# Obtaining VGPB accreditation: Goods and services guide

## What is accreditation?

Accreditation is the process undertaken by a public body (organisation) to be assessed for compliance with the Victorian Government Purchasing Board (VGPB) supply policies. Organisations can either self-nominate for accreditation or be nominated by the relevant Minister in accordance with *the Financial Management Act* 1994 (Vic).

In identifying organisations for VGPB Accreditation consideration will be given to:

* the organisation’s procurement profile including their spend and the complexity of their procurement activity;
* the potential economic benefit to the state;
* the criticality of the government services they are providing; and
* the procurement capability of the organisation being commensurate with the organisation’s procurement profile.

### Accredited organisations

To date all mandated entities, VicRoads and Public Transport Victoria have transitioned to the policy framework. The VGPB encourages other public bodies to consider becoming accredited or aligning with the VGPB procurement framework.

## What is the procurement reform?

In February 2013, the VGPB introduced a policy framework for the procurement of goods and services. The framework emphasises good governance, accountability and strategic planning and seeks to elevate an organisation’s procurement function to align with its broader organisational business strategy. The framework allows each organisation to develop a longer-term strategy suited to its unique procurement profile. This approach can maximise potential savings and social benefits from procurement spend.

The procurement reform places the onus on the buyer to understand how best to manage the procurement process, how best to engage with the supplier market and for the organisation to align the skills required to manage the procurement (capability) with the requirements of the procurement activity (complexity). It requires structural, cultural and process change within an organisation.

## What is expected as part of the accreditation process?

The organisations is required to gain an understanding of its procurement profile, its spend patterns and the complexity of the procurement being undertaken, the capability of their organisation and its supplier profile. A procurement strategy based on this information is then developed to implement an effective procurement function aligned with the organisations business strategy.

The VGPB Secretariat is available throughout the process for advice and guidance. Once a procurement strategy (including the support documents) is developed, the organisation is to provide a submission to the VGPB for assessment. It should outline the organisation’s procurement capability, governance and processes aligned to the VGPB supply policies.

The VGPB Secretariat will provide support to assist organisations in the preparation of their submission. The Procurement reform accreditation roadmap (presented at the end of this page) highlights touch points for VGPB Secretariat review.

The VGPB Secretariat will review:

* the adequacy of the baseline analysis to inform the procurement strategy;
* the governance framework, including complaints management system, capability, systems and processes;
* procurement strategy, procurement activity plan, capability development plan, contract management planning strategy and supplier engagement plan;
* evidence to demonstrate alignment to the policy framework; and
* identification of risks/challenges and action plan to mitigate risk.

### Key elements for assessment

Organisations responsibility:

* Apply the policy framework in a way that best suits their procurement profile and business activity ensuring it reflects their organisational structure and capability.
* Provide a submission from the Accountable Officer (AO) or their equivalent, supported by an internal audit report, on how the supply policies have been applied and ensuring their organisation’s readiness to apply the procurement reform policy framework.

VGPB responsibility:

* Assess submissions from the AO (or their equivalent) on how the supply policies have been applied across their organisation and the organisation’s readiness to apply the procurement reform policy framework

### Submission

The submission should provide details at a point in time and how it informs the organisation’s procurement strategy. Information required includes:

* the spend profile of the organisation and how it informs the procurement strategy including category management, complexity assessment and contract management planning strategy;
* who the organisation’s existing suppliers are;
* what the current capability of the organisation is and what systems, people and resources are in place within the organisation to undertake procurement;
* whether the capability is adequate to ensure procurement is being undertaken effectively and/or what strategies will be undertaken to build capability;
* how the organisation currently assesses the performance of its procurement function. What are the existing challenges? and
* the risks impacting the successful delivery of the organisation’s procurement strategy?

There are a number of key elements that an organisation should include as part of its submission:

* A procurement strategy should include:
  + procurement governance structure and interface with business strategy;
  + objectives and targets;
  + risks impacting the procurement function;
  + procurement activity plan;
  + procurement market analysis;
  + contract management planning strategy;
  + key performance measures and assessment approach;
  + capability development plan; and
  + a supplier engagement plan.
* details of the CPO’s role, responsibilities and experience.
* details of the Internal Procurement Unit including:
  + its structure;
  + role and responsibility (terms of reference); and
  + capability and experience.
* high level organisation structure demonstrating how procurement is undertaken across the organisation.
* use of State Purchase Contracts and the strategy to adopt the aggregated arrangements.
* use of standard form contracts and market approach templates.

### Format for submission

There is no standard format for the submission; however it is recommended that organisations cover the topics defined above to the level of applicability and relevance to their organisation. The AO or CPO maybe requested to present their submission to the VGPB to ensure clarity but to also answer questions from the Board.

An accreditation assessment tool has been developed to assist organisations in:

* understanding where the gaps may be in the organisation’s readiness to transition to the new procurement framework; and
* collating information in developing their submission to the VGPB for accreditation.

A suite of guides have also been developed to assist organisations in developing a procurement strategy, complaints management system, supplier engagement plan, procurement activity plan and contract management planning strategy.

All submissions to the VGPB for assessment must be accompanied by an attestation by the AO along with an internal audit report providing support that the submission complies with the requirements of the VGPB supply policies along with Part A of the Accreditation assessment tool.

