Writing procurement specifications guideline

This guideline is a recommended course of action under the operational policy framework. Any edits to this guideline must follow the process outlined on the creating, updating and deleting policy documents page.

Overview

This guideline describes the process for developing a specification for the acquisition of goods, services and consultancies.

Scope

The guideline applies to all:

- employees
- members of school governing councils or school councils
- preschool management committees
- ministerial committees that have elected to operate within the department’s procurement authority.
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**Detail**

The guideline aims to provide a high-level overview of key considerations when preparing specifications.

**What is a specification and what should it contain?**

A specification is a detailed description of the goods or services required, and forms part of an invitation to supply or invitation for expressions of interest document.

Specifications should reflect the needs of the customer and user group. The process for requesting an invitation to supply should only commence after all requirements are clear and well-defined. This is to ensure that all potential suppliers have a clear guideline to follow, firstly when quoting on goods or services, and secondly, when carrying out their contractual agreement if they are the successful supplier.

The content of the specification must:

- not restrict competition by including bias that favours a particular supplier
- not act as a barrier to the introduction of alternative products for new and advanced technology
- encourage suppliers to offer innovative options or solutions which contribute to the department’s ability to carry out its business in a more cost effective manner
- support standardisation of the end product.

A professional specification should include:

- clear, concise requirements
- functional and performance terms only, unless specific technical requirements are needed
- enough information for vendors to be able to appropriately determine and cost the goods or services that they will offer, and to what level of quality.

For purchases where a tender call is required, the Procurement unit will support the development of the specification, and will incorporate the information into the tender documentation.

**Specification components**

A specification is a description of goods and services required by a worksite, and forms part of an invitation to supply or invitation for expressions of interest document. The specification also becomes a key aspect of the contract, so it is important that the specification clearly defines the description of the goods and services.

The basic structure of a specification may contain:

- an introduction
- the scope and context
- statement of requirement(s)
- other documents relevant to the requirement
- service conditions and environmental factors
- technology, systems and management techniques
- quality requirements
- occupational health, safety and welfare
- whole of life support
- security measures relevant to the requirement
- training requirements
- documentation required from the supplier
- transition requirements
- implementation timetable
- glossary
- attachments.

A specification should contain a level of detail appropriate to the level of complexity of the item being purchased, for instance, inexpensive off-the-shelf items such as general stationery items would require a minimum descriptor. For more complex requirements, the specification should be more descriptive.

**What not to include in a specification**

Specifications should not include:

- conditions of tender
- conditions of contract
- bias favouring a supplier
- questionnaires used by tenderers to submit offers
- aspects which may lead to discrimination either directly or indirectly to particular suppliers
- over specified requirements
- disclosure of allocated budgets.

**The importance of a clear specification**

A specification must be clear and accurately define the expectation of the supplier. Ambiguity in the specification may result in inappropriate or incomplete responses from potential suppliers. A poor description of requirements may mean that the product or service is not delivered as required.

In order to ensure a clear and concise specification, it may be necessary to:

- consult with the end users of the proposed good or service to be purchased, and ensure that their requirements are incorporated into the specification
• research the market to determine available solutions, likely costings and time scales. This can be achieved by making general enquiries of suppliers, purchases or industry associations, or by placing formal advertisements for an invitation for expressions of interest via the Procurement unit
• determine the scope including the likely demands on the supplier and the range of goods or services which will be required
• determine the evaluation criteria so that the specification clearly indicates the relative importance of each requirement.

Setting the evaluation criteria

Due to the expenditure of public money, it is important that all transactions are undertaken in an accountable and transparent manner. Part of this process involves setting evaluation criteria to ensure that all offers are evaluated on the same conditions. Generally, this means determining what your worksite requires from prospective suppliers, and how important each of those requirements are.

The evaluation criteria that will be used to assess the compliance of offers to the specification need to be developed when writing the specification. The specification will affect the criteria and their relative importance to each other, and the criteria will in turn affect the decision on the selection of the solution offered by suppliers.

Generally, the evaluation criteria may address such issues as:

• compliance with the department’s terms and conditions
• the advantages of the goods and services being offered
• the ability of the supplier to meet the requirements, including:
  o technical and management competence
  o financial viability
  o risk and insurance requirements
  o relevant skills
  o experience and availability of key personnel
• whole-of-life costs
• an assessment of the risks or constraints associated with the offer.

It is useful to seek offers from suppliers using a template for them to complete or in a structured format, as this ensures that the information provided by each supplier is complete and in a consistent format, making the evaluation process simpler. For acquisitions made via a public tender process, this would be included in the tender response schedule.

As per the quotation and tender requirements defined in the procurement governance policy, worksites may be required to undertake this process for simple acquisitions. For more complex or higher value purchases, the Procurement unit should be involved and will provide assistance to worksites in setting the criteria as part of the procurement process.
For straightforward acquisitions that do not require the involvement of the Procurement unit, a simple evaluation plan template has been created that worksites can use as part of their procurement process.

For more information on the simple evaluation plan contact the Procurement unit on 8226 1610.

**Mandatory and desirable requirements**

The specification must clearly identify whether each requirement is mandatory or desirable, on a clause-by-clause basis. Suppliers should not be considered if they have failed to:

- meet a requirement identified in the specification as mandatory
- demonstrate an alternative means of providing the outputs and outcomes required.

Mandatory requirements are typically prefixed with words such as must, will or shall, while desirable requirements should be prefixed with may or could.

Mandatory requirements should be yes or no scenarios and be kept to a minimum.

**Vetting the specification**

It is useful to have the specification vetted by someone other than the author to ensure it:

- is easy to read
- is easy to understand
- is clear and concise
- is consistent with specifications for the same or similar goods and services
- has a logical structure
- contains only essential information.

**Approving the specification**

After vetting has been completed, the specification should be endorsed by the worksite delegate to confirm the:

- requirement is valid in meeting the business need
- requirement is effectively defined in the specification
- specification is free from bias.

**Using external consultants**

It may sometimes be necessary to engage an external consultant who can provide technical expertise to help users define their requirements. A consultant would normally only be required where complex technical issues are involved. A consultant engaged to develop specifications is normally excluded from tendering for those goods or services and should not be used to make management decisions. Close monitoring and
management of identified conflicts of interest and confidentiality requirements must be undertaken by the worksite.

For further information regarding the engagement of external consultants refer to the procurement governance policy.

Roles and responsibilities

Worksite

Drafting the specification and obtaining advice from the Procurement unit regarding the style, structure and content of the specification, when required.

Endorsing and approving the specification.

Procurement unit

Supporting worksites in the development of the specifications by providing advice on the structure, content and style of the specification.

Evaluating specifications as part of the acquisition planning process.

Monitoring and evaluating the effectiveness of the procedure and conducting periodical reviews as required.

Managers

Ensuring employees undertaking any procurement processes within their role are sufficiently informed about relevant procurement procedures and guidelines.

Managers include executive directors, directors, assistant director, principals and supervisors.

Employees

Ensuring purchases undertaken on behalf of their worksite are conducted in compliance with relevant legislation, government and department procurement requirements.

Definitions

**specification** – a statement of need or requirement which clearly and accurately describes the essential requirements for goods and services.

**selective invitation to supply** – a process where selected suppliers are invited to offer specific goods and services.

**public invitation to supply** – an open invitation to suppliers to offer selected goods and services.

**invitation for expressions of interest** – first stage in a multi stage market approach to select a supplier(s) to fulfil a procurement need.
Supporting information

Related legislation

State Procurement Act 2004

Related policy documents

Procurement governance policy
SPB acquisition planning policy

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