



**Government
of South Australia**

State Procurement
Board

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Procurement Accreditation Guideline

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Purpose

This guideline facilitates the implementation of the State Procurement Board's (Board) *Accreditation Program* and provides the methodology for the *Accreditation Program* across all public authorities subject to the *State Procurement Act 2004* (the Act). This guideline also includes the process for principal officers to seek a procurement authority from the Board.

Scope

This guideline applies to all public authorities as defined in the Act. It is not applicable to prescribed public authorities, local government bodies or universities.

The *Accreditation Program* consists of two phases. Phase one (procurement authority) applies to all public authorities. Phase two (assessment and validation) applies to all public authorities with a procurement authority of greater than or equal to \$1.1m. A simplified accreditation process applies to base level public authorities.

Overview

Section 12 of the Act requires the Board "to facilitate strategic procurement by public authorities by setting the strategic direction of procurement practices across government" and "to give directions relating to the procurement operations of public authorities".

The objective of the Board's *Accreditation Program* is to ensure that public authorities are provided with a procurement authority that is commensurate with their procurement profile and to validate the capacity and capability of public authorities to perform procurement in an effective manner. In supporting the aim of public authorities continuing to develop their strategic procurement capability and thinking, the approach taken in the *Accreditation Program* is on developing sustainable improvements and enhanced procurement practice and capability in the public sector.

The accreditation framework is based on procurement performance categories and principles. These performance categories and principles describe the characteristics of high performance procurement operations. Although some of these principles may be considered aspirational, they are, nonetheless, appropriate in terms of the Board's objective of improving the quality of procurement practices across government. This principles-based approach also provides a flexible framework that can be tailored to meet the specific needs of public authorities.

The *Accreditation Program* consists of a four year *Accreditation Cycle* with public authorities being reviewed and accredited on a four yearly basis. At the end of each cycle the accreditation process will be replicated.

The *Accreditation Program* commences with the Board confirming each public authority's procurement authority level. Public authorities with a procurement authority greater than or equal to \$1.1m are then required to undertake a self assessment of their procurement capability by completing an *Accreditation Assessment Report*. This assessment is validated by a *Lead Reviewer*.

Upon completion of the accreditation process, the Board will award a public authority an accreditation status of “accredited”, or “accredited subject to conditions being met”. These conditions will be linked to the *Development Plan* agreed between the public authority and the Board. It is at the Board’s discretion to determine the accreditation status and the timeframes required for a public authority to address any developmental requirements that prevent an unconditional accreditation.

This guideline also sets out the performance categories and principles that will be reviewed in public authorities as part of the *Accreditation Program*.

Definitions

Accreditation is the process of recognising the capability and capacity of a public authority to perform procurement in an effective manner and in accordance with the Board’s objectives. To achieve accreditation, a public authority must demonstrate to the Board that they have clearly defined and implemented appropriate procurement processes and maintain an environment under which the achievement of the Board’s procurement principles can reasonably be expected. This process consists of nine steps in two phases.

Accreditation can be conditional or unconditional depending upon whether there are any developmental steps required by the **Development Plan**. The outcome of the accreditation process is confirmation that the Board is satisfied that the public authority has the capacity to successfully manage the procurement authority issued by the Board. The Board may, at its discretion, decide not to accredit a public authority if, in their opinion, the nature and extent of the developmental areas identified compromise the ability of the public authority to perform procurement in an effective manner and in accordance with Board objectives.

Accreditation Assessment Report is the report that summarises the findings of the **Accreditation Review** for each public authority and includes the **Development Plan**. It is compiled by the public authority as a **Self-Assessment** and is subject to review by a **Lead Reviewer**.

Accreditation Cycle is a four year period from the date of accreditation by the Board for which the accreditation of a public authority is valid.

Accreditation Program is the process used to accredit public authorities over an **Accreditation Cycle** in accordance with Board objectives.

Accreditation Program Plan is the plan prepared by **PPG** that documents the objectives, scope, timeframes, and coverage of public authorities and responsibilities for the **Accreditation Program** for the four year **Accreditation Cycle**.

Accreditation Review is the evaluation of a public authority’s procurement capacity and capability for each of the defined procurement performance categories and principles. This review is conducted by a public authority as a **Self-Assessment**.

