



Application and Verification of Standards

This guidance supports Commonwealth Government entities subject to the Commonwealth Procurement Rules (CPRs), on the Application and Verification of Standards.

This guidance is intended to be read in conjunction with the CPRs, Finance's Procurement Policy Website 'Buying for the Australian Government' and any other procurement policies and guidance identified in the table below.

Commonwealth Procurement Rules	Paragraph 7.27, 7.28, 10.10 and Appendix B.
Legislation and Policies of the Australian Government	Not applicable
Other relevant resources, systems or tools	Standards Australia International Organization for Standardization International Electrotechnical Commission International Telecommunication Union

Overview

The CPRs paragraphs 7.27, 7.28 and 10.10 specify requirements for the application and verification of standards in procurements, and resulting contracts, valued above the relevant procurement thresholds (except procurements covered by Appendix A).

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.

CPRs paragraphs 7.27 – 7.28

7.27 For procurements valued at or above the relevant procurement threshold, where a standard is determined to be applicable for goods or services being procured, tender responses must demonstrate the capability to meet the standard, and contracts must contain evidence of the applicable standards.

7.28 Where applying a standard for goods or services, relevant entities must make reasonable enquiries to determine compliance with that standard during the contract period, including:

- a. gathering evidence of relevant certifications; and
- b. periodic auditing of compliance by an independent assessor.

CPRs paragraph 10.10

10.10 In prescribing specifications for goods and services, a relevant entity must, where appropriate:

- a. set out the specifications in terms of performance and functional requirements; and
- b. base specifications on international standards, when they exist and apply to the relevant procurement, except when the use of international standards would fail to meet the relevant entity's requirements.

Identifying applicable standards

As part of the procurement planning process, procuring entities should consider whether a standard is applicable to the goods and/or services being procured. This includes:

- assessing whether the inclusion of a standard is necessary to achieve the intended procurement outcome, and
- weighing the benefits of applying the standard against any additional burden it may place on suppliers.

Where procuring entities are not familiar with the relevant standards for goods or services being sourced or unsure what the standard is requiring, they should seek advice. This could be from subject matter experts, or from procuring officials in other entities sourcing similar goods and services.

Procuring entities should confirm that any standard to be included in request documentation is reasonable and proportionate to the scope and requirements of the procurement. Standards should not unnecessarily exclude capable suppