



Application and verification of standards

1. Where an Australian standard is applicable to a procurement, paragraphs 10.10 and 10.37 should be read in conjunction in order to fulfil the intent of the new rules.

CPRs Paragraph 10.10	Where an Australian standard is applicable for goods or services being procured, tender responses must demonstrate the capability to meet the Australian standard, and contracts must contain evidence of the applicable standards (see paragraph 10.37).
CPRs Paragraph 10.37	Where applying a standard (Australian, or in its absence, international) for goods or services, relevant entities must make reasonable enquiries to determine compliance with that standard: a. this includes gathering evidence of relevant certifications; and b. periodic auditing of compliance by an independent assessor.

What is the purpose of these changes?

2. These changes highlight common best practice for applying and monitoring standards in government procurement contracts. Where an official determines, due to the nature of the procurement, that a specific standard applies, suppliers must be capable of meeting the standard throughout the life of the contract.

What is the definition of Standard?

3. For the purposes of the CPRs, a standard is defined as a document, approved by a recognised body such as [Standards Australia](#), the [International Organization for Standardization](#), the [International Electrotechnical Commission](#) or the [International Telecommunication Union](#), that provides, for common and repeated use, rules, guidelines or characteristics for goods or services, or related processes and production methods, with which compliance is not mandatory, unless the goods or services are subject to regulation by government.

What is meant by independent assurance?

4. The appropriate method of independent assurance will vary, probably on a case by case basis, depending upon the standard that is being applied to the procurement. Entities may choose to complete an independent assurance audit by using:
 - a. third party specialists (e.g. specialist auditor or assessor);
 - b. an employee or contractor within the entity (who may be able to complete relevant testing): or
 - c. an employee who is not otherwise involved in the procurement (i.e. an internal audit or WHS team).

What does it mean?

5. The new requirement at paragraph 10.10 of the CPRs places an onus on suppliers to demonstrate, in their tender responses, the capability to meet applicable standards. This allows potential suppliers who may not have a certification (for example) at the time of tendering, but can demonstrate the capability to obtain it if selected as the preferred supplier. This reduces costs and burden for potential suppliers who may not be awarded a contract.

Note – Paragraph 10.9c of the CPRs requires that, when prescribing specifications for goods and services in request documentation, these should be based on international standards when they exist and apply to a procurement, except where the use of international standards would fail to meet the requirement or would impose greater burden than the use of recognised Australian standards.

6. Compliance with Australian standards is normally voluntary, unless the goods or services are subject to regulation by government. Examples of mandatory, legislated Australian Standards include electrical safety (see www.era.gov.au), consumer product safety standards (see www.productsafety.gov.au), and building and plumbing standards (see www.abcb.gov.au).
7. Paragraph 10.37 of the CPRs sets the requirement for relevant entities to make reasonable enquires to determine compliance with any prescribed standards. This includes gathering evidence of relevant certifications, in accordance with the contract requirement at paragraph 10.10 of the CPRs and periodic auditing of compliance with prescribed standards by an independent assessor.
8. Paragraph 10.37 of the CPRs sets the expectation for the level of verification. When applying a standard, a relevant entity must make reasonable enquiries to determine ongoing compliance with the standard specified in the contract, throughout the term of the contract. This is particularly relevant where a contract term is for multiple years.

Note - entities will be responsible for bearing the cost of engaging an independent assessor and keeping internal records as part of their contract management responsibilities.

9. Depending on the nature of the procurement, periodic auditing of compliance may not be required, for example, where officials are procuring goods only at a point in time or the contract is for only a short term.

What do procurement officials need to do?

10. Entity procurement officials should:
- a. consider and identify if a standard is to be applied to the goods and/or services being procured;
 - b. consider including information on the applicable standard within request documentation (where known) when approaching the market and make tenderers aware that they need to demonstrate the capability to meet the standard;
 - c. consider how the evaluation of this information will be conducted and incorporate it into the tender evaluation plan;
 - d. evaluate responses, taking into account the extent to which the tenderer has demonstrated their capability to meet the standard;
 - e. include clauses in the resulting contract that contain evidence of the standard and allow for compliance auditing (where relevant); and
 - f. conduct reasonable enquires to ensure the standard is being met throughout the term of the contract (where relevant).

Example

Entity A needs to procure a widget X.

During the planning and scoping phase, Entity A decides widget X needs to meet a particular standard.

When setting out the specifications in the statement of requirements, Entity A includes a requirement in the approach to market documentation that widget X should meet this standard, and that tenderers need to show in their response, **how** they can meet standard.

Note - this could be in the form of a certificate, listing how the product proposed by the tenderer meets particular requirements of the standard, or the supplier detailing how, if successful it intends to meet the requirement.

Entity A also sets out the ability of the tenderer to demonstrate their capability to meet the standard as part of the evaluation criteria. During the evaluation, Entity A checks the tenderer's claims and collects relevant information to determine the extent of compliance with the standard.

Entity A includes relevant clauses in the contract that provides for:

- Evidence of compliance with the applicable standard – such as referencing certification by an accredited body.
- Periodic auditing by an independent assessor – either to be organised by the supplier or by the entity, allowing for compliance checks at relevant points of the contract term, such as annually.

Note - reasonable enquiries should be considered in conjunction with the relevant risks and costs. Reasonable enquires for a low risk procurement with a term of 3 months will vary significantly from that of a high risk contract with a 5-year term.