Accreditation Program for Goods & Services Procurement

Accreditation Program Requirements

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1 Introduction & Background

1.1 Purpose of the document

The Accreditation Program Requirements document provides information on the Accreditation Program for Goods and Services Procurement (the Program) operating framework, processes and enablers. It also outlines the minimum requirements for accreditation and details the responsibilities of accredited agencies.

This document should be read by all applicant and accredited agencies in conjunction with the accreditation toolkit documents. This includes the guidelines, templates and forms referred to in this document.

1.2 Introduction

The Program establishes minimum standards for agency procurement as a basis for improving the outcomes delivered across government. It is governed by the NSWProcurement Board (the Board) and administered by NSW Procurement on behalf of the Board.

Agencies can attain one of two accreditation levels. Each level has specific minimum requirements for accreditation and a different authority to procure. Once accredited, agencies are required to comply with the annual self-reporting process under the Program.

Accredited agencies have the authority to enter into any procurement arrangement consistent with its terms of accreditation. There may be exemptions for agencies under certain policies and Procurement Board Directions, as identified in the NSW Government Procurement Policy Framework.

The accreditation level is held in perpetuity until a trigger event results in a review or remediation process.

2 Program Overview

2.1 Objectives of the Program

The Program aims to assure agency capability and capacity to deliver value for money, efficiency and effectiveness through government procurement. The Program is designed to enable this through:

- Determining whether agencies meet the required standards in order to conduct goods and services procurement under the devolved model of procurement within NSW Government

- Managing procurement risk in an efficient and effective manner

- Promoting the delivery of procurement outcomes towards strategic priorities and value creation

- Driving continuous improvement and capability development

2.2 Scope of the Program

The Program's scope is limited to goods and services procurement, and excludes construction procurement.

The Program is focused on upstream procurement processes i.e. the source to contract process. Further procurement processes may be incorporated to the Program over time as overall maturity across NSW Government agencies increases e.g. the purchase to pay process.

2.3 Process overview

The Program has three main process components as outlined in *Figure 1* below*.*
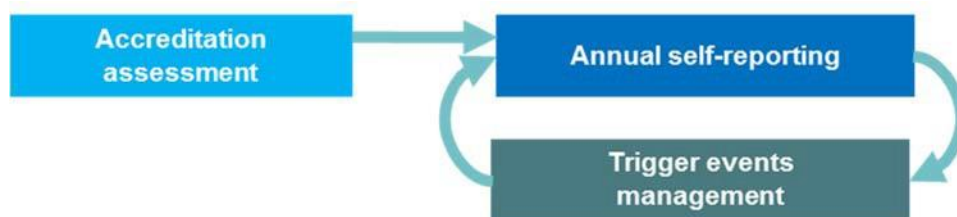
Figure 1 Accreditation Program Process

The accreditation assessment process applies to unaccredited agencies seeking accreditation, and to Level 1 accredited agencies seeking Level 2 accreditation. During the assessment, applicant agencies must demonstrate that all minimum requirements for the targeted accreditation level are met.

Once accredited, agencies must meet annual self-reporting obligations to maintain their accreditation as outlined in Section 5 of this document. Accredited agencies must monitor and self-report on trigger events as part of the annual self-reporting process.

Trigger events are key changes that may impact an accredited agency's ability to meet its obligations of accreditation.

Details on each of these process steps are outlined in this document.

2.4 Determining cluster versus agency accreditation

Accreditation within a NSW Government cluster is a matter for Secretaries to decide upon. Depending on the structure of procurement within the cluster, Secretaries may elect to hold separate accreditations.

2.5 Levels of accreditation and maximum contract value (MCV)

An agency's accreditation level will determine its authority to procure and its accreditation minimum requirements according to its assessed level of procurement capability and capacity.

The authority to procure is defined through the maximum contract value (MCV) as outlined in *Figure 2* below. The MCV is the dollar contract value up to which accredited agencies can undertake their own procurement activity without seeking concurrence. Contract value is the estimated value over the maximum proposed contractual term i.e. initial term plus optional extension periods.
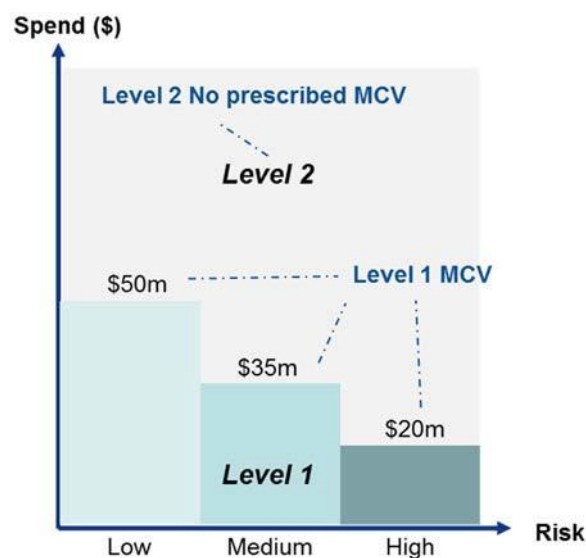
Figure 2 Levels of accreditation and MCVs

2.5.1 Level 1 accreditation

Level 1 accredited agencies must adhere to a staggered risk and spend based MCV and must seek concurrence when they exceed their MCV threshold.

Level 1 accredited agencies are required to determine a risk-based MCV for each procurement event valued over $20 million. The three risk levels and corresponding MCVs are as defined below:

- Low risk level → $50 million MCV

- Medium risk level → $35 million MCV

- High risk level → $20 million MCV

Level 1 accredited agencies may play a concurrence role for unaccredited agencies within their cluster in line with their authority to procure.

Agencies with Level 1 accreditation seeking Level 2 accreditation will undergo a subsequent accreditation assessment so that they may receive accreditation from the Board.

Minimum requirements are detailed in Section "*Accreditation Minimum Requirements*".

2.5.2 Level 2 accreditation

Level 2 accredited agencies have no prescribed MCV and are expected to play a leadership and concurrence role within their cluster. They may undertake all procurement events in line with their approved budgets, financial and procurement delegations.

Typically Level 2 accredited agencies may have lead buyer status for a category where they establish and manage whole-of-government contracts. However, any agency establishing a whole-of-government arrangement must first obtain approval from the Board.

Minimum requirements are detailed in Section 3 "*Accreditation Minimum Requirements*".

Approvals and notifications of whole-of-government goods and services procurement arrangements (lead buyer agencies have Level 2 Accreditation)

For:

(1) Extension to an existing contract - approved by the **lead buyer agency**

(2) Establishing a new contract with the same goods or services in the same category of the existing contract - to be approved by the **lead buyer agency**

(3) Establishing a new contract with different goods or services in the same category of the existing contract - to be approved by the **Procurement Leadership Group**

(4) Establishing a new contract with different goods or services in a different category of the existing contract - to be approved by the **Procurement Board**

(5) Lead buyer agencies intending to terminate or discontinue a whole-of-government contract must first notify the **Procurement Leadership Group**, who will be decide if a notification to the **Procurement Board** is also required (discontinuation is where a contract will expire but a replacement contract is not intended to be put in place).

Appendix D shows the approvals, endorsements and notifications to support the above approvals and notifications of whole-of-government arrangements.

2.5.3 Concurrence pathways for accredited and unaccredited agencies

A summary of the possible concurrence pathways are outlined in the *Figure 3* below:

	Non Whole of Government schemes and arrangements	Whole of Government schemes and arrangements
Level 2	• No prescribed MCV • Approvals per Cluster financial delegations	Agencies must use Whole of Government arrangement when available, regardless of procurement event value. Exemptions apply as per NSW

Level 1	• Staggered risk and spend based MCV
	• Approvals per cluster financial delegations, or Cabinet, or a Cabinet Standing Committee approval
	• When MCV exceeded, seek concurrence from
	   o Level 2 accredited agency in cluster (preferred)
	   o NSW Procurement	

Unaccredited	• As per NSW Procurement Policy Framework (and Procurement Board Direction *PBD-2020-04 Approved procurement arrangements*, when procurement event value is:	

	o $10k to $30k – obtain at least one written quotation o $30k to $680k – obtain a minimum of three quotes, **or** conduct an appropriate procurement process approved by the agency head or an accredited agency within the cluster o >$680k - determine if the procurement is covered by International Procurement Agreements as required by *PBD-2019-05 Enforceable Procurement Provisions*, and comply with the enforceable procurement provisions if applicable, **and** conduct a procurement process endorsed by an accredited agency within the cluster (preferred) or NSW Procurement.	Procurement Policy Framework.