A **Development Plan** is an output of the **Accreditation Review** and is an agreement between the Board and the relevant public authority. It clearly summarises developmental tasks that need to be completed by the public authority in order to achieve unconditional

accreditation. This plan will describe the agreed actions, the officer responsible for ensuring the actions are completed and the timeline for completion.

Fit for Purpose means that the procurement capability displayed by the public authority is appropriate for the specific needs and aspirations of the public authority's procurement function and there is evidence that the resultant performance is delivering the desired outcomes. The procurement function must have the capacity, processes and performance measures to support current and anticipated requirements and must be operating effectively.

Lead Reviewer is the party appointed to conduct a review of the **Accreditation Assessment Report** of a public authority.

Procurement Authority is the authority to approve a proposed course of action, strategy or recommendation relating to procurement (i.e. acquisition plan or purchase recommendation) to a specified dollar amount as delegated to a public authority's principal officer by the Board.

Procurement Policy and Governance (PPG) is a work unit within the Department of Treasury and Finance that provides support to the Board.

Self Assessment is the process undertaken by a public authority to evaluate its procurement capacity and capability for each of the defined procurement performance categories and principles. This process results in an **Accreditation Assessment Report** including a **Development Plan**.

Accreditation - Performance Categories and Principles

The *Accreditation* framework for public authorities with a procurement authority of \$1.1m or greater is based on five high level performance categories against which a public authority's procurement capacity and capability will be assessed. These categories are:

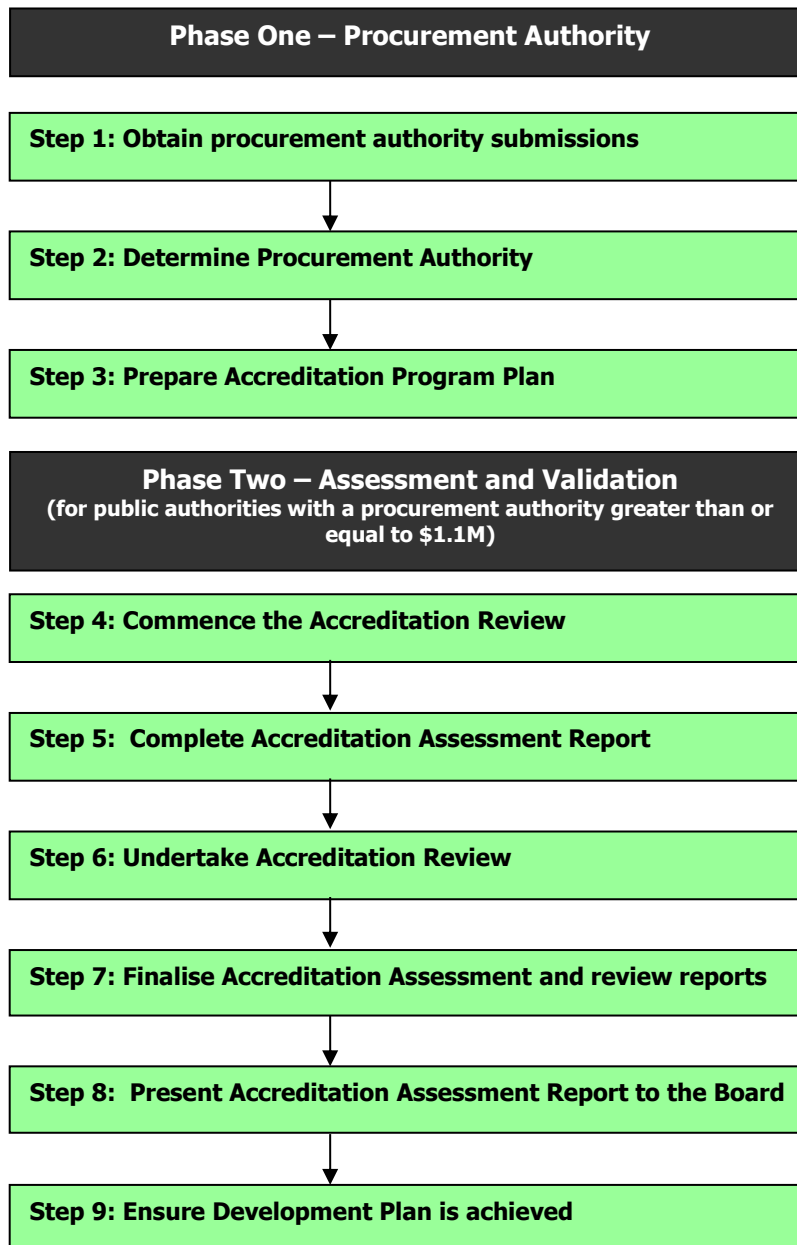
1. Leadership and Strategy;
2. Organisation and People;
3. Governance and Performance Management;
4. Processes and Systems; and
5. Relationships – Internal and External.

