

PUBLIC SECTOR PROCUREMENT CAPABILITY FRAMEWORK

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INTRODUCTION

For many years, the public sector has struggled to attract sufficient applicants to the procurement workforce with strong commercial and interpersonal skills, often because of a lack of awareness of the role and value of the procurement profession.

As the focus of government procurement becomes increasingly strategic to deliver more integrated and sustainable outcomes, there was a need for action.

The Australasian Procurement and Construction Council (APCC), representing Australian and New Zealand government jurisdictions, has developed a five-year collaborative Procurement Capability and Workforce Development Strategy to create 'A professional procurement capability that delivers effective solutions to achieve public outcomes'.

The focus is to standardise how the public sector defines and promotes procurement, so that potential applicants, training and educational providers, and Industry, all have a common understanding of its requirements.

The Procurement Capability and Workforce Development Strategy comprises five elements to provide a comprehensive public sector approach:

- Developing Procurement as a Profession
- Workforce Planning and Management
- Attraction, Recruitment and Retention
- Capability Development
- Performance Management and Reporting

As these elements slowly mature, the intent is for the Australian and New Zealand public sector to invest in and achieve a world-leading public sector procurement profession.

The APCC's first priority was to develop a Public Sector Procurement Profession Role Statement and then flow these requirements into a Procurement Capability Framework. As such, the Procurement Role Statement should be read before reviewing the Procurement Capability Framework. Extensive community consultation, in conjunction with international procurement professional bodies and the private sector, was also conducted to inform these documents.

While the Procurement Role Statement establishes a standard definition of the Procurement Profession, the Procurement Capability Framework identifies the core procurement capabilities and generic business skills necessary for a procurement workforce to deliver successful procurement outcomes.

The focus is primarily on the core Procurement Capabilities, which are unique and central to the role of a procurement workforce. In contrast, generic Business Skills are those which compliment the Procurement Capabilities but which are not exclusive to any one profession. Both are critical to delivering procurement outcomes, and where possible, should be developed concurrently.

While the intention is that Procurement Capabilities should be relatively self-contained, they operate in an interdependent procurement system. As such, a capability relating to Risk Management may impact every other capability. Capabilities are also defined by four proficiency levels which will assist jurisdictions to determine which levels are appropriate for their respective workforces.

Once developed, a list of relevant government endorsed procurement training, educational qualifications and professional certifications will be made available from the APCC webpage.



CAPABILITIES

Capabilities seek to be inclusive descriptors, which include the knowledge, skills, experience, competencies, attributes, qualifications, mindsets, insights, beliefs, attitudes, values, judgements, habits and behaviours necessary to deliver appropriate outcomes. The two types of capabilities include: core Procurement Capabilities and generic Business Skills.

Core Procurement Capabilities are those skills which are critical to delivering effective procurement outcomes. Within the Procurement Capabilities there are two categories: the 'professional' procurement capabilities and the 'procurement life cycle' capabilities. The procurement life cycle capabilities are intended to be broadly sequential, but the reality might be that a particular procurement activity might move iteratively between phases as required.

While these core procurement capabilities appear standalone, they operate within an inter-dependent system. For example, the negotiation or contract development capabilities are applicable across every procurement life cycle phase. Further, where an agency separates the role of developing a contract from contract management, those performing a contract management role still require all of the core procurement proficiencies to achieve value.

Procurement Capabilities can be applied to a range of different procurement sectors, including but not limited to, general goods and services, ICT, construction, health, education, defence materiel, and social and human services. For those working in a specialist procurement sector, additional specific training could supplement these core procurement capabilities.

Generic Business Skills are those skills which are important to procurement but are also relevant to multiple professions, such as project management skills. A procurement officer must understand these business skills and how they intersect with procurement, however they may not need the same level of proficiency as a core procurement capability. For example, while everyone should have an awareness of data literacy, in particular where to seek support or further information, only those actively involved in data literacy activities would need to be proficient in it. Similarly, while not every procurement officer is going to be involved in policy development, they would still be directly engaged in policy implementation activities.

PROFICIENCIES

Capabilities operate at different proficiency levels. The proficiency required for a particular procurement activity is based on the individual's role and level, as determined by their organisation or public sector jurisdiction. Incorporating levels from the Australian Qualification Framework (AQF) and the New Zealand Qualification Framework (NZQF), the identified proficiencies include:

- **Awareness** (including induction) important when dealing with those outside the procurement workforce
- **Foundation** (including vocational)
- **Practitioner** (including undergraduate)
- **Expert** (including postgraduate)

These proficiency levels reflect information complexity, so there may be many short practitioner courses or professional certifications, which are highly complex and thus at the practitioner or expert proficiency level, but which are not delivered by an AQF institution like a Registered Training Organisation or a University.

Each public sector jurisdiction would outline its core procurement capability proficiency requirements relevant to each position or level, including for delegates approving procurement activities.

Whilst not every procurement officer must be an 'expert' in every core procurement capability, it is assumed they will achieve a foundation level proficiency shortly after entering the procurement workforce and have access to expert capabilities as required.



PROCUREMENT CAPABILITIES AND BUSINESS SKILLS AS A SCALE

	Business as Usual Maintenance Compliance Simple Procurement	Business Improvement Fit for Purpose Complex Procurement	Advancing the Strategy Increasing Value Strategic Procurement
Procurement Capabilities	Awareness Foundation	Practitioner	Expert
Business Skills	Awareness Foundation	Practitioner	Expert

There are many ways to describe the Procurement Capabilities and Business Skills to help explain how they could be used.

This slide seeks to illustrate that the Procurement Capability Framework could operate as a proficiency scale from simple to more complex forms of procurement. This slides also brings together both the Procurement Capabilities and Business Skills to show how both are critical to delivering effective outcomes.

The Awareness proficiency is particularly important for those outside the procurement workforce who are using existing arrangements, such as a standing offer panel, but may not be aware of all the legal obligations they must comply with.

Note: In a team context, the procurement project would not require that every team member had all the capabilities at the appropriate proficiency level; rather, what would be needed is that as a whole the ‘team’ collectively had the required breadth and depth of skills.

PROCUREMENT CAPABILITIES

OVERVIEW

PROCUREMENT LIFE CYCLE CAPABILITIES

- ✓ Governance and Assurance
- ✓ Planning
- ✓ Sourcing
- ✓ Evaluation and Negotiation
- ✓ Contract Development and Management

PROFESSIONAL PROCUREMENT CAPABILITIES

- ✓ Identifying and Engaging With Risk
- ✓ Business Law
- ✓ Industry Engagement

PROCUREMENT CAPABILITY TEMPLATE

To provide a consistent approach to describing the individual Procurement Capabilities, a template of standard elements has been adopted. These include:

- **Description** – this provides a short description of the particular capability.
- **Incorporates Sub-Skills such as** – this provides a suggested breakdown of the critical elements of a particular capability.

While not every sub-skill will be relevant to every procurement officer, it does provide

an indicative overview of requirements that may be of value, even at the awareness level.

For example, while the Disposals sub-skill, as part of the Contract Development and Management capability, may not be relevant to every procurement activity, where it is relevant, it would need to be considered from the Planning phase as otherwise it would be too late to consider how to best manage this issue once a significant good, platform (such as ship or plane) or building has come to the end of its life.

IDENTIFYING AND ENGAGING WITH RISK

Consistent with the scope, complexity and scale of a procurement activity, **Identifying and Engaging with Risk** ensures that risk management principles are applied systematically to a procurement activity. This is done to identify and manage all risks, notably technical and commercial risks, in order to deliver the requirement and the value that has been contracted for.

Risk management is an iterative process and risks must be reviewed and updated at every procurement life cycle phase or critical milestone. While it encompasses many types of risk across the procurement life cycle, including business law, industry engagement, commercial/contractual risk, financial risk, legal risk, and logistics and supply chain management risk, its primary objective is the holistic integration and management of all procurement risks.

Incorporates sub-skills such as:

Risk Management and Integration - applying risk management principles (to identify, assess, manage and mitigate risk), and understanding how technical and commercial risk intersect, in order to deliver effective procurement outcomes.

Logistics and Supply Chain Management Risk - the knowledge of supply chain risks, including to ensure security of supply and to eliminate modern slavery, and how they may impact the procurement activity.

Commercial/Contractual Risk - the knowledge of commercial risks (such as liability or intellectual property issues) and how they can be applied to deliver effective procurement outcomes. It encompasses Business Acumen, understanding how to apply different commercial strategies, tailoring contractual mechanisms and clauses to support the Procurement Strategy; as well as conducting a holistic commercial risk assessment, taking into account the interaction effects of all potential risks and their impact on the commercial risk profile.

Financial Risk Across the Procurement Life Cycle - to support the determination of value for money and the reduction of material risk. This includes analysis of financial and other quantitative information, including price and cost, as well as assessing financial risk within a market. It may include conducting a Pricing Model Analysis, determining the Total Costs of Ownership and assessing other financial related risks.

Legal Risks - in conjunction with a legal service provider.

Work Health and Safety - understanding WHS principles and when these must be built into a procurement activity.

BUSINESS LAW

Business Law encompasses all relevant Commercial legislation and Public Sector Procurement legislation that impacts on procurement activities. It includes required knowledge of relevant legislation, regulations and related policies, as well as its interpretation and application to a particular procurement.

Incorporates sub-skills such as:

Commercial Law - encompassing business ethics, contract law, corporations law, consumer law, environmental law, insurance law, intellectual property, liability, negligence, and work, health and safety legislation.

Public Sector Procurement Law - relevant jurisdictional legalisation, for example, Procurement Acts.

Applying Legislation - applying Commercial Law and Public Sector Procurement Law to deliver effective procurement outcomes. It would include contract drafting principles.

Engaging and Managing Legal Service Providers - ensuring that those providing legal advice to a procurement project are appropriately engaged and managed, and their advice recorded, understood and applied as an informed customer. This also includes understanding the distinction between legal advice and commercial advice.

Legal services may include: confirming the 'procurement function governance framework' meets its legal obligations, that the contracting template used for a particular procurement is fit for purpose for managing legal risks, reviewing template amendments before release to industry and also following negotiations (prior to contract signature), legal compliance reviews/audits, as well as reviewing any contract amendment proposals.

INDUSTRY ENGAGEMENT

Any engagement with industry stakeholders across the procurement life cycle.

It includes the gathering of relevant business quantitative and qualitative intelligence to support procurement planning and decision making. This includes the estimation, analysis and assessment of the market through early and ongoing engagement with potential suppliers, including requesting industry feedback before request documentation is finalised.

Other critical phases include: the Approach to Market, Evaluation and Negotiation, and Contract Development and Management. It would also determine whether a procurement activity was openly competitive or restricted in some way, or whether multiple suppliers would be appropriate.

Incorporates sub-skills such as:

Industry Sector Analysis - conducting an industry sector analysis (market research) to determine how existing or emergent industry, local or global, could support the procurement outcomes.

Industry Analysis Project Recommendations - based on the industry analysis, recommending a 'best fit' Procurement Strategy market approach to support the procurement outcomes.

Local Industry Involvement - consistent with strategic industry policy objectives, identifying and ensuring local industry engagement (with a focus on SME involvement).

Managing Import and Export Requirements - where appropriate, understanding the import/export implications of goods sourced internationally (the effect of international law and the law of countries where goods are being sourced from, ie goods with asbestos).

Government Furnished Material - the implications of Governments providing goods, services, data, etc, to industry as part of a procurement activity (this could include warranting this material, including if it came from a third party supplier).

GOVERNANCE AND ASSURANCE

Establishing a clear governance framework, based on all existing legislative and policy requirements, with appropriate systems and processes to deliver the required procurement outcomes, and to provide assurance in decision making, expectations and accountability.

It includes ensuring a workforce culture which is committed to achieving strategic procurement objectives while realising the highest possible professional standards, including a focus on probity and managing corruption risks. Note: Governance and Assurance requirements should be scaled as appropriate to a particular procurement activity.

Incorporates subskills such as:

Managing the Procurement Function - understanding and establishing the 'procurement function governance framework' requirements, including assurance, for the jurisdictional/organisational Procurement Function. This includes achieving Government's strategic procurement objectives, such as to deliver economic, environmental, ethical, safety and social outcomes. While not every individual would be leading or managing the procurement function, every procurement officer must understand and effectively apply these requirements.

It also encompasses establishing workforce capability standards to ensure that the procurement workforce and approval delegates have the appropriate skills to achieve procurement outcomes. It includes managing the procurement workforce, including internal contractors, in a defined and consistent manner (such as mechanisms for ongoing review or signoff of work). It would also determine whether to use a centralised/decentralised or centre-led management model and whether procurement was independent of other functions.

It also includes appropriate procurement policy, with a focus on probity and managing corruption risks, standardised contracting templates and processes (such as e-procurement), and workforce professionalisation.

It should also include ensuring that the entire workforce understands the role of procurement and the need to comply with governance requirements, for example, if a non-procurement officer was engaged in a procurement activity.