Figure 3 Concurrence pathways

The method of concurrence is to be determined by the respective agency providing concurrence, using a pragmatic level of assurance.

The scope of accreditation does not cover how concurrence is granted. This is a matter determined within each cluster / agency using a pragmatic level of assurance.

3   Accreditation Minimum Requirements

Minimum requirements are defined against ten focus areas and their respective principles, as outlined in the table below:

	Focus area	Principle
1	**Procurement functional strategy**	The procurement function has a clear direction and value proposition to the business.
2	**Procurement policy and procedures**	Procurement activities are compliant and in line with the NSW Government Procurement Policy Framework, Board Directions and policies.
3	**Procurement organisation**	Procurement is organised to meet business requirements with sufficient and specialist capability for procurement activities.
4	**Capability**	Procurement capability is continuously developed to meet business needs.
5	**Performance management**	Performance of the procurement function is measured and managed to demonstrate its contribution to the business.
6	**Procurement planning**	Significant procurement projects are scheduled to enable the organisation to plan its activity and better prepare the market to respond.
7	**Category management**	Spend transparency and market intelligence enable a strategic approach to the identification, prioritisation and management of key categories of spend.
8	**Source to contract including risk management**	A clearly defined source to contract process delivers against organisational needs and drives value for money outcomes whilst managing risk.
9	**Contract management**	Contract requirements are monitored and managed to ensure value is realised and risk is managed.
10	**Supplier relationship management**	Relationships with top suppliers are assessed to collectively identify areas for improvement and deliver additional value from existing arrangements.

A list of minimum requirements have been defined for each focus area and accreditation level. Please refer to the *Accreditation Minimum Requirements* document available in the toolkit for more information.

4 Accreditation Assessment

4.1 Overview

The Accreditation assessment is designed to support the Board to determine whether to grant accreditation to an applicant agency. Unaccredited agencies, or agencies with Level 1 accreditation seeking Level 2 accreditation, undergo this assessment when seeking accreditation from the Board.

During the assessment, the applicant agency is required to demonstrate that all minimum requirements for the targeted accreditation level are met in order to receive accreditation.

The assessment is conducted by an independent assessor who ensures that practices are applied in a consistent and comprehensive manner relevant to the minimum requirement. Assessors need to consider if the overall principle of each focus area has been met by using a pragmatic, common sense approach when evaluating evidence.

The Board will grant or deny accreditation status based on the assessment documentation.

Once accredited, an agency's accreditation status is valid in perpetuity subject to the accredited agency continuously meeting its accreditation responsibilities as outlined in Section 5.

4.2 Key steps of accreditation assessment process

The key steps to completing an accreditation assessment are outlined below. Please refer to Appendix A for the documented process flow related to this activity, showing the detailed activities involved and roles of the parties involved.

4.2.1 Conduct planning meeting

Applicant agencies should first declare their interest to become accredited through a discussion with NSW Procurement, also referred to as the planning meeting. NSW Procurement will provide an overview of the process and both parties will consider whether accreditation is appropriate, and which accredited level should be targeted. The applicant agency should provide visibility on its forward procurement planning to support this discussion.

Please refer to the *Agency Procurement Plan template* available in the toolkit for guidance.

4.2.2 Submit Statement of Intent Form for application

If accreditation is considered as suitable for the applicant agency, its Secretary should formally approve the agency's application for accreditation by submitting a completed *Statement of Intent Form* to the Board.

4.2.3 Receive application approval

Upon submission of the *Statement of Intent Form* to the Board, the applicant agency will be notified whether their application has been approved.

4.2.4   Engage the independent assessor

Independent assessors conduct accreditation assessments for applicant agencies. The estimated effort required from the assessor to complete an assessment is approximately three to five days. This estimate assumes that all evidence has been gathered by the applicant agency prior to initiating the assessment process.

Applicant agencies are required to engage the independent assessor under the "Performance and Management Services Prequalification Program – 9. Procurement and Supply Chain/ C - Procurement Accreditation". Agencies must leverage the *Independent Assessor Scope of Work* document available in the toolkit.

Agencies must include NSW Procurement on any evaluation panel, provide any evaluation document or relevant report, and demonstrate the independence of the recommended assessor to NSW Procurement prior to award. Agencies are responsible for all costs related to seeking accreditation including engaging an independent assessor.

4.2.5   Restrictions for the selection of the independent assessor

An agency may engage a consultant or consultancy firm to identify and address gaps in preparation for an accreditation assessment. Such preparation work will be at the agency's expense.

However, agencies are to note that the minimum accreditation requirements are based on 'business as usual' practices. Agencies are expected to own these practices, demonstrating understanding and consistent internal use of supporting documents in order to gain and maintain their accreditation status.

A consultant engaged to prepare an agency for accreditation assessment is unable to undertake the accreditation assessment for that agency.

Additionally, where a consultant or consultancy firm has:

- completed a review of an agency's procurement function in the last six months; or

- had staff working in an agency's procurement function in the last six months;

they will be disqualified from undertaking the accreditation assessment for the agency.

4.2.6   Complete accreditation assessment

Whilst the independent assessor is being engaged, an applicant agency should gather their supporting evidence. The *Accreditation Assessment Tool* available in the toolkit is designed to help applicants understand the minimum requirements that will be assessed and what supporting evidence needs to be submitted to the independent assessor. This includes the *Agency Procurement Plan* and the *Annual Outcomes Report.*

Please refer to the *Accreditation Assessment Tool* available in the toolkit for more guidance on this document and the full list of evidence required.

Once engaged, the independent assessor conducts the assessment, ensuring that current practices are applied in a consistent and comprehensive manner relevant to each minimum requirement. The independent assessor and applicant agency should work collaboratively to complete the accreditation assessment.

During the assessment process, the independent assessor should provide weekly progress updates by issuing the *Accreditation Assessment Weekly Status Update* using the template available in the

toolkit.

4.2.7 Conduct interviews with selected personnel

The independent assessor will conduct interviews with selected personnel from the applicant's procurement function using the *Accreditation Assessment Interview Guidance Form.* These interviews are designed to be a fact-based and experience-based discussion with each interviewee to assess the understanding and application of evidence provided.

Each application will require interviews with individuals from the levels listed below to provide an adequate sample size of personnel:

- Procurement Executive e.g. Head of Procurement / CPO

- Procurement Professional e.g. Category Manager, Contract Manager or Procurement Advisor

- Senior Procurement Officer

- Procurement Officer / Procurement Analyst

The applicant agency should nominate multiple staff members per level (if applicable) for the independent assessor to select each interviewee per level.

Please refer to the *Accreditation Assessment Interview Guidance document* available in the toolkit.

4.2.8 Submit draft accreditation assessment to NSW Procurement

Once the assessment is complete, the applicant agency should provide the following draft documents to NSW Procurement:

- *Accreditation Assessment Tool*, including the assessment report signed off by the independent assessor;

- *Agency Procurement Plan*; and

- *Annual Outcomes Report*.

NSW Procurement will check all required steps have been performed and will provide feedback to the applicant agency and its assessor prior to the applicant agency submitting all assessment documentation to its Secretary for approval. This comprises the assessment report included in the Tool.

4.2.9 Submit final accreditation assessment

Once the assessment is signed off by the applicant Secretary, the following completed documents are to be submitted to the Board for approval:

- *Accreditation Assessment Tool*, including the assessment report signed off by the independent assessor and the applicant Secretary;

- *Agency Procurement Plan;*

- *Annual Outcomes Report* for baseline and targets setting purposes; *and*

- Board paper to request accreditation.

NSW Procurement will review the Board paper and submit it on behalf of the agency as per its existing secretariat responsibilities.

4.2.10 Receive accreditation approval

The Board may grant or deny accreditation based on the results of the assessment and the recommendations provided by the independent assessors.

The Board may also request further information before accreditation can be granted.

4.2.11 Provisions for unsuccessful applicant agencies

Where an applicant agency is unable to demonstrate how all minimum requirements for the target accreditation level, their incomplete / unsuccessful accreditation assessment will remain valid for six months. This period is calculated from when the initial accreditation assessment was completed, as dated by the Independent Assessor in the *Accreditation Assessment Tool*.

