisaged by the Audit Office be commissioned.

## 2. RFQ STRUCTURE

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This RFQ comprises the following:

### 2.1 Quotation Conditions and Requirements

- 2.1.1 The Quotation Conditions and Statement of Requirements together provide the terms, conditions and processes governing the quotation phase of the RFQ and include the Statement of Requirements, which is a detailed description of the Goods and Services to be provided by the successful tenderer/s, including technical specification, service levels and performance framework. It will form part of the contract to be executed between the successful applicant/s and the Principal.

### 2.2 Quotation Response

- 2.2.1 This is the Response prepared to enable the Principal to evaluate quotes.

### 3. QUOTING CONDITIONS

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#### 3.1 Quoting Preparation

##### 3.1.1 Before submitting its quotation, a Quote Provider must:

Examine all information relevant to the risks and contingencies and other circumstances having an effect on its Quotation; and

Satisfy itself:

- (a) that the quotation, including the quoted price is correct; and
- (b) that it is financially and practically viable for it to enter into and perform the proposed contract.

##### 3.1.2 Where a Quote Provider has made assumptions in preparing its quotation, such assumptions must be set out in a supporting statement and submitted with the quotation.

#### 3.2 Information Supplied

##### 3.2.1 The information contained in the Statement of Requirements has been provided with due care for the Quote Providers guidance, but is not guaranteed as being completely accurate.

### 4. ELIGIBILITY TO QUOTE

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#### 4.1 Legal Entity of Quote Provider

##### 4.1.1 Quotations must be submitted by a legal entity or, if a joint quotation, by legal entities, with the capacity to contract and, if a company, who has an ABN and registered for GST. The Principal will only enter into an agreement with such legal entity or entities.

The Principal may ask a Quote Provider to provide evidence of its legal status or capacity to contract. If RFQ from entities propose to contract in their capacity as trustees, such evidence may include copies of the relevant trust deeds. Any evidence requested is to be provided within 3 working days of the request.

#### 4.2 Financial capability of Quote Provider

##### 4.2.1 The Principal reserves the right to have an independent company carry out a financial assessment on your company if required. By responding to this RFQ, you agree to provide financial information if requested by the Principal to enable to carry out this assessment.

##### 4.2.2 The Principal reserves the right to reject any quote if the Principal judges the Quote Provider not to have appropriate financial capability.

##### 4.2.3 Where the Principal forms the view that the tenderer does not have the appropriate financial capability, the Principal reserves the right to make acceptance of any RFQ conditional upon the tenderer entering into a bank, parent company or personal guarantee, or an unconditional performance bond in a form satisfactory to the Principal.



## 5. QUOTATION PROCESS

### 5.1 Provisional RFQ Program

- 5.1.1 Given below is the Principal's provisional RFQ program. The Principal may, at its absolute discretion, amend the provisional RFQ program.

Milestone	Date
RFQ issue	29 May 2015
RFQ Briefing at 15 Carter Street, Lidcombe	Thursday 4 June 2015 at 2.00 pm
RFQ Close Date	16 June 2015 at 12.00 midday
RFQ Implementation (at the latest)	13 July 2015

### 5.2 Conformity of Quotations

The Principal seeks Conforming quotations. Non-Conforming quotations may be excluded from the RFQ process without further consideration at the Principal's discretion.

Quote Providers may, if they choose, submit an Alternative Quotation. Alternative Quotation will only be considered if submitted in conjunction with a Conforming Quotation. An Alternative Quotation must be clearly marked "Alternative Quotation".

