



### Conflict of interest in procurement

A previous working relationship challenges a project worth millions.

#### The story

Jordan is an account manager in Infrastructure Services, where the long-term service contract for state-wide air conditioning supply, repair and maintenance is due to be re-tendered. The procurement is worth millions of dollars over the period of the contract.

Jordan was asked to project manage the procurement due to their familiarity as account manager for Cool Air Solutions, the previously contracted vendor.

Over the years, Jordan has developed a friendly rapport with Sam, the CEO of Cool Air solutions, through their frequent contact when organising repairs and installations. Jordan admires Sam for having started such a successful local business and likes that they both barrack for Collingwood. Jordan also knows that the contract makes up at least 80% of Cool Air Solutions income.

Before the tender is announced, Sam calls Jordan unexpectedly to discuss the future procurement. Sam is obviously aware that the contract will need to be re-tendered and mentions a new multinational company had established itself in Tasmania in the last 12 months.

Sam is highly critical of the quality of the multinational company's work and hiring practices and goes on to suggest to Jordan that the criteria for the tender process should emphasise the need for local ownership, customer service and responsiveness.

#### Questions

1. What are the risks in this situation?
2. How could Jordan manage this situation?

The information used in this scenario is not factual – we created it for education and discussion. Any likeness to actual persons or events is coincidental.



#### The Commission can help

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