During the six-month validity period, the independent assessor can leverage the existing assessment (and supporting evidence) to focus on gaps and avoid duplication. However once the six-month validity period expires, a new accreditation assessment must be started.

5 Responsibilities of Accredited agencies

5.1 Accreditation responsibilities

Accredited agencies have the following responsibilities:

- Use mandatory whole-of-government schemes and contracts;

- Ensure agency-specific contracts allow for use by other agencies;

- Enter into supply arrangements for the procurement of goods and services that are consistent with their authority to procure;

- Continuously meet the minimum requirements defined for their accreditation level;

- Perform a risk assessment for each procurement event;

- Complete the annual self-reporting process as per Section 5.3 Annual self-reporting process;

- Identify and manage trigger events as per Section 5.4 Trigger events management; and

- Complete any legacy improvement plans carried over from the previous Accreditation Scheme.

5.2 Risk-based MCV for Level 1 accredited agencies

Where a procurement event is valued in excess of $20m, Level 1 accredited agencies are required to determine their risk-based MCV using the decision tree available in Appendix C*11.* This assessment should be performed during the planning phase of the procurement event once the need and expected value are identified. Results and rationale of the risk assessment should be captured in the sourcing strategy as per the guidelines provided in Appendix C.

The decision tree considers the following factors to determine the risk level of a procurement event, from low to high:

- Experience of the agency in procuring the goods or services

- Experience of the agency in conducting the planned competitive procurement process

- Nature of the goods or services being procured

- Capability of the market to respond

- Whether there may be benefits from aggregating demand across NSW Government agencies

- Impact of the goods and services being procured on social, economic and environmental policy objectives

The decision tree result determines the appropriate MCV for that specific procurement event. Where the value of a procurement event exceeds the applicable MCV for that event's risk level, the agency may decide to seek concurrence from an accredited agency with appropriate authority to procure within their cluster (preferred) or from NSW Procurement.

5.3   Annual self-reporting process

Accredited agencies are required to provide the following documents to NSW Procurement for submission to the Board by 31 August each year:

- *Agency Procurement Plan* for the next 12 or 24 months depending on accreditation level;

- *Annual Outcomes Report* for the previous financial year;

- *Self-Assessment Attestation* for the previous financial year; and

- *Improvement Plan Progress Report* for the previous financial year if there are outstanding improvement actions carried over from the legacy Accreditation Scheme.

5.3.1   Agency procurement planning

Accredited agencies must submit their annual *Agency Procurement Plan* to the Board and publish an abridged version on the NSW eTendering website.

The *Agency Procurement Plan template* is designed to enable agencies to manage their procurement activity and provides the Board with oversight of these activities. It also assists in planning whole-of-government arrangements and providing assistance with agency-specific contracts. Agencies may use an equivalent document to the *Agency Procurement Plan* template provided it captures the same fields of information.

The *Agency Procurement Plan* aims to capture all types of procurement initiatives planned by the procurement function. It must include sourcing, contract management and category management activities, and may also include business improvement initiatives or any other type of projects to be delivered by the procurement function.

The abridged version published on the NSW Government eTendering website covers planned procurements that may result in an open Request For Tender (RFT) as well major or strategic initiatives that may generate procurement. Sufficient contact details must be provided so that enquiries can be made. Agencies must use the *Agency Procurement Plan* template for notifying the market about potential open market RFTs.

The planning horizon varies according to the accreditation level:

- Level 1 accredited agencies must include planned procurement activities commencing in the next 12 months at minimum

- Level 2 accredited agencies must include planned procurement activities commencing in the next 24 months at minimum

5.3.2   Annual outcomes reporting

The purpose of outcomes reporting is to track year-on-year performance and tangible contribution of the accredited agency's procurement function.

Accredited clusters should report on the annual outcomes delivered by all agencies covered by their accreditation. Agencies with their own accreditation are excluded from their cluster's reporting as they must report separately on their own annual outcomes.

Outcomes

Five outcomes have been determined along with a set of metrics for annual reporting. These have been defined using a balanced scorecard approach and focus on 'business as usual' metrics that are already in place within NSW Government agencies.

These five outcomes are:

- Capability Uplift: Understand capability level trends within the procurement function. Capability development scores are to be updated annually using the NSW Government Procurement Capability Assessment Tool, or any Board approved equivalent

- Benefits: Provide transparency on the benefits delivered by the procurement function

- Efficiency: Demonstrate delivery of efficient procurement practices utilising available resources

- Quality: Understand customer perception of the procurement function

- Sustainability: Demonstrate consideration and performance against sustainable procurement objectives and requirements

Please refer to the *Annual Outcomes Report template* available in the toolkit for the list of metrics.

Annual reporting

The first *Annual Outcomes Report* provided to the Board should be based on a 12-month period to give a representative view of typical performance. However where an agency is unable to obtain a 12-month dataset due to the timing of its accreditation, a shorter duration (i.e. 3-6 months) is acceptable as long as it is a meaningful reflection of the agency's current state.

Agencies must select at least one elective metric within the 'Sustainability' outcome area to demonstrate their contribution to NSW Government priorities and sustainable procurement themes e.g. small to medium enterprise participation, aboriginal participation, modern slavery or environmental sustainability.

Agencies are encouraged to report on additional performance indicators currently measured in their organisation. The elective nature of these metrics allows for annual reporting to reflect each agency's priorities and evolving NSW Government priorities over time.

Agencies are encouraged to provide any context to qualify their annual outcomes reporting. This should be captured in the *Annual Outcomes Report* template before it is signed off by the Agency Head and Secretary.

Outcomes data calculation should be consistent year-on-year. Any changes to data calculation methods should be qualified in the *Annual Outcomes Report*.

Target setting and performance against targets

Agencies should set performance targets against each metric for their second reporting year onwards. Each agency must set their own meaningful targets and demonstrate a willingness for improvement. Agencies are encouraged to provide any context to qualify their targets.

Ongoing outcomes reporting is focused on understanding how the agency's procurement function has performed against its targets, within a +/- 10% tolerance. This is known as "target tolerance".

Agencies under-performing beyond this tolerance are expected to provide commentary in the *Annual Outcomes Report*. Commentary should explain the root cause, the potential impact to the agency, and the proposed corrective actions.

An agency may change their annual targets or elective metrics as part of the annual target setting process. If an agency would like to change a target or elective metric they must identify this in their *Annual Outcomes Report* for Board approval.

Inputs to capability assessment reporting

Agencies are to use the NSW Government Procurement Capability Assessment Tool to assess their procurement capabilities in line with the Public Service Commission Capability Framework. Where an agency has an alternative existing solution, the agency must request Board approval to use it as an input into capability reporting. This assessment is the source data for the 'capability uplift' outcome metric.

Chief Procurement Officers / Heads of Procurement of accredited agencies will determine the tool's user base in order to provide a fair representation of their procurement function capability level. The primary user base for the tool will be any role where the majority of activities are procurement related. Eligible staff may include long-term contractors (9+ months) and devolved procurement team members depending on their contribution to procurement outcomes.

5.3.3 Self-assessment attestation

A *Self-assessment Attestation* is to be signed annually by each accredited agency's Secretary to confirm that best endeavours have been undertaken by their agency or agencies to comply with their accreditation requirements.

Each accredited agency is to determine that they meet the requirements of their accreditation using a pragmatic level of assurance. Secretaries may decide to obtain assurance from reviews conducted by their respective procurement units or other sources that they deem appropriate.

The *Self-assessment Attestation template* and the *Accreditation Minimum Requirements* document are available in the toolkit.

5.4 Trigger events management

The purpose of the trigger event mechanism is to ensure that an agency's accreditation level is suitable for their actual procurement capability and capacity. 'Trigger Events' are situations at accredited agencies that potentially affect the agency's ability to meet their accreditation requirements.

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5.4.1 Types of trigger events

Six types of trigger events are outlined as follows.

Type of trigger event	Definition
Under or over performance	A trend of under or over performance relative to outcome targets, across two or more metrics, for two consecutive reporting periods.
Machinery of Government	Machinery of Government changes that materially impact the procurement function and its structure, capability, processes or systems.
Organisational change	Significant organisational changes that materially impact the structure, capacity, or processes of the procurement function.