### 5.3 Submission of Quotation

- 5.3.1 Prices, responses and other information provided in the Quotation are to be in writing and in English. The Quotation price must be in Australian dollars and show GST amounts.
- 5.3.2 Quote Providers must complete the entire Quotation Response document and must not amend any of the questions provided.
- 5.3.3 Quote Providers should notify the Contact Officer in writing on or before the Closing Date and Time if they find any discrepancy, error or omission in this RFQ.
- 5.3.4 All Quotations must be provided in one of the following formats:
- (a) Electronic: the file formats and versions below:
    - (i) \*.DOCX – Microsoft Office 2007 Word Document
    - (ii) \*.XLSX – Microsoft Office 2007 Excel Spreadsheet
    - (iii) \*.PDF – Adobe Acrobat Portable Document Format, and
    - (iv) \*.ZIP – file for transmission
- 5.3.5 When submitting an electronic Quotation with supporting items:
- (a) The complete Quotation Response, including the supporting items must be submitted by Closing Date and Closing Time, and
  - (b) Supporting items provided by the tenderer in support of its Quotation but excluding printed material, should be clearly designated as supporting items to the RFQ to which they relate.
- 5.3.6 Quote Providers must ensure that all excel or word attachments can be opened and viewed by Microsoft Excel 2007 or Microsoft Word 2007. Other formats for the

attachments are only to be submitted if an arrangement has first been made with the Contact Officer prior to lodgement of the Quotation.

5.3.7 It is recommended that electronic files be kept as small as practical and the lodgement files below an optimum size of 10MB, as the limitations of the Internet and communications may affect the successful transmittal and receipt of large files.

5.3.8 The Quote Provider will be required to submit samples when requested. Information on what is required in relation to samples will be supplied if required.

#### 5.4 Quotation Lodgement

5.4.1 Quotations must be fully received by the Closing Date and Closing Time. The Principal may, in its discretion, extend the Closing Date and Closing Time.

5.4.2 The Quotation must be submitted electronically to the RFS quotations email box which is [REDACTED] or lodged through the NSW Government e-tendering website where the RFQ has been issued through the e-quote/e-tender system.

5.4.3 Signatures are not required for an electronic Quotation. A quote provider must ensure that a Quotation response is authorised by the person or persons who may do so on behalf of the quote provider and appropriately identify the person and indicate the person's approval of the information communicated.

5.4.4 Electronically submitted Quotations may be made corrupt or incomplete, for example by computer viruses. The Principal may decline to consider for acceptance a quotation that cannot be effectively evaluated because it is incomplete or corrupt. Quote providers must note that:

- (a) To reduce the likelihood of viruses, a quote provider must not include any macros, applets, or executable code or files in a quotation response.
- (b) A quote provider should ensure that electronically submitted files are free from viruses by checking the files with an up to date virus-checking program before submission.

The Principal will not be responsible in any way for any loss, damage or corruption of electronically submitted quotations.

If a quote provider experiences any persistent difficulty with submission of quotation it is encouraged to advise the Contact Officer promptly in writing.

If there is an extended defect or failure of RFS email systems or the NSW government e-Tendering website and the Principal is advised, the quotation Closing Date and Closing Time may be extended provided that, in the view of the Principal, the RFQ process will not be compromised by such an extension.

Quotes must be fully received by the Closing Date and Closing Time.

5.4.5 Quotes may break down the lodgement of large quotations into smaller packages if clearly identified e.g. package 1 of 3; 2 of 3; 3 of 3.

5.4.6 If a quote provider provides multiple lodgements, the latest quotation received will be the quotation to be evaluated unless the tenderer provides clear directions to whether the lodgement is:

- (a) an alternative quotation,
- (b) supporting information
- (c) a further part of a quotation that has had previous lodgement

#### 5.5 Quotation Validity Period

5.5.1 The quote provider must agree that its quotation will remain open for acceptance by the Principal for a period of six (6) months from the Closing Date and Closing Time for quotations.



**5.6 Late Quotations**

- 5.6.1 Late Quotations will not be considered, except where the Principal is satisfied that the integrity and competitiveness of the quotation process has not been compromised. The Principal shall not penalise any supplier whose RFQ is received late if the delay is due solely to mishandling by the Principal.

**5.7 Corruption or Unethical Conduct**

- 5.7.1 Quote provider must comply with the requirements of the NSW Department of Finance and Services Business Ethics Statement, which is available at the link below and must disclose any conflicts of interests in Quotation Response.