GOVERNANCE AND ASSURANCE CONTINUED

Determining the Procurement Need - for procurement activities to be effective, procurement officers must be involved in all procurement related decision making as early as possible in the process, including input into organisational strategy. This includes being involved in the initial make/procure/grant decisions, and where procurement is the best solution, co-designing the specific requirements and procurement strategy with relevant stakeholders.

Project Procurement Governance - in the context of the 'procurement function governance framework', establishing, scaling and applying governance requirements to an individual procurement activity (for example establishing steering groups, delegation requirements, protocols for protecting confidential information or industry's intellectual property, etc). It would also include the reporting regime to report status and identify priorities. Where an individual project probity plan is required, it would consistently flow down the broader procurement function governance requirements.

Project Assurance - establishing and applying assurance processes to an individual procurement activity to have confirmation that it has met its governance requirements. This might include conducting a Legal/Procurement Compliance Review/Audit at particular life cycle phases or critical milestones to ensure that all relevant governance requirements are being managed effectively.

Managing Procurement Capability - ensuring that individuals, teams and the procurement function have the right capabilities, with ongoing access to appropriate training and education. Every procurement officer should have the ability to identify their current procurement capabilities and business skill proficiencies and address any gaps through development opportunities within a comprehensive professional career pathways framework. Supervisors would manage this for their teams and Procurement Function Leads would manage this by ensuring they had the right sized appropriately skilled procurement workforce.

PLANNING

Research, analysis and planning of the whole procurement life cycle to develop a comprehensive Procurement Strategy. In order to support this strategy, it includes the identification and application of relevant legislation, policies and associated frameworks, systems, processes, and tools and templates. It also includes considering working with other agencies or jurisdictions to deliver the procurement outcome. While risk management is central to planning, it is dealt with in the Identifying and Engaging with Risk capability.

Incorporates subskills such as:

Probity Planning - establishing the specific procurement probity protocols, including requirements for all participants.

Identifying the Requirement - this might include early engagement with internal stakeholders and industry to understand available local/global capability to deliver on the requirement.

Developing the Procurement Strategy - based on the identified requirement, develop the proposed approach. This includes alignment with the strategic procurement direction of the organisation, the identification of appropriate contractual delivery models, and consideration for how best to manage alternate proposals from industry. Separate planning documents based on the Procurement Strategy, in later phases, may include a Tender Evaluation Plan and a Negotiation Directive.

Procurement Stakeholder Management

- to identify, plan, monitor and manage the needs and expectations of all potential procurement stakeholders in order to build constructive relationships and improve certainty.

SOURCING

Activities leading to contract formation. It incorporates interpreting and applying the key principles and practices developed in the procurement strategy, and preparing, confirming and approving appropriate request and contract documentation to protect the organisation's commercial position while delivering the procurement outcome.

Incorporates subskills such as:

Developing Draft Contractual Documentation - if the identified requirement has not been translated into appropriate contractual clauses, then it is unlikely to be delivered under the contract. Also see the Contract Development and Management capability.

Approaching the Market (consistent with the Procurement Strategy) - ensuring appropriate Tender Evaluation Plans are in place before the Request is provided to the Market.

Managing Industry Engagement during the Request Period - this would include the management of tender errors, clarification questions, worksite visits, reviewing prototypes, conducting demonstrations and running Industry Presentations. It would also involve responding to industry complaints – consistent with legislation, the procurement strategy, and the probity and tender evaluation plans.



EVALUATION AND NEGOTIATION

Knowledge and practices relating to delivering effective evaluation and negotiation outcomes.

Incorporates subskills such as:

Conducting Effective Evaluations - establishing a clear strategy that underpins planning and preparation for quantitative and qualitative evaluation, including tender evaluation plans, and capturing/recording tender evaluation outcomes.

Conducting Effective Negotiations - undertaking formal and informal negotiations, including setting objectives and negotiating using best practice strategies, approaches, tactics and techniques. This would include developing Negotiation Directives consistent with the Procurement Strategy and capturing/recording Negotiation outcomes. Note: effective negotiation skills are relevant to every procurement capability.

CONTRACT DEVELOPMENT AND MANAGEMENT

Reflecting the scope, complexity and scale of the procurement activity, this capability encompasses finalising the draft contract after negotiations, the process for formal approval, awarding and signing the contract, and the management of the resulting contract to deliver compliant value for money procurement outcomes.

Contract Development has been included in this phase to emphasise that developing a draft contract across the procurement life cycle must work with the end in mind, that the contract has been structured to be appropriately and effectively managed to deliver the agreed value and benefits. If an organisation separates 'getting into contract' personnel from those in contract management, then those responsible for contract management must ensure that the final contract meets their requirements.