Type of trigger event	Definition
Capability change	Significant changes in capability stemming from uplift or loss e.g. recruitment of specialist resources or resource departures.
Non- compliance	Procurement activities conducted outside of relevant government legislation and policies and their mandatory requirements.
Failure to submit	Failing to submit annual self-assessment documentation to NSW Procurement i.e. *Annual Outcomes Report, Agency Procurement Plan* and *Annual Self- Assessment Attestation.*

The Board has the right to redefine trigger events as it sees fit.

5.4.2   Manage trigger events

All trigger events will be managed through the Procurement Leadership Group (the PLG) and escalated to the Board as appropriate. The onus is on agencies to assess and advise the PLG of the severity of the trigger event identified and to develop and implement a *Trigger Event Action Plan* as outlined in *Figure 4* below.

The Board may decide to conduct a targeted review, vary the agency's level of accreditation or withdraw the agency's accreditation. These decisions would be based on the nature of the trigger event identified and on the agency's ability to close out the *Trigger Event Action Plan*.

Trigger Event Escalation Process

Agency to evaluate trigger event and notify PLG of findings	
Agency to develop *Trigger Event Action Plan* for PLG endorsement	If required
Board considers targeted review with root cause analysis and *Trigger Event Action Plan*	If not addressed
Board considers full review potentially resulting in accreditation status change or withdrawn	If not addressed

Figure 4 Trigger event escalation process

The *Trigger Event Action Plan* should be used to identify actions to address trigger events. The Agency Head (if applicable) and Secretary must approve the completed plan prior to submitting it for PLG endorsement. Please refer to the template available in the toolkit for further information.

An agency or part of an agency which is transferred to another agency or cluster can continue to rely on their existing accreditation, policies and procedures while a trigger event is being managed. Meantime, the agency should ensure it complies with relevant government legislation and policies.

Agencies are to advise NSW Procurement if there are any changes to their accreditation status as a result of a machinery of government.

6 Contracts Established by Accredited agencies

6.1 Provision of contract details to other agencies

Details of all agency-specific contracts must be disclosed on the Contracts Register (hosted on the NSW eTendering website https://tenders.nsw.gov.au). Accredited agencies must either:

- Publish contract information in accordance to the Government Information (Public Access) Act 2009; or

- Where the full terms and conditions are not available online, the agency must provide the full terms and conditions to any public sector service agency upon request.

6.2 Purchasing by eligible customers

Where an accredited agency establishes / manages a whole-of-government arrangement the accredited agency may need to ensure that the deliverables can be purchased by eligible customers.

Where an accredited agency is responsible for a whole-of-government arrangement which is catalogued in NSWBuy - eCatalogues, the accredited agency needs to ensure suppliers maintain the catalogue information on NSWBuy – eCatalogues or any future solutions.

6.3 Use of external resources to undertake procurement

Where an accredited agency engages external resources to undertake procurement on behalf of the accredited agency, the accredited agency is responsible for the procurement process and its outcomes.

6.4 Procurement processes undertaken by accredited agencies on behalf of other entities

A government agency accredited by the Procurement Board under section 174 of the Public Works and Procurement Act 1912 may procure goods and services for that agency or for other government agencies, subject to any terms and conditions of its accreditation.

Where an accredited Agency undertakes procurement on behalf of another government entity, the accredited Agency is responsible for compliance with applicable procurement policy framework and related processes and laws.

7 Role of NSW Procurement

NSW Procurement is responsible for administering the Program and its responsibilities include, but are not limited to:

- Managing the accreditation assessment process by:

    - Providing oversight during the independent assessor selection process

    - Conducting planning meetings with applicant agencies to explain the assessment process and determine appropriate accreditation level to target

    - Monitoring the status of accreditation assessments on a weekly basis

    - Providing clarifications and support to the applicant agency and independent assessor during the accreditation assessment process

    - Reviewing the draft assessment documents prior to submission for applicant Secretary's approval.

    - Issuing the accreditation request for approval by the NSW Procurement Board on behalf of the applicant agency

- Providing ongoing advice and support to accredited agencies in completing the annual self-reporting process and managing identified trigger events by:

    - Supporting agencies to set suitable performance targets for annual reporting purposes

    - Supporting agencies to evaluate potential trigger events and identify suitable remedial actions when requested by the NSW Procurement Board

    - Consolidating annual reports from agencies for submission to the NSW Procurement Board

8 Role of NSW Procurement Board

8.1 Responsibilities of NSW Procurement Board

The NSW Procurement Board acts as the owner of the Program to support agencies in lifting procurement standards and performance in government. Its responsibilities include, but are not limited to:

- Approving any changes made to the Program

- Granting accreditation to applicant agencies

- Monitoring agencies compliance with their accreditation obligations as well as year on year performance

- Reviewing an agency's outcomes target/s

- Requesting to conduct a targeted or full review of an accredited agency following the identification of a trigger event

- Appointing PLG to manage trigger events on its behalf

- Varying or withdrawing accreditation from accredited agencies not meeting their accreditation obligations

Annual outcomes reporting is not intended for comparison purposes but rather to demonstrate and improve the contribution of each agency's procurement function to their respective business.

8.2 Responsibilities of the Chair of the NSW Procurement Board

The responsibilities of the Chair of the NSW Procurement Board include, but are not limited to:

- Approving interim accreditation status until the next NSW Procurement Board meeting.

9 Definitions

'Agency' refers to any NSW entity, agency or cluster

'Board' refers to the NSW Procurement Board

'Contract' is used to describe all arrangements including a contract, standing offer, scheme, or any other form of agreement between a government agency/s and supplier/s, whether or not the arrangement creates a legal relationship between the parties. This includes various models of supplier arrangements, including:

- contracts between an agency and a supplier

- standing offer agreements between agencies and suppliers, which establish the legal arrangements for contracts relating to the purchase of goods or services

- registration lists and prequalification schemes, under which agencies then enter into contracts

Whilst these models create different legal relationships between agencies and suppliers, these guidelines refer to these as 'contracts' for the sake of simplicity

'Contract value' is the genuine, estimated value over the proposed term of the acquisition (not a value per annum). Unless specified otherwise, value is inclusive of GST. If an agency undertakes more than one procurement activity with the same supplier for the same goods and services within a reasonable period of time, the value of all the procurements should be added together (that is, order splitting is prohibited)

'Chief Procurement Officer' or **'Head of Procurement'** refers to the head of the procurement function

'Maximum Contract Value' or **'MCV'** is the dollar value up to which accredited agencies can undertake their own agency-specific procurement activity without seeking concurrence
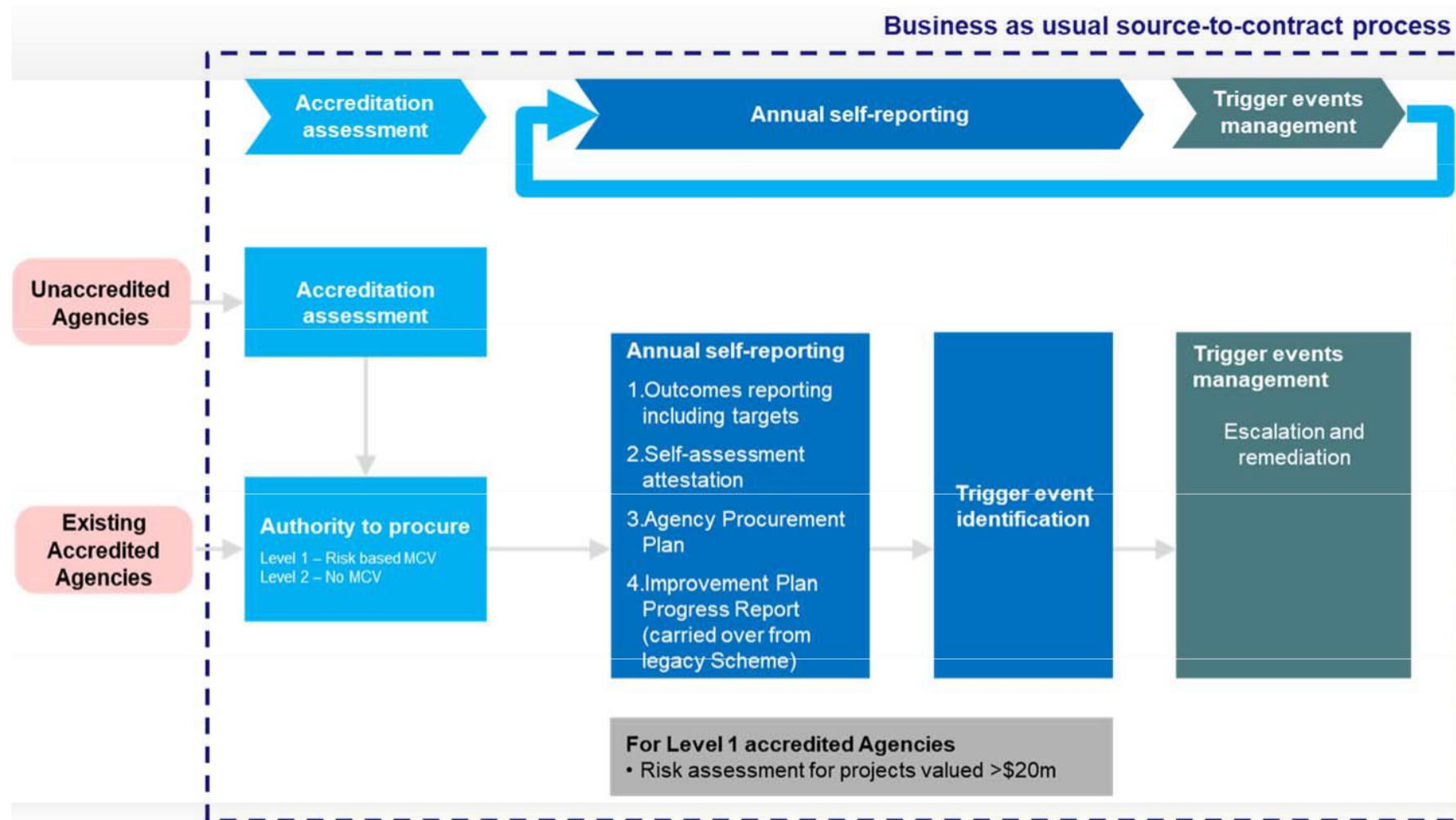
'NSW Procurement' refers to the NSW Procurement in NSW Treasury
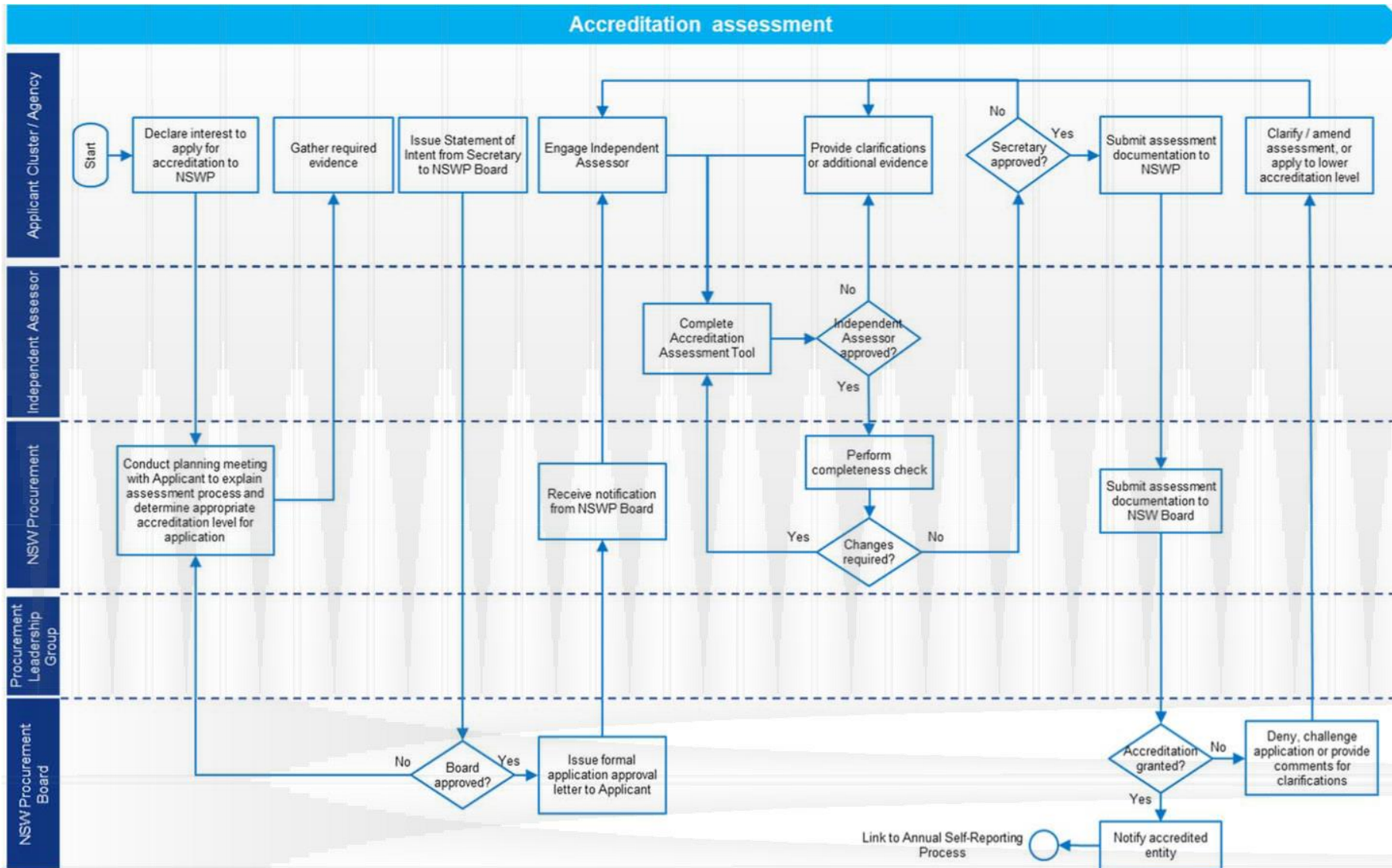
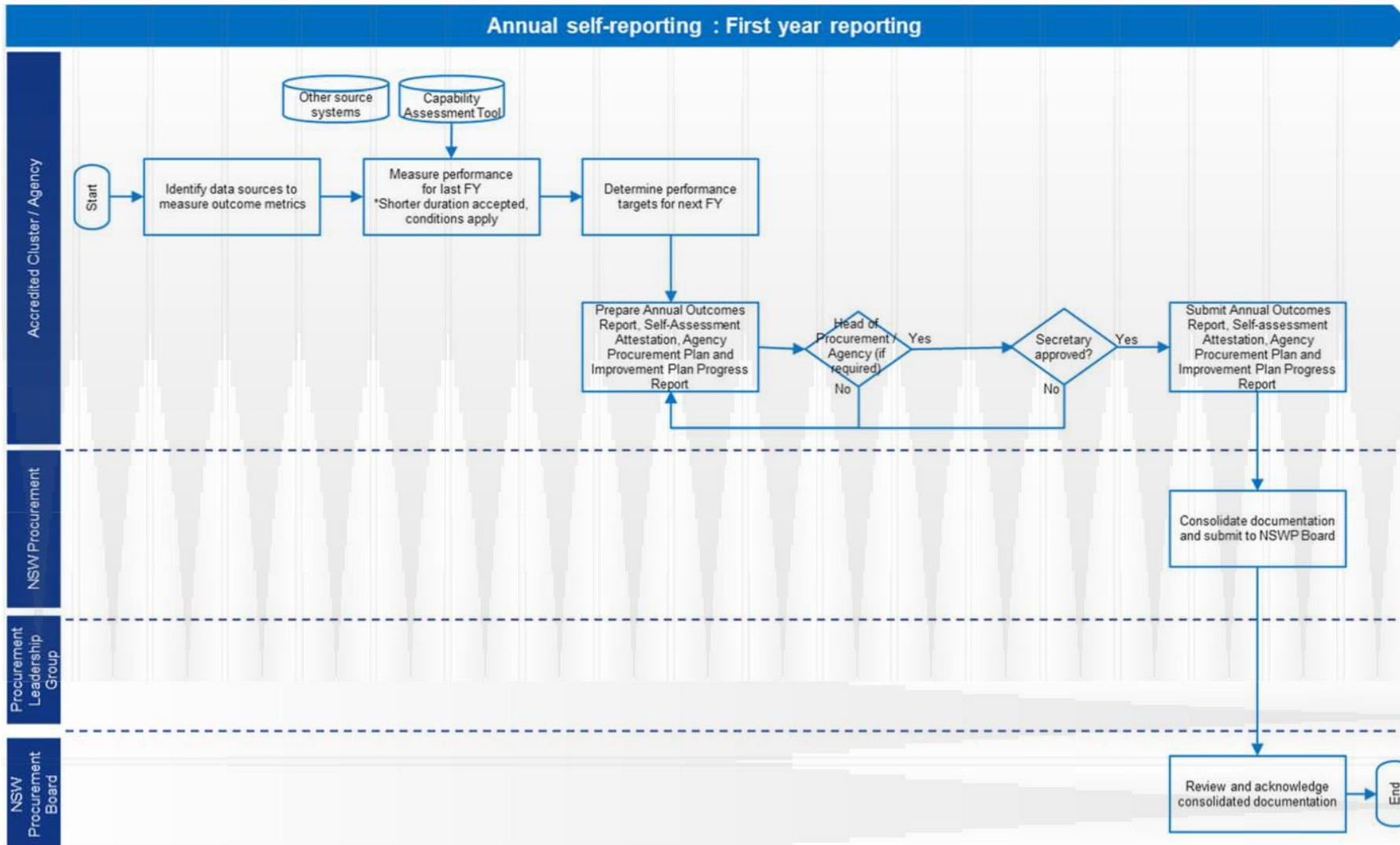**'Procurement event value'** refers to 'contract value' as defined above

'PLG' refers to the NSW Procurement Leadership Group

'Program' refers to the Accreditation Program for Goods and Services Procurement

10 Appendix A – Process Flows

Accreditation assessment

Annual self-reporting : First year reporting

Annual self-reporting – Second reporting year onwards
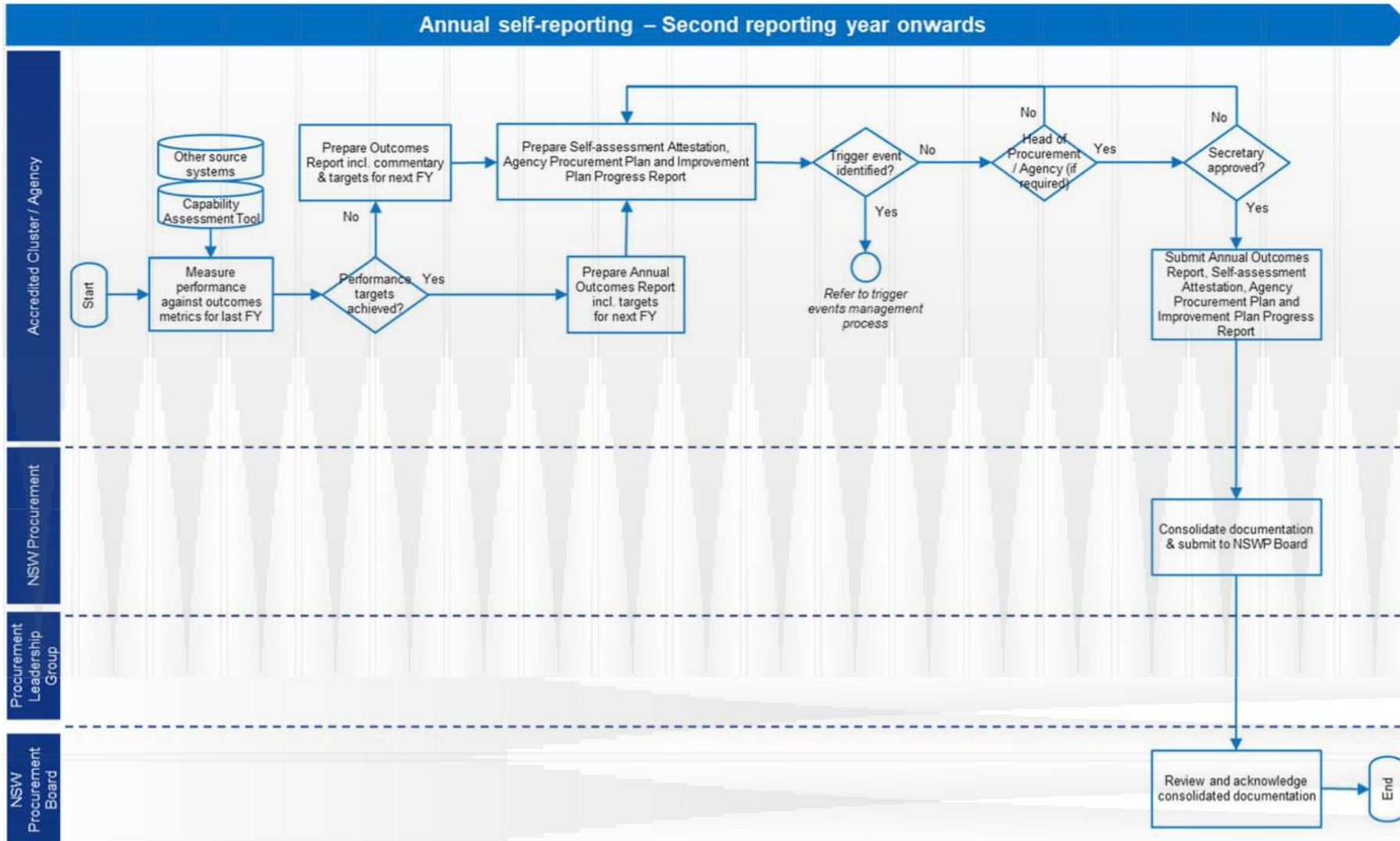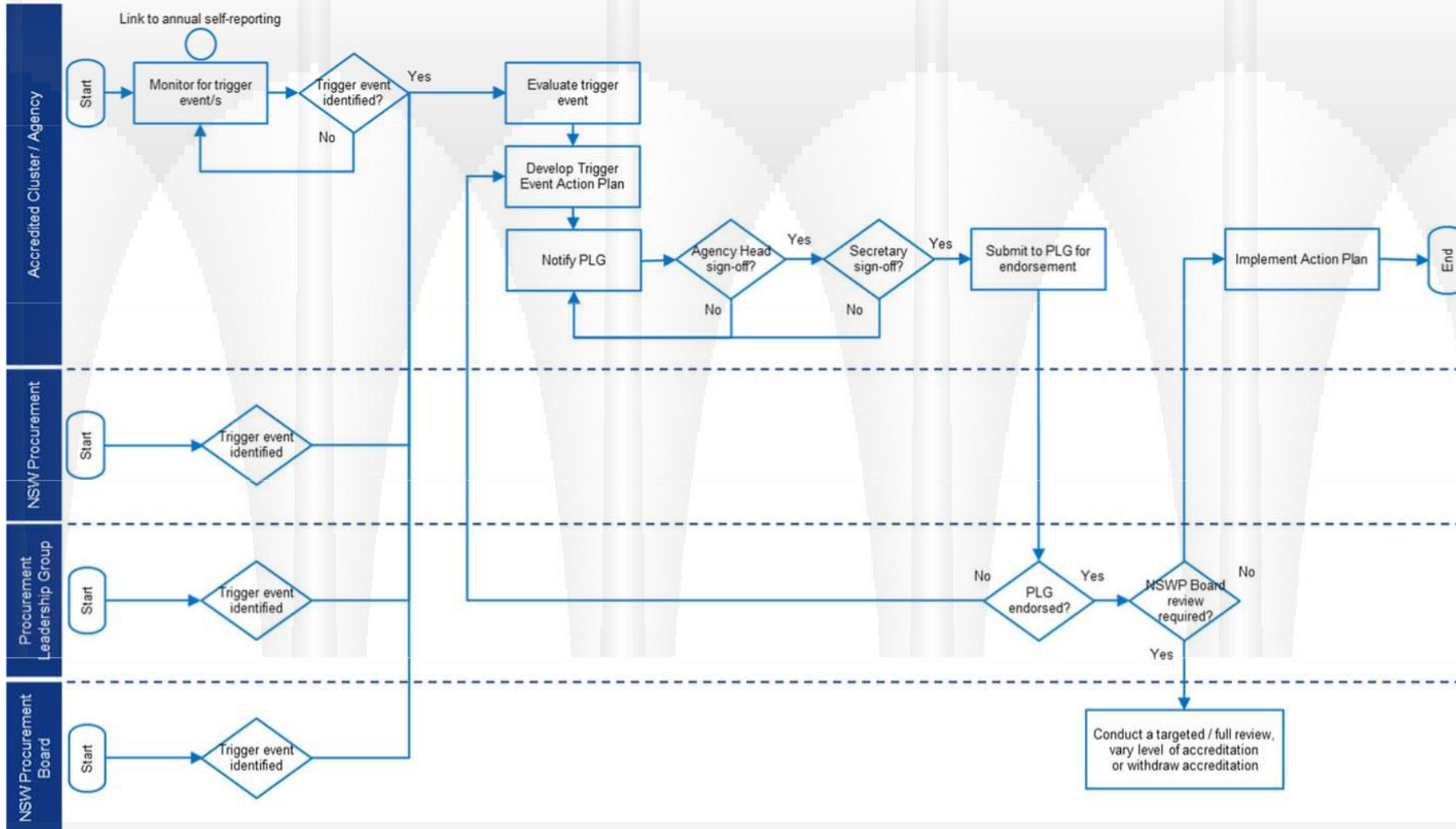
Individual risk assessment for all procurement projects – Specific to Level 1 accredited Agencies

Pre-requisite: Level 1 Accreditation granted

Level 1 Accredited Cluster / Agency

Start → Develop procurement strategy → Assess risk level of the procurement event → Determine applicable MCV based on the risk level assessed using the MCV Decision Tree → Document risk assessment in sourcing strategy

Is MCV sufficient? — Yes → Run procurement project → End

No → Obtain relevant concurrence
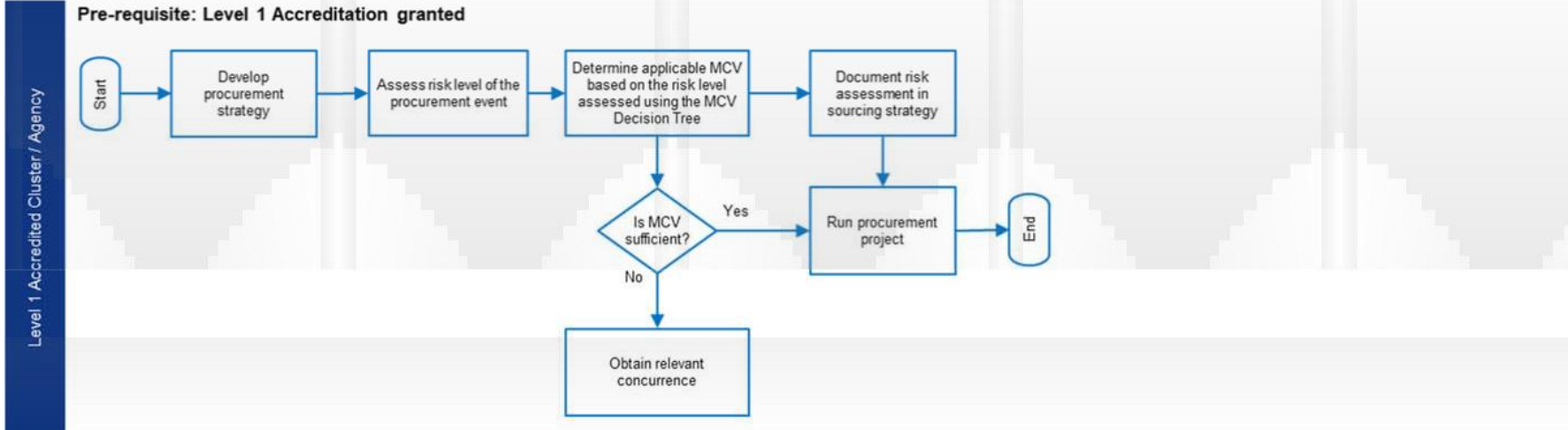
11 Appendix B – Program Enabling Tools & Toolkit

Documents and tools have been made available to the applicant and accredited agencies to comply with the Program. These documents and tools should be read in conjunction with the *Accreditation Program Requirements*.

11.1 Toolkit documents for accredited agencies

The documents outlined below are to be used by the accredited agencies to comply with their accreditation obligations during the annual self-reporting process.

- *Accreditation Minimum Requirements:* this is the list of minimum requirements for Level 1 or Level 2 accreditation that accredited agencies must continuously comply with under the Program, together with corresponding evidence documentation for reference.

- *Self-assessment Attestation Form:* this form is for accredited agencies to confirm they continuously meet the requirements of their accreditation. This document is to be submitted to the Board by the Secretary on an annual basis.

- *Annual Outcomes Report template:* this template is for the accredited agencies to capture year-on-year performance against the defined set of outcome metrics. The completed report must be submitted by the Secretary to the Board on an annual basis. This document also provides definition, calculation and proposed source of information for each metric.

- *Agency Procurement Plan template:* this template is for accredited agencies to provide visibility on their procurement projects pipeline. The plan is to be submitted by the Secretary to the Board on an annual basis as part of the annual self-reporting process.

- *Trigger Event Action Plan template:* this template is for accredited agencies to develop remediation actions to address any trigger events identified.

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11.2 Toolkit documents for applicant agencies

The documents outlined below are to be used by the applicant agencies during the accreditation process.

- *Accreditation Minimum Requirements:* this is the list of minimum requirements for Level 1 or Level 2 accreditation that applicant agencies may refer to in assessing whether accreditation is suitable for their agency.

- *Statement of Intent Form:* this is the application form to be submitted by the applicant agency's Secretary to the Board, confirming targeted accreditation level.

- *Independent Assessor Scope of Work:* this document outlines key activities to be performed by an independent assessor during an accreditation assessment. It should be used by applicant agencies when engaging their assessor.

- *Accreditation Assessment Tool:* this tool is the assessment checklist of minimum requirements and evidence for Level 1 or Level 2 accreditation to be completed by the independent assessor

during the accreditation assessment. The assessment report included in the tool must be signed off by the independent assessor and the applicant agency's Secretary.

- *Accreditation Assessment Interview Guidance:* this form is a checklist for capturing the outcomes of the interviews conducted by the independent assessor as part of the accreditation assessment.

- *Agency Procurement Plan template:* this template is for the applicant agency to provide visibility on their procurement projects pipeline and must be submitted for the purpose of the accreditation assessment. This document will then be completed and submitted to the Board as part of the annual self-reporting process.

- *Annual Outcomes Report template:* this template is for the applicant agency to provide visibility on their performance and set targets against the defined set of outcome metrics. This document will then be used by the accredited agency to capture year-on-year performance for submission to the Board as part of the annual self-reporting process. This document also provides definition, calculation and proposed source of information for each metric.

- *Accreditation Assessment Weekly Status Update template:* this is a template to be used by the independent assessor to provide update to NSW Procurement on the accreditation assessment progress.

- *Agency and Independent Assessor Post-Assessment Feedback Forms:* this is the survey that the applicant and the independent assessor may use to assess satisfaction of the accreditation assessment process and toolkit documents.

11.3   NSW Government Procurement Capability Assessment Tool

In addition to the toolkit documents, the NSW Government Procurement Capability Assessment Tool has been made available to accredited and unaccredited agencies to assess their Procurement capabilities on an ongoing basis. This assessment will provide inputs into the annual outcomes reporting under the Program.

Chief Procurement Officers / Heads of Procurement of accredited agencies will determine the tool's user base in order to provide a fair representation of their procurement function capability level. The primary user base for the tool will be any role where the majority of activities are procurement related. Eligible staff may include long-term contractors (9+ months) and devolved procurement team members depending on their contribution to procurement outcomes.

Agencies are expected to use the NSW Government Procurement Capability Assessment Tool to assess their procurement capabilities in line with the Public Service Commission Capability Framework. Where an agency has an alternative existing solution, the agency must request Board approval to use it as an input into capability reporting.

Please contact NSW Procurement Service Centre, nswbuy@treasury.nsw.gov.au, or 1800 679 289, to access the documents and tools covered in this section.

12 Appendix C – Decision Tree

Level 1 accredited agencies are required to use the decision tree below to determine the applicable maximum based contract value for each procurement event valued over $20 million. Nine key questions will be used to assess the procurement-specific risks of the event.
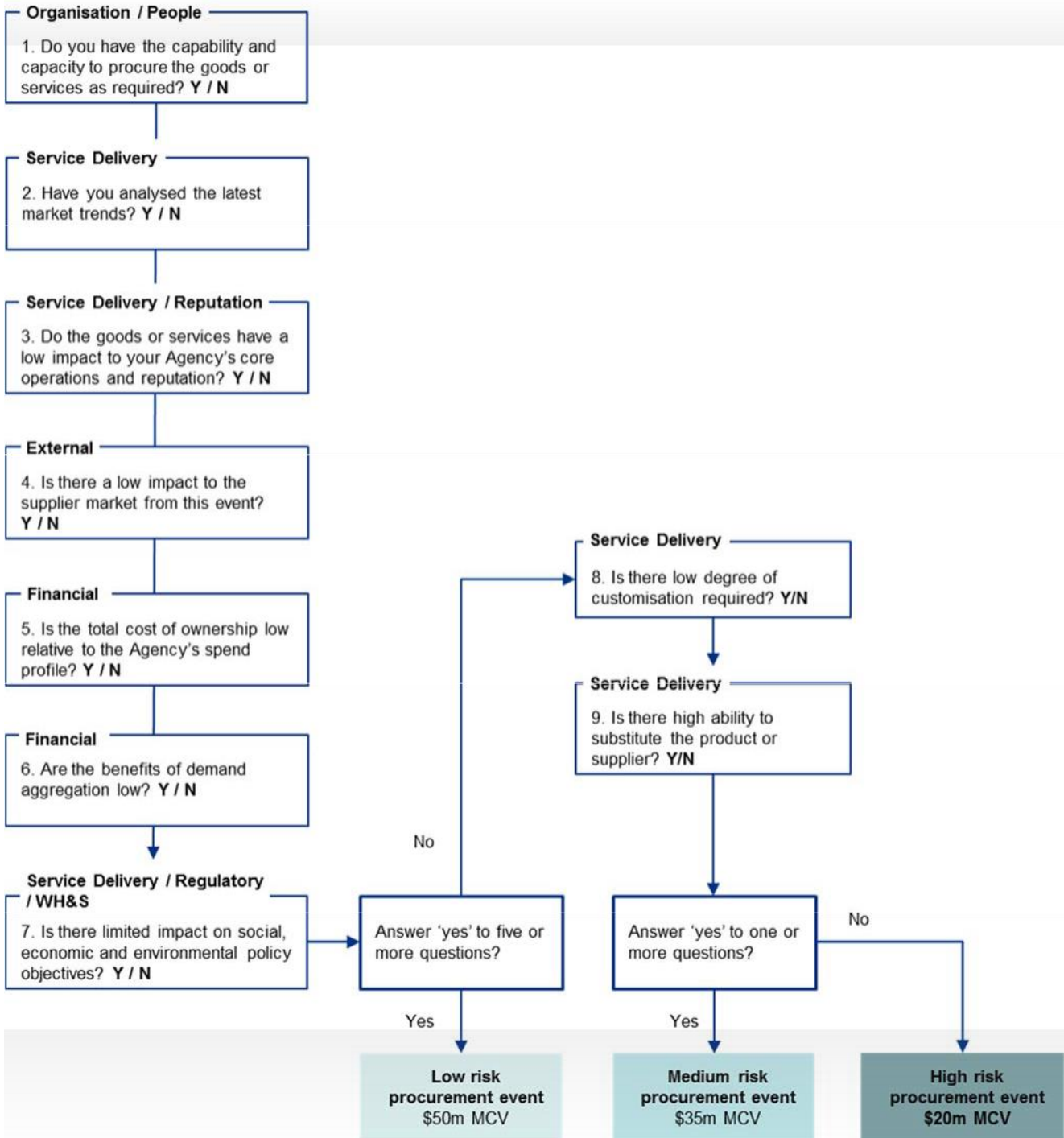

Figure 5 MCV Decision Tree

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The table below is designed to help users navigate the decision tree.

Decision tree question		Guidance
1	**Organisation / People** Do you have the capability and capacity to procure the goods or services as required?	Consider whether the team members responsible for this event have procured this type of good or service before e.g. open tender, competitive dialogue, direct negotiation. Are these team members familiar with the specification and commercial models relevant for this event? Is there adequate oversight from senior team members to conduct the end to end process? i.e. from requirements definition to contract delivery.
2	**Service Delivery** Have you analysed the latest market trends?	Have you completed supplier market analysis? Are you up to date with market trends, innovations and new players? Have significant changes been identified in the products, services or supplier offered?
3	**Service Delivery / Reputation** Do the goods or services have a low impact to your agency's core operations and reputation?	Consider the criticality of the good or service on the core operations, services and reputation of your agency. Assess the impact considering the consequences of unavailability or failure of the good or service to be procured. What is the impact to the business in a situation of supplier failure?
4	**External** Is there a low impact to the supplier market from this event?	Consider the impact of the procurement on the supplier market. Is this a relatively large procurement in the market in terms of scale and scope? How is the market placed to respond to this need?
5	**Financial** Is the total cost of ownership low relative to the agency's spend profile?	What is the total cost of ownership of this procurement event relative to the agency's overall spend profile?
6	**Financial** Are the benefits of demand aggregation low?	Do other agencies currently buy this type of good or service? Do the benefits of demand aggregation warrant a collaborative approach?
7	**Service Delivery / Regulatory / WH&S** Is there limited impact on social, economic and environmental policy objectives?	Consider the impact of the procurement on the social, economic and environmental policy objectives of your agency and NSW Government more broadly. Have you checked the relationship between this event and the latest NSW Government policy objectives? For example, disability enterprises, aboriginal participation, modern slavery etc. Assess the impact on these policies if the good or service was unavailable or failed.
8	**Service Delivery** Is there low degree of customisation required?	Consider whether any elements of the good or service need to be tailored to suit specific requirements of your agency. Is this a standard or 'off the shelf' good or service?
9	**Service Delivery** Is there high ability to substitute the product or supplier?	Consider to what degree another product or supplier could be used in place of another. Is there only one type of product suitable? Is there only one supplier able to deliver the product or service?

The table below is designed to document the results and rationale in the sourcing strategy for the given procurement event.

	Decision tree question	Yes / No	Rationale
1	Do you have the capability and capacity to procure the goods or services as required?		
2	Have you analysed the latest market trends?		
3	Do the goods or services have a low impact to your agency's core operations and reputation?		
4	Is there a low impact to the supplier market from this event?		
5	Is the total cost of ownership low?		
6	Are the benefits of demand aggregation low?		
7	Is there limited impact on social, economic and environmental policy objectives?		
8	Is there low degree of customisation required?		
9	Is there high ability to substitute the product or supplier?		
Risk Level		*Low / Medium / High*	
Applicable Maximum Contract Value		*$20m / $35m / $50m*	

13 Appendix D – Approval of whole-of-government procurement arrangements

Approvals, endorsements and notifications supporting approval of whole-of-government goods and services procurements, with Level 2 Accredited agencies as leads.

In relation to↓	New contract with supplier(s)?	Market Approach required?	New Procurement Strategy?	Category Management Working Group (CMWG)**	Lead buyer agency (with Level 2 Accreditation)	Procurement Leadership Group (PLG)	Procurement Board
(1) Extending an existing contract	No	No	No	Endorses contract extension	**Approves contract extension**	Notified ahead of contract extension by Lead agency*	N/A
(2) Establishing a new contract with the same goods or services in the same category of the existing contract	Yes	Yes	Optional (Lead agency's decision)	Approves procurement Strategy (if applicable) + endorses procurement	**Approves procurement**	Notified ahead of procurement by Lead agency*	N/A
(3) Establishing a new contract with different goods or services in the same category of the existing contract	Yes	Yes	Yes	Approves Procurement Strategy + endorses procurement	Develops PLG submission	**Approves procurement**	Notified after PLG approval by Lead agency
(4) Establishing a new contract with different goods or services in a different category to the existing contract	Yes	Yes	Yes	Approves Procurement Strategy + endorses procurement	Develops PLG and Procurement Board submissions	Endorses procurement	**Approves procurement**
(5) Lead buyer agency intends to terminate or discontinue a whole-of-government contract*	N/A	N/A	N/A	Advises the lead buyer agency of whole-of-government impacts of termination or discontinuation	**Refers intention to terminate or discontinue to PLG, with reasons and CMWG's advice**	**Decides on any further action from a whole-of-govt perspective, AND decides whether to notify the Procurement Board as well**	**Decides on any further action from a whole-of-govt perspective, if PLG refers lead-buy agency's intention**

*To PLG Secretariat, NSWCPO@treasury.nsw.gov.au; **If a CMWG exists for this Category; ***Discontinuation is where a contract will expire but a replacement contract is not intended to be put in place.