- 5.7.2 If a quote provider, or any of its officers, employees, agents or sub-contractors is found to have:

- (a) offered any inducement or reward to any public servant or employee, agent or subcontractor of the Principal, Customer or the NSW Government in connection with this RFQ or the submitted Quotation;
- (b) committed corrupt conduct in the meaning of the Independent Commission Against Corruption Act 1988;
- (c) a record or alleged record of unethical behaviour; or not complied with the requirements of NSW Department of Finance and Services Business Ethics Statement available at: <http://www.services.nsw.gov.au/about-us/business-ethics>

this may result in the quote not receiving further consideration.

- 5.7.3 The Principal may, in its discretion, invite a relevant quote provider to provide written comments within a specified time before the Principal excludes the quote provider on this basis.

- 5.7.4 If the Principal becomes aware of improper conflict of interests by a successful quote provider after a Contract has been executed, then the Principal reserves the right to terminate the Contract and any Customer Contract that has been made under it.

**5.8 Code of Practice for Procurement**

- 5.8.1 In submitting its quotation, the quote provider signifies agreement to comply with the Code. A copy of the code is located on the website [www.procurepoint.nsw.gov.au](http://www.procurepoint.nsw.gov.au)

- 5.8.2 Failure to comply with the Code may be taken into account by the Principal when considering the quote or any subsequent quote, and may result in the quote being passed over.

**5.9 Addenda to RFQ**

- 5.9.1 If, for any reason the Principal, at his/her sole discretion, requires the RFQ to be amended before the Closing Date and Time, an Addendum will be issued.

- 5.9.2 In each case, an Addendum becomes part of the RFQ.

- 5.9.3 The Principal, during the RFQ period may issue Addenda altering the RFQ. In such cases, it is the obligation of the quote provider to verify if any Addenda were issued prior to the Closing Date, even if a quote has already been submitted.

**5.10 Tenderer's Costs**

- 5.10.1 The tenderer is liable for the costs of submitting this quotation and acknowledges that the Principal will not be liable to it for any expenses or costs incurred by it as a result of its participation in this RFQ, including where the RFQ has been discontinued.

**5.11 Custody of Quotations after Receipt**

All Quotations become the property of the Principal on submission.

**5.12 Discontinuance of RFQ Process**

- 5.12.1 Where the Principal determines that awarding a contract would not be in the public interest, the Principal reserves the right to discontinue the RFQ process at any point, without making a determination regarding acceptance or rejection of Quotations.

**5.13 Variations to Quotations**

- 5.13.1 At any time after the RFQ Closing Date and before the Principal accepts any quote received in response to this RFQ, a quote provider may, at the request of the Principal or with the consent of the Principal (but only if it appears to the Principal reasonable in the circumstances to allow the quote provider to provide the information or correct the mistake or anomaly), vary its RFQ:

- (a) by providing the Principal with further information by way of explanation or clarification;
- (b) by correcting a mistake or anomaly; or
- (c) by documenting agreed changes negotiated.

- 5.13.2 If a Quotation is varied in accordance with this clause, the Principal will provide all other quote providers whose quotes have similar characteristics with the opportunity of varying their Quotations in a similar way.

- 5.13.3 A variation of a Quotation under this clause will not be permitted if in the Principal's view:

- (a) It would substantially alter the original quote; or
- (b) In the case of variation under clause 5.13.1(a) or 5.13.1(b), it would result in the revising or expanding of a RFQ in a way that would give a quote provider an unfair advantage over other tenderers.

**5.14 Evaluation Process**

- 5.14.1 Quotes will be assessed against the evaluation criteria listed below which are not indicated in order of significance or equal weight.

- 5.14.2 The evaluation criteria for this RFQ that do not relate to price will account for 68% of the total evaluation score. The evaluation criteria for this RFQ that relate to price will account for 32% of the total evaluation score.

- 5.14.3 Information supplied by the quote provider in the quote response will contribute to the assessment against each criterion. Quote providers are advised to respond clearly to all the evaluation criteria listed in this RFQ.

- 5.14.4 Quotations that do not include a fully completed Quotation Response, in particular those Quotations which do not contain sufficient information to permit a proper evaluation to be conducted, or quotes that cannot be effectively evaluated because the file has become corrupt, may be excluded from the RFQ process without further consideration at the Principal's discretion.

- 5.14.5 The Principal may assess an alternative quotation where submitted with a Conforming quotation.

**5.15 Evaluation Criteria**

- 5.15.1 The evaluation criteria for this RFQ (which include but are not limited to) are:

- (a) Fitness for purpose including:
  - (i) Compliance with the specifications;
  - (ii) Warranties
  - (iii) Quality:
- (b) Price;
- (c) Delivery requirements;



- (d) Capacity to perform the Agreement including human resource capacity, qualifications, skills and experience, with a particular focus on ability to work as an integrated team, with multifunctional skills, providing a comprehensive and implementable solution to the RFS' need;
- (e) Compliance with the Statement of Requirements.

#### 5.16 Acceptance or Rejection of Quotations

- 5.16.1 The Principal may accept an alternative quotation when submitted with a conforming quotation.
- 5.16.2 The Principal expressly reserves the right to accept, in its discretion, either or both of the following:
  - (a) Any Alternative Quotation or part of an Alternative Quotation, when submitted with a Conforming Quotation; and
  - (b) Any other Non-Conforming Quotation or part of a Non-Conforming Quotation (not, in either case, being an Alternative Quotation or part of an Alternative Quotation) that, in the Principal's opinion, is substantially a Conforming Quotation.
- 5.16.3 The Principal is not bound to accept the lowest price quoted.
- 5.16.4 If the Principal rejects all the quotations received it may invite fresh RFQ based on the same or different criteria (specifications and details contained in Alternative RFQ will not be used as the basis for the calling of new RFQ).

#### 5.17 Disclosure Information

- 5.17.1 Following the Principal's decision, all quote providers will be notified in writing of the outcome of their quote response.
- 5.17.2 Details of this quotation and the outcome of the quotation process will be disclosed in accordance with the Government Information (Public Access) Act (NSW).

#### 5.18 Complaints Procedure

- 5.18.1 It is the NSW RFS's objective to ensure that industry is given every opportunity to win Government contracts. Should any entity feel that it has been unfairly excluded from quoting or unfairly disadvantaged by the Contract or the quotation Conditions and Statement of Requirements, it is invited to write to:

**Manager, Procurement**  
New South Wales Rural Fire Service  
Locked Mail Bag 17  
Granville, NSW, 2142

## 6. REQUESTS FOR INFORMATION

All requests for information are to go through the Contracts Officer or Management Procurement:

E: [REDACTED]

Note that no comment or information can be provided by the Project Manager on pricing matters.

# STATEMENT OF REQUIREMENTS

## NSW Rural Fire Service ('NSWRFS') – General

### 7. INTRODUCTION

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#### 7.1 Purpose

- 7.1.1 The purpose of this Request for Quotation (RFQ) is to seek responses from a number of organisations to provide the Goods and/or Services as set out in this document for the NSWRFS.

### 8. OBJECTIVES OF THE RFQ

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- 8.1.1 The objective of this RFQ is the awarding of one contract for the provision of the Services identified in this RFQ.

### 9. SCOPE OF WORK

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#### BACKGROUND

#### Background

The NSW Rural Fire Service (NSW RFS) plays a key coordinating and strategic role in the overall planning and management of fire prevention, protection and suppression in NSW. The NSW RFS is the lead combat agency for bush fires in NSW and also provides resources and support to other emergency service organisations. The Commissioner of the NSW RFS has ultimate responsibility for bush fire suppression across the State.

The NSW RFS is the world's largest volunteer-based fire service. Volunteers fulfill the incident response role of the NSW RFS with over 2,000 rural fire brigades and more than 73,000 volunteer members protecting rural areas, villages, small towns and some outer urban fringes across the State.

The NSW RFS employs around 858 staff to manage its day to day operations and administration, and to develop and implement programs, strategies and initiatives to assist the organisation to achieve its strategic objectives.

For large scale fire events, the Commissioner of the NSW RFS has the power, under section 44 of the Rural Fires Act 1997, to make a declaration that results in the Commissioner, or the Commissioner's nominee, taking charge of bushfire-fighting operations in any part of the State where the Commissioner deems it likely that a bushfire or bushfires may be beyond the capacity of the responsible local fire-fighting agencies to control or is likely to become so.

In most instances when the Commissioner makes a section 44 declaration, there will be multiple bush fires burning in different parts of NSW, together with a very high risk of further major fires starting. These larger scale events require significant logistical support and considerable immediate procurement activity.



## ICT Systems

From a systems perspective the NSW RFS use a number of IT based solutions. In the main, there exists an operational management system, ICON, and an ERP, namely SAP. In broad terms these are described as:

**Incident Control Online (ICON)** is an internally built program used as the primary operational management system for NSW RFS. It is used by other external agencies, primarily National Parks & Wildlife Service (NPWS), Forestry Corporation of NSW, ACT RFS and Fire & Rescue NSW, as well as NSW Police Force, Australian Defence Force, Energy & Services Utilities Functional Area, and others.

ICON has been operational since 2005, and a series of enhancements have been progressively implemented since that date bringing this application to become the primary operational management system. NSW RFS are developing a cloud-based platform which will host several applications, including ICON, and will provide the ability for the business to apply business rules and workflow.

**SAP** is an Enterprise Resource Management system operated collaboratively by NSW Fire & Rescue, NSW State Emergency Service and NSW Rural Fire Service with different company codes for each agency. Since 2009, the NSW RFS has progressively utilised SAP systems for management of Finance and Procurement, HR & Payroll, Learning Solutions Online and Volunteer Management. In 2011, the Attorney Generals Department (AGD) worked collaboratively to implement AGD financials onto the Emergency Services SAP instance.

The current Emergency Services SAP implementation in progress, to be fully commissioned by June 2015, delivers a solution known as Enterprise Asset Management. This will incorporate all asset classes such as fleet, operational and non-operational equipment and property.

There are also a number of non-integrated, stand alone solutions such as the heavy plant register, aviation database and others.

## Procurement Functions

In order to fulfil its functions for both day to day business and emergency operational conditions, the NSW RFS undertakes two separate procurement functions:

### 1. Routine Procurement Process

A procurement to pay process is conducted through the NSW RFS SAP instance. This consists of a requisition raised in SAP by an RFS staff member, automated workflows based on the cost centre to which the requisitioner assigns the goods or services, purchase order release to vendors, goods receipt and payment processes. All of the processes are encompassed within the SAP Procurement and Finance instance. RFS was accredited as a 2B Agency as part of NSW Procurement Accreditation.

### 2. Emergency Procurement Process

During a section 44 declaration, an Emergency Procurement process is put in place whereby goods or services are procured based around the needs of the incident or its support. This is undertaken via a logistics request form and logistics order form raised manually outside of the SAP system, followed by a post event authorisation process. All payments are conducted via the NSW RFS SAP instance.

Much of the section 44-related procurement is, by its nature, performed on an emergency basis. Such purchases must be made quickly in response to emergency situations in order to meet the combat and support requirements of operational activities. Further, given the need

for some procurement to take place in close proximity to the event, which may occur in a location not previously (or not recently) affected by fire and where the NSW RFS have not purchased from before or recently, it is likely that some procurement will be undertaken with new suppliers.

The NSW RFS is also called on to assist other emergency services organisations at significant incidents and at emergencies. These are situations where the NSW RFS is not the lead agency, but successful completion necessitates the NSW RFS provide either logistical or operational assistance. In these cases the emergency procurement process is also utilised.

#### Differing Types of Emergency Procurement Activities

Procurement during an emergency event can be classified into three main categories.

- a) Goods and Services which includes meals, snack packs, water and accommodation, equipment rentals, firefighting foam retardants and gels, minor replacements for firefighting equipment and personal protective equipment and maintenance and repairs of appliances as a result of operations.
- b) Heavy Plant which includes earthmoving plant and other heavy machinery engaged in support of bushfire suppression operations as well as for 'non-fire' activities (such as Hazard Reduction).
- c) Aircraft hire of which there are two categories of services, Call When Needed (CWN) and Contracted Services (hired for 84 days) through the National Aerial Firefighting Centre (NAFC).

The NSW Audit Office, in its 2013-14 financial audit report dated September 2014, identified a number of Emergency Procurement transactions that had not been appropriately authorised, and recommended a review of the Emergency Procurement process with respect to work flows, processes and delegations.

NSW RFS management, in consultation with its independent Audit and Risk Committee, have determined that it is appropriate for an even broader review of the Emergency Procurement process than that envisaged by the Audit Office to be commissioned.

It should be noted that the NSW RFS SAP solution is a shared SAP instance hosted by Fire and Rescue NSW in which NSW RFS represents a single company code.

#### **Scope of Works**

The NSW RFS requests a quotation for the following scope of works to be delivered in two phases:

##### **Phase 1**

A review of the Emergency Procurement process that:

- Identifies and maps all processes and systems in the Emergency Procurement process, from its commencement until payments are processed, inclusive of goods receipt.
- Makes recommendations for short term process redesign or improvement.
- Identifies and documents all internal controls and control points in the Emergency Procurement process.
- Assesses the strength of internal controls identified, and makes recommendations on any necessary immediate control improvements.



The deliverables from this phase of work will be a report, inclusive of executive summary, which encompasses:

- A full set of as-is process maps that identify all processes in the Emergency Procurement process.
- Recommendations and to-be process maps for short term redesign or improvement of processes.
- A comprehensive listing and assessment of all internal controls and control points in the Emergency Procurement process.
- Recommendations for immediate control improvements if necessary.

The timeframe for delivery of Phase 1 is: 4 weeks from contract signing.

## Phase 2

Following, and based upon, the deliverable from Phase 1 of the review, undertake the following:

- Identify all detailed business requirements and any non-functional requirements for implementation of an integrated Emergency Procurement process, inclusive of final system agnostic to-be process maps and clearly identified internal controls.
- Identify available solutions to meet the business requirements including:
  - Where feasible to implement a solution within SAP: design and document an appropriate SAP solution, inclusive of an assessment of the likely cost of implementation. In assessing the feasibility of meeting the identified business requirements through the NSW RFS SAP solution, consideration should be given to redesign of the current SAP instance or implementation of additional modules/document types.
  - Assess options available to the NSW RFS for systematisation of the emergency procurement process, and integration to SAP, inclusive of an assessment of the likely cost of implementation.
- Develop a high level change management plan for implementation of any recommended solution.

In order to provide a successful solution it will be necessary to address the need to balance continued speed and flexibility in the procurement process for emergencies, while also ensuring adequate internal control.

While the NSW RFS has a preference for a solution within the NSW RFS SAP system, consideration must be given to alternate solutions that can integrate to SAP and a cost/benefit analysis should be provided between alternate solutions.

The deliverables for this phase of the review will be a report, inclusive of executive summary, which encompasses:

- Identified detailed business and non-functional requirements for the emergency procurement process, from its inception to payment, inclusive of goods receipt.
- Recommendations and final to-be process maps, inclusive of process improvement and/or redesign.
- Documented internal controls and control points.
- Identification and indicative costing of options to meet the identified business requirements, both through SAP and any identified third party integrated products.
- A recommended solution to systematise the emergency procurement process.
- A high level implementation plan for the recommended solution inclusive of:
  - A business impact assessment; and
  - A high level change management plan.

This timeframe for delivery of Phase 2 is 6 weeks from the completion, and acceptance by NSW RFS, of Phase 1.

**TIME FRAME**

The following are key dates to this program:

Start by:	13.07.2015
Phase 1 completed by:	07.08.2015
Phase 2 completed by:	25.09.2015
Recommendations developed and presented to the NSW RFS by:	23.10.2015



## 10. NOTES

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The relevant legislation applicable to the NSW Rural Fire Service for this program are:

- Rural Fires Act 1997
- Public Finance and Audit Act 1983
- Treasurer's Directions
- Procurement Policy Framework, as issued by the NSW Procurement
- Tendering Guidelines published by the NSW Government 2011

## 11. GLOSSARY

RFQ	Request for Quotation
RFS or NSWRFS	NSW Rural Fire Service ABN 25 003 129 221
Principal	NSW Rural Fire Service ABN 25 003 129 221
SAP	Enterprise Resource Management system
ICON	Incident Control Online



## RFQ RESPONSE

[Note: A separate response document may be created if required. This may also include a spreadsheet in order for potential suppliers to address certain criteria and breakdown pricing structures]

### 12. COMPANY DETAILS

Contents supplied by Supplier / Company	RESPONSE
External Vendor ID	(if known)
Company Legal Entity Name	
Individuals Name (Sole Proprietor)	
Company Trading Name	
ABN	
ACN	
Registered Office Address	
Other Address	
Postal Address	
RFQ Enquiry Contact – Name	
RFQ Enquiry Contact – Phone	
RFQ Enquiry Contact - Email	
Supplier Representative - Name	
Supplier Representative - Telephone	
Supplier Representative - Email	
Supplier Representative - Fax	
Supplier Sales Order Contact - Name	
Supplier Sales Order Contact - Telephone	
Supplier Sales Order Contact - Email	
Supplier Sales Order Contact - Fax	
Accounts Payable Contact - Email	
Chief Executive Officer Name	
Switchboard - Telephone	
Company - Email	
Company - Website	

## 13. RESPONSE TO SCOPE OF WORKS

### 1. COST

1.1 Please show a full breakdown of your costing proposal for the entire engagement with the following inclusions:

- Name and level of staff working on the program:
  - by grade (e.g. Partner, Manager etc), including experts / specialists
  - with hourly / daily rates
  - including all other costs
  - on a week-by-week, and phase, of the engagement
- Confirmation that this will be the full and total cost for the entire engagement
- (separately shown) any costed over-and-above scope items that RFS (at its option) might want to consider

### 2. QUALITY

2.1 Please provide a summary of your firm's experience in the following areas (note: we do not expect this experience to be limited to organisations within Australia or New Zealand):

- the National / Federal / State Government Emergency Services Sector, in particular:
  - forest
  - bush fire management
  - State Emergency Services
  - National Disasters
- situations where urgency dictates that 'alternative procedures' are required to purchase significant volumes and varieties of goods and services:
  - the ordering being done from varied and remote locations
  - to goods and services to be sent to varied and remote locations
  - from various suppliers, some with very simple (e.g. phone / email) ICT capabilities
  - whilst still maintaining probity

2.2 Procurement processes and systems:

- Please provide evidence of your identification and mapping, and making recommendations for short term and longer term process redesign and/or improvement

2.3 Systems Integration:

- Please provide evidence of how you intend to ensure that an integrated team will be able to perform the very diverse multifunctional requirements, including: documenting the current processes, systems and control points, and identifying issues; identification of business and non-functional requirements; and identifying realistic and feasible system solutions which take into account the customer's existing ICT platforms and software.

2.4 Internal Controls:

- provide evidence of how you intent to assess the strength of internal controls, and make recommendations on any necessary immediate and longer term control improvements

2.5 For each of the above examples, please provide a summary of the scope, the work undertaken and the outcomes / recommendations



- 2.6 References, please provide a minimum of three (3) referees from previous work of similar scope
- 2.7 Qualifications and experience of project team, please confirm that expert resources will be made available to the review at appropriate times throughout the review.
- 2.8 Expertise expected to be provided would include:
- A nominated project manager and primary point of contact;
  - Business process mapping, process design and business process reengineering;
  - SAP design, integration and implementation;
  - Internal control development and assessment;
  - Internal audit;
  - Change management; and
  - Business impact assessment.
- 2.9 Please identify and provide resumes of those personnel who will be utilised on the assignment, inclusive of identifying their qualifications and experience
- 2.10 Please identify your expectations from RFS, in terms of people likely to be required to be involved, the time and location, and any assistance you would be expecting.