### Timing of accreditation

There is no specified period of time for completing the submission for accreditation. Timing will be dependent on each organisation and the resources available. It is recommended that a project plan be developed to govern the process for submission and that an appropriate project control board govern the project.

The VGPB Secretariat takes approximately ten business days to review the documentation at each touch point and will have ongoing communication with the organisation’s project team.

### Outcome of the submission

The VGPB will undertake the assessment based on the organisation’s submission. As part of this assessment, the VGPB may determine that certain elements of the submission are to be resubmitted on an annual basis (or as agreed) for ongoing monitoring.

These elements may include:

* the procurement strategy and procurement activity plan;
* contract management planning strategy;
* capability development plan;
* key changes in governance and process;
* nomination of strategic procurement activity for VGPB oversight;
* risk identification and mitigation plan;
* usage of existing State purchase contracts; or
* performance reporting.

For further information about oversight, refer to the [Governance of State Purchase Contracts and VGPB’s engagement model – Goods and services procurement guide](https://buyingfor.vic.gov.au/governance-state-purchase-contracts-and-vgpbs-engagement-model-goods-and-services-procurement-guide)*.*

## Accreditation

Once the VGPB has completed the assessment and is satisfied that an organisation is ready to be accredited, the Minister will be advised. Following feedback from the Minister, formal advice will be sent to the organisation. This will include confirmation of accreditation, commencement date and any elements that require ongoing review.

Once accredited, organisations will be required to:

* publish their procurement activity plan;
* procure from mandated state purchase contracts;
* participate in whole of government procurement initiatives facilitated by the VGPB;
* report annually to the VGPB on their procurement activity and performance measures; and
* undertake self-audits as required from time to time by the VGPB.

## Using this guide

This guide accompanies the goods and services supply policies. There are 5 supply policies:

* Governance policy
* Complexity and capability assessment policy
* Market analysis and review policy
* Market approach policy
* Contract management and disclosure policy

This guide supports the [Governance policy](https://buyingfor.vic.gov.au/governance-goods-and-services-policy-and-guides).

Guides and tools to assist with the accreditation process:

* [Develop a procurement strategy: Goods and services guide](https://buyingfor.vic.gov.au/developing-procurement-strategy-goods-and-services-procurement-guide)
* [Develop a procurement activity plan: Goods and services guide](https://buyingfor.vic.gov.au/developing-procurement-activity-plan-goods-and-services-procurement-guide)
* [Complaints management: Goods and services guide](https://buyingfor.vic.gov.au/complaints-management-goods-and-services-procurement-guide)
* [Prepare a supplier engagement plan: Goods and services guide](https://buyingfor.vic.gov.au/preparing-supplier-engagement-plan-goods-and-services-procurement-guide)
* [Contract management planning strategy: Goods and services guide](https://buyingfor.vic.gov.au/contract-management-goods-and-services-procurement-guide)
* [Capability: Goods and services guide](https://buyingfor.vic.gov.au/capability-goods-and-services-procurement-guide)
* [VGPB’s engagement model: Goods and services guide](https://buyingfor.vic.gov.au/governance-state-purchase-contracts-and-vgpbs-engagement-model-goods-and-services-procurement-guide)
* [Align with the VGPB procurement framework: Goods and services guide](https://buyingfor.vic.gov.au/aligning-vgpb-procurement-framework-goods-and-services-procurement-guide)



The diagram illustrates the procurement reform implementation roadmap. The diagram sets out the following information.

## Procurement Reform Implementation Roadmap

Procurement reform transition has 3 phases:

* Phase 1 – Initial analysis of procurement in the organisation and planning for reform
* Phase 2 – Developing procurement strategy and procurement activity plan
* Phase 3 – preparing submission to VGPB requesting transition

Phase 1 - Initial analysis of procurement in the organisation and planning for reform has 5 steps:

* Establish governance framework –
  + Appoint Chief Procurement Officer
  + Establish Internal Procurement Unit
  + Create terms of reference for Internal Procurement Unit
  + Develop detailed plan for transition
* Spend analysis –
  + Gather information for spend analysis
  + Validate data integrity
  + Gather information on existing contracts
  + Develop spend analysis report
* Category assessment –
  + Allocate spend data to high level categories and / or subcategories
  + Identify major suppliers in each category
  + Flag aggregate demand opportunities (internal and external)
  + Identify high risk / close to core projects
* Complexity assessment –
  + Plot categories of spend into complexity quadrants
* Touch point – VGPB Secretariat review

Phase 2 - Developing procurement strategy and procurement activity plan has 5 steps:

* Initialise procurement strategy -
  + Identify and map governance framework for procurement
* Procurement analysis –
  + Develop a supplier engagement plan
  + Develop a contract management planning strategy
* Procurement capability –
  + SWOT analysis of organisation’s procurement function
  + Develop a capability development plan
  + Undertake a risk analysis
* Procurement implementation –
  + Develop procurement activity plan (internal and external)
* Touch point – VGPB Secretariat review

Phase 3 – preparing a submission to VGPB requesting transition has one step:

* Consolidate procurement strategy and activity plan
* Prepare all documents on procurement process and procedures
* Undertake an internal audit to ensure compliance with the VGPB framework
* Touchpoint VGPB Secretariat review
* Submit your request for VGPB Accreditation procurement framework to VGPB
* Publish procurement activity plan

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