For each of these categories, procurement principles have been defined. The performance categories and principles are designed to describe high performing procurement operations. They define the objectives that each public authority should achieve in their individual procurement operations. Public authorities will apply different solutions to achieve these objectives driven by their individual circumstances. In acknowledging differences across public authorities, there is no requirement for a uniform solution across all public authorities.

For accreditation purposes, a public authority will be assessed on their approach to achieving the procurement principles. Therefore, the assessment process is designed to focus on assessing the capacity and capability of the public authority's procurement practices through understanding their individual approach and identifying development opportunities (if required).

The performance categories and procurement principles are provided in **Attachment One**.

The Accreditation Program – Key Steps



The Accreditation Program – Detail

Phase One: Procurement Authority

Phase One applies to all public authorities.

Step 1: Obtain procurement authority submissions

At the commencement of each four year *Accreditation Cycle*, PPG will write to the principal officer of every public authority requesting the completion of a *Procurement Authority Submission (Document 1)*. This document provides an overview of the public authority's procurement profile.

Three weeks will be provided for this document to be completed by the public authority.

Step 2: Determine procurement authority

Once the completed *Procurement Authority Submission (Document 1)* is received by PPG, the data will be analysed and the appropriate procurement authority for the public authority confirmed. The procurement authority enables the majority of procurements to be approved by the public authority, but requires some procurement decisions to be approved by the Board.

If the public authority and PPG cannot agree on a procurement authority, the public authority can lodge a written appeal with PPG. If, following further dialogue between PPG and the public authority, agreement cannot be reached on the appropriate procurement authority, the procurement authority level may be referred to the Board for adjudication and final decision.

Step 3: Prepare Accreditation Program Plan

PPG will prepare an *Accreditation Program Plan* for each four year *Accreditation Cycle*. This plan will be submitted to the Board for approval prior to the commencement of the four year cycle. The *Accreditation Program Plan* identifies all public authorities scheduled for review over a four year period and will guide the *Accreditation Program*. The plan includes:

- recommended procurement authorities;
- objectives;
- scope;
- responsibilities; and
- timeframes.

PPG will provide the Board with a recommendation for public authority procurement authorities and a copy of any written appeals by public authorities where they do not agree with PPG's recommendation. The Board shall determine the appropriate procurement authority.

Once the *Accreditation Program Plan* is approved, the principal officer of each public authority will be informed of their approved procurement authority and, where this authority is greater than or equal to \$1.1m, the expected time lines for their accreditation process.

The *Accreditation Program Plan* will also make allowance for additional accreditation reviews at the Board's discretion caused by significant organisational changes in public authorities or other occurrences.

The *Accreditation Program Plan* may be changed due to extraordinary circumstances including significant issues arising in a public authority. Any changes will be approved by the Board.

Phase Two: Assessment and Validation

Phase Two applies to all public authorities with a procurement authority of \$1.1m or greater.

Step 4: Commence the Accreditation Review

PPG will write to the principal officer of each public authority scheduled for accreditation. The letter will include the timing of the review, the *Accreditation Assessment Report (Document 2)* and any other relevant information.

Step 5: Complete Accreditation Assessment Report

The public authority completes the *Accreditation Assessment Report (Document 2)* as a self-assessment and forwards the completed document to PPG. The *Accreditation Assessment Report* is aligned directly to the procurement performance categories and supporting principles defined in this guideline. Each public authority will evaluate its capacity and capability for each of the procurement performance categories and principles.

PPG may schedule an optional workshop with the public authority to assist the public authority in completing this report.

In completing the *Accreditation Assessment Report*, the public authority must compile appropriate evidence to support their conclusions. This evidence must be collated in supporting documentation files, clearly cross-referenced to the *Accreditation Assessment Report* and retained for the duration of the *Accreditation Cycle*.

The standard for supporting documentation required is that an experienced procurement professional, with no previous connection to the public authority, should be able to review the evidence and understand how the public authority's self assessment rating was derived and reach a similar conclusion.

Six weeks will be provided for the completion of the *Accreditation Assessment Report* and the compilation of the supporting evidence. On completion of the report, the public authority will submit it to PPG.

An opening meeting will be held with the public authority (chaired by PPG) and will cover the objective, scope, timing and administration of the review. The meeting also provides an opportunity for any questions to be answered prior to the commencement of the review. Attendees at the opening meeting should include senior representatives of PPG, the Lead Reviewer and the public authority.

Step 6: Undertake Accreditation Review

The *Accreditation Assessment Report (Document 2)*, completed by the public authority will be reviewed by the Lead Reviewer. The objective of the review is to confirm that the evidence collated by the public authority supports the findings and conclusions in the *Accreditation Assessment Report*.

The public authority must ensure that all documents and evidence are available for the Lead Reviewer to efficiently complete their review. The Lead Reviewer may elect to supplement the evidence provided by conducting workshops or interviews with public authority personnel, or requesting additional documentary evidence.

Before completing their review, the Lead Reviewer will have discussed the results of their fieldwork with the public authority and ensured there is general consensus on the findings in the report. If the Lead Reviewer and the public authority cannot agree on the findings, the Lead Reviewer will inform PPG and submit their draft *Lead Reviewer's Report (Document 3)* along with an updated *Accreditation Assessment Report* that now includes Lead Reviewer findings and the agreed Development Plan.

The first draft of the *Lead Reviewer's Report* and updated *Accreditation Assessment Report* should be provided to PPG for review within two weeks of the fieldwork being completed. Following PPG's review, the updated *Accreditation Assessment Report* will be provided to the public authority by PPG and will serve as the basis for discussion in the closing meeting.

Step 7: Finalise Accreditation Assessment and review reports

Once the updated *Accreditation Assessment Report* has been sent to the public authority, PPG will schedule a closing meeting with the public authority. This meeting will be scheduled at least two weeks after the updated *Accreditation Assessment Report* is issued to the public authority. The objective of the closing meeting is to provide an opportunity for PPG, the Lead Reviewer and the public authority to discuss the updated *Accreditation Assessment Report*.

In particular, the meeting will discuss any differences of opinion between the Lead Reviewer's assessment and the public authority's self-assessment. If required, the public authority will have an additional week after the closing meeting to provide any additional evidence to the Lead Reviewer and PPG.

Once agreement has been reached on the updated *Accreditation Assessment Report*, the principal officer must confirm the completion of this report including the Development Plan in writing to the Board (refer *covering letter from public authority on completion of self-assessment (Document 4)*).

PPG will liaise with the public authority and confirm at which Board meeting the public authority will present their *Accreditation Assessment Report*.

Step 8: Present Accreditation Assessment Report to the Board

The public authority will present their *Accreditation Assessment Report* including the *Development Plan* to the Board for review and approval.

After the Board has considered this presentation and the *Accreditation Assessment Report*, and a recommendation by PPG based on the *Lead Reviewer's Report*, they will inform the principal officer of their decision on accreditation in writing. This letter will indicate whether the public authority is awarded an accreditation status of 'accredited', or 'accredited subject to conditions being met'. If the *Accreditation Assessment Report* includes a Development Plan then the accreditation may be conditional pending successful completion of the identified development activities.

Step 9: Ensure Development Plan is achieved

PPG will provide the Board with quarterly updates on:

- cumulative results of Accreditation Reviews undertaken in the previous quarter;
- any systemic issues or areas of concern;
- a timetable of upcoming reviews; and
- any other information requested by the Board.

The public authority must report regularly to the Board on the status of their *Development Plan* until all development activities are completed.