### 3. SERVICE

With respect to the account team for this program, please provide a summary on the following:

- What is the communication strategy that you would put in place for a program like this to the NSW RFS Program Manager? Will it be on an ad hoc basis or do you see that there will be more time critical?
- If issues arise during this program, how will you deal with these?
- With respect to interview / consultation with key staff for this program, how do you anticipate establishing this program?
- Your proposed reporting mechanism

### 4. DELIVERY

- Please confirm that your firm plans to meet the due date / number of weeks allowed for in the Statement of Works, being:
  - Phase 1 – Start by 13<sup>th</sup> July 2015
  - Phase 1 – Complete by 7<sup>th</sup> August 2015
  - Phase 2 – Start by 17<sup>th</sup> August 2015
  - Phase 2 – Complete by 25<sup>th</sup> September 2015
- That your firm will be able to start on the ideal start date of 13<sup>th</sup> July 2015, otherwise please advise in your response.
- Completion and handover of recommendations within four (4) weeks of end of Phase 2, being 23<sup>rd</sup> October 2015.

### 5. INNOVATION

- How does your firm propose to bring an innovative approach to this program?



NSW RURAL FIRE SERVICE



## MEMORANDUM

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**To:** Executive Director Operations  
Executive Director Infrastructure  
A/Executive Director Executive Services

**From:** Commissioner

**Subject:** Amendments to Procurement Practice for Emergency Response

**Date:** 19 March 2015 **File No.** **Type File No.** TEN/0052

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Effective immediately, I direct that the following changes to procurement practices for emergency response are enacted:

### 1. Limitation to Use of Emergency Orders

Emergency orders (colloquially known as 'Section 44 Logistics Orders' or 'Section 44 Purchase Orders') are only to be utilised for the procurement of goods or services in direct response to an emergency.

Procurement undertaken in preparation for emergency response (eg preseason ordering), to refill logistics caches following an emergency response or other non-urgent procurement shall be conducted through the SAP system in the usual manner. Such purchases can continue to be costed to the relevant incident or operational response internal orders, however will require the raising of a requisition in SAP and approval under the NSW Rural Fire Service's standard delegations of authority.

To facilitate payment, a Goods Receipt will need to be processed in SAP by the receiving location.

### 2. Changes to Emergency Order Processes

Emergency orders are only to be created following the submission of an authorised Logistics Request Form (or on receipt of an email in exceptional situations such as after hours) from the Incident Controller, State Duty Operations Officer or State Operations Controller.

A copy of any emergency order raised must be provided to the Financial Services Branch via email at [REDACTED] for review at the same time it is provided to the nominated vendor. A scan of the relevant Logistics Request Form (or email for exceptional situations) must also be attached.

The Financial Services Branch will undertake the following review:

- > A physical check to ensure there is a valid and signed Logistics Request Form;
- > A review of the vendor to ensure they exist and the quoted ABN is valid;
- > A review of whether or not the vendor exists within SAP;
- > If not in SAP, prefilled Vendor Management Form forwarded to Procurement for action;



- If in SAP review the expenditure against the vendor for the past year, and if:
  - Above \$250,000 report that fact (and the value) to the Chief Financial Officer; or
  - Below \$250,000 take no further action.

Details of this review should be recorded on a physical copy of the emergency order and filed in number order in Financial Services.

3. Contracts for Emergency Orders

The Chief Financial Officer shall notify the Executive Director Infrastructure Services when the Financial Services Unit identifies that emergency orders have been placed with a vendor whose total procurement value over the past twelve months exceeds \$250,000. The Executive Director Infrastructure Services (or their nominee) shall review whether contracts exist for such purchases.

In accordance with the notification above, the Executive Director Infrastructure Services is to ensure that contracts are in place with vendors who are routinely utilised to provide goods or services for emergency response activities. Such contracts shall be in accordance with NSW Government standard procurement practices.



Shane Fitzsimmons AFSM  
Commissioner