This capability encompasses contract start up, ongoing management, and contract closure through to disposals consistent with the project's governance and assurance requirements.

Contract management activities for a contract with a specific finite period may also occur in parallel with an organisation seeking to refresh this period with the same or a different provider, in order to compete future phases of delivery.

Incorporates subskills such as:

Selection and Award - selecting, finalising the draft contract, approvals and delegations, and award (contract signature).

Benefits Realisation - the process of ensuring the identified benefits agreed in the contract are delivered or improved upon.

Performance Management - monitoring the contractor to maintain and deliver contracted value.

Contract Change and Increasing Contract Value - formally modifying the contract to take into account changing business requirements, but also identifying options for increased value under the Contract, in order to improve innovation and value.

Supplier Relationship Management - Using supplier relationship management and dispute resolution practices to achieve agreed performance outcomes - the requirements specified in the procurement strategy.

Ramping Up, Closing Down and Transitioning Contractors - managing critical periods during contract management.

Disposals - where this is relevant to a particular procurement activity, how to manage a disposal activity consistent with the Procurement Strategy in a sustainable manner.

BUSINESS SKILLS

Data Literacy - Data literacy, encompassing big data, includes research, statistical analysis, evaluating and visualising information in order to improve decision-making and business outcomes. It includes working with real time predictive and user behaviour analytics.

Decision-making - This relates to sound judgement and logic, co-design practices, identifying and mitigating unconscious bias and risk, and analytical, strategic, systems and innovative thinking.

Digital Literacy - This relates to using workplace information management technologies to improve efficiency and effectiveness, including the single-handling of data and integrated systems providing a single-source of truth.

Financial Management - The planning, development, population, application and auditing of organisational financial systems.

Grants Management - This relates to grant management, where a grantee receives financial assistance from government to help address one or more government policy outcomes, as well as achieve its own objectives. An organisation, when determining the best way to achieve their required outcome, may consider whether to deliver it through a procurement activity or a grant program.

Leadership - The action of leading people or an organisation and inspiring a sense of purpose, in contrast to managing within existing parameters.

Managing Innovation - The management of innovation through organisational change management.

Policy Development and Implementation - This relates to planning, research, analysis, development, implementation and administration of policies, and any associated frameworks, systems, processes, templates and tools.

Workforce Management - This relates to working effectively, achieving results, managing a budget, encouraging and supporting individuals and teams (including managing a flexible, remote, multi-disciplinary, diverse, integrated team whilst identifying and developing their capabilities), providing direction and delegating, as well as managing individual and team performance and behaviour. Related activities include: culture management, configuration management, issues management, knowledge management, performance management, quality management, records management and conducting due diligence.

BUSINESS SKILLS CONTINUED

Project Management - Project management is the discipline of applying specific processes and principles to initiate, plan, execute and manage the way that new initiatives or changes are implemented within an organisation.

Working with Government - This relates to understanding the strategic political environment, working with ministers and their advisors, working with other agencies, as well as providing clear, succinct, accurate, evidence-based advice, policy development, implementation, evaluation and service delivery.

Working with People - This relates to stakeholder engagement and management (including industry suppliers) through collaboration, customer service, relationship building, tact and diplomacy, and dealing with conflict.

Intra-personal - Self-confidence, emotional intelligence, self-esteem, self-awareness, integrity, initiative and enterprise, self management, self-directed learning, persistence, discipline, resilience, intrinsic motivation and having a positive attitude. Leadership through influence, courage to challenge conventional thinking, enhancing innovation and creative thinking in order to identify options, enhancing agility and

flexibility to deal with constant change, and ability to identify critical issues within an ocean of data.

Self-directed learning describes a process in which individuals take the initiative, with or without the help of others, in diagnosing their learning needs, formulating learning goals, identifying human and material resources for learning, choosing and implementing appropriate learning strategies, and evaluating learning outcomes.

Inter-personal - Communication, learning, listening, negotiation, research, analysis, critical thinking, problem-solving, decision-making, business planning and organising, providing constructive feedback and having respect for others. Strategic long-term thinking, strategic alignment and managing complexity, collaboration and negotiating win/win outcomes, cross-discipline teamwork, inter-cultural awareness and communication, relationship building and conflict resolution, and strategic planning / goal setting and outcome tracking.

Communication relates to written, inter-cultural and oral communication, general negotiation and persuasion, and plain English writing (including telling the story and providing evidence for decision makers).