The reports are to be signed off by the principal officer of the public authority or the senior executive responsible for procurement. Each report will provide an update on the status and progress of development actions. Any potential delays or amended delivery timeframes will be reported by the public authority together with reasons for any delays in implementation. Any revisions to the *Development Plan* will be followed up by PPG and a strategy developed in conjunction with the public authority to keep the required focus on the completion of the *Development Plan*. Only when the Board is satisfied that a development action has been successfully completed will the Board review any conditions imposed on *Accreditation*.

Accreditation Review – New or Reorganised Public Authorities

New public authorities or public authorities that have undergone significant organisational changes (such as the merger of two or more departments) must reapply for a procurement authority. In order to commence the process, a *Procurement Authority Submission (Document 1)* must be lodged with PPG within six months of their formation.

Base Level Accreditation Program

A simplified accreditation program applies to all base level public authorities. Procurement authorities will be issued as part of Phase one of the *Accreditation Program*. The performance categories and principles for base level public authorities are provided in ***Attachment Two***.

Base level public authorities will be required to respond annually via the Board's annual reporting process and sign-off that the principles are being met. Further details are available in the Board's *Base Level Procurement Reporting Guideline*.

Further Information and Resources

For feedback or assistance regarding this guideline, please contact:

Procurement Policy and Governance
Government Accounting, Reporting and Procurement
Department of Treasury and Finance
ph: (08) 8226 5001 fax: (08) 8226 5667
email: stateprocurementBoard@sa.gov.au
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Exclusions

Nil

Related Policies and Guidelines

- Procurement Authority Policy
- Procurement Accreditation Document 1: Procurement Authority Submission
- Procurement Accreditation Document 2: Accreditation Assessment Report
- Procurement Accreditation Document 3: Lead Reviewer's Report
- Procurement Accreditation Document 4: Covering letter from public authority on completion of self assessment
- Base Level Procurement Reporting Guideline

Roles and Responsibilities

State Procurement Board

The Board is responsible for reviewing this guideline, ensuring its promulgation and for evaluating its effectiveness across government.

Procurement Policy and Governance

PPG is responsible for establishing, managing and monitoring the Accreditation Program and appointing the Lead Reviewer.

Principal Officers of public authorities

The principal officer is responsible for ensuring that their public authority:

- has suitable capability and processes in place to ensure an effective and efficient procurement function; and
- co-operates fully with the Accreditation Program requirements in this guideline.

Review Date

This guideline will be reviewed 24 months from the date of approval.

Attachment One – Performance Categories and Principles

1. Leadership and Strategy

This category is concerned with ensuring high level leadership exists and that the profile and influence of procurement is high in the public authority with strategies in place that enable the public authority's procurement objectives to be achieved.

This category includes the following principles:

1. The public authority provides clear leadership of the procurement function with high level support by senior management.
2. A procurement function / designated personnel are responsible for procurement spend for the public authority.
3. The procurement strategy supports the public authority's strategic priorities and core business objectives.
4. Key internal stakeholders have a good understanding of the role of procurement together with its strategy and policies.
5. There is a clear, methodical and comprehensive framework to guide the public authority's procurement operations.
6. A procurement expenditure profile is prepared regularly to enable the identification of uncontracted spend, leveraging and cost saving opportunities.
7. A procurement business plan including a forward procurement plan is prepared annually to guide the procurement function.

2. Organisation and People

The organisational framework within which procurement operates can have a profound effect on its effectiveness. No procurement operation can be effective unless it has high quality professionals who are continually updating their knowledge and skills and who can promote procurement within their public authority.

This category includes the following principles:

1. An appropriate organisational structure (centralised, decentralised or centre led) is in place to maximise procurement effectiveness and efficiency.
2. Specific responsibilities are assigned for key market sectors (category management) where appropriate.
3. The public authority has people with sufficient procurement capability and skills (including procurement planning, market research, negotiation, contract management, project management and risk management) to ensure effective performance for the public authority's complexity and expenditure.
4. There is a clear workforce strategy (including effective people management and development processes) in place for resourcing the procurement function.

5. There is a process in place for ensuring that all staff that have authority to approve procurements have the appropriate capability and skills.

3. Governance and Performance Management

An effective governance framework is important for effective management, including the establishment of user friendly policies and procedures aligned to State Procurement Board policies and guidelines. Such a framework includes measuring performance and the provision of adequate controls, as well as establishing an effective relationship with the internal audit function.

This category includes the following principles:

1. The public authority has appropriate governance processes in place to ensure procurement achieves the outcomes required, including a clear and effective system of delegation and authority for procurement.
2. A process is in place to obtain independent assurance over procurement activities.
3. Other public authorities managed under the public authority procurement authority are aligned and managed in an effective and timely manner.
4. The procurement risk management process is incorporated into the public authority's overall risk management process and systems.
5. Adequate records management frameworks and processes are in place to ensure access to and retrieval of key documents and information.
6. Procurement policies, guidelines and templates are standardised and sufficient to meet organisational needs and are updated regularly including when changes are made to State Procurement Board policies and guidelines.
7. Ethical behaviour standards, probity, accountability and transparency receive prominence in procurement policy documents.
8. Other public authority policies that support procurement (e.g. fleet, travel and Information Technology guidelines) are consistent with the procurement framework.
9. Demand management (consumption and compliance) procedures for goods and services expenditure are defined and applied.
10. Complex, high value procurements are well managed and the public authority has a process for considering procurement options for these, especially early in the planning phase.
11. Performance measures are developed and monitored to ensure continuous improvement of the procurement function.

4. Processes and Systems

Appropriate processes and systems are in place to ensure that procurement activities are efficient and effective. They also contribute to maintaining an appropriate internal control environment.

This category includes the following principles:

1. There are efficient and robust systems and processes to support procurement activity including purchasing, sourcing and contract management.
2. There are rigorous quality processes for developing and managing category/commodity/project strategies for significant procurement spend within the public authority.
3. Quality outcomes of environmental sustainability are sought within the procurement framework.
4. Procurement structures and people are integrated into the overall procurement and financial management processes to ensure end-to-end process effectiveness and oversight.
5. Post sourcing reviews take place for significant procurements to identify lessons to be learned from the procurement process.
6. Post contract reviews take place for significant contracts to identify lessons to be learned from the contract and to determine whether planned benefits and value for money were achieved.
7. Adequate and timely research is undertaken to ensure required goods and services are appropriately specified.
8. The supply positioning tool or a similar matrix based approach is utilised to segment the supply market and to develop appropriate procurement strategies.

5. Relationships – Internal and External

Procurement is not an isolated function. It is important for procurement to be involved early in the business decision process and to build effective relationships with suppliers and internal stakeholders. Strategies specific to a supplier or category of supply need to be developed as opposed to a uniform approach to all suppliers.

This category includes the following principles:

1. Relationships with internal stakeholders are managed to ensure an effective procurement process.
2. Transparent and ethical relationships are established with key suppliers.
3. Effective contract management processes are established and monitored.
4. Supplier development strategies are planned for and implemented as appropriate.

Attachment Two – Base Level Public Authorities (\$220,000) Performance Categories and Principles

The following key principles must be taken into account in the management of the procurement function in base level public authorities.

Leadership and Strategy

- Key stakeholders have a good understanding of the role of procurement together with its strategy and policies.
- There is a clear, framework to guide the public authority's procurement operations.

Organisation and People

- The public authority has people with sufficient procurement capability and skills to ensure effective procurement performance for the public authority's complexity and expenditure.
- There is a process in place to ensure that non-procurement staff who have authority to approve procurements have appropriate competency levels.

Governance and Performance Management

- There is a clear and effective system of delegation and authority.
- A general risk management approach is incorporated into standard procurement operational procedures.
- Adequate records management frameworks and processes are in place to ensure access to and retrieval of key documents and information.
- Procurement policies, guidelines and templates are sufficient to meet organisational needs.
- Procurement policies, guidelines and templates are modified and updated as appropriate including changes to State Procurement Board policies and guidelines.
- Ethical behaviour standards receive prominence in procurement policy documents.

Processes and Systems

- Procurement processes are efficient and commensurate with the complexity and value of the procurement.
- There is adequate and timely research undertaken to ensure required goods and services are appropriately specified.

Relationships – Internal and External

- Transparent and ethical relationships are established with key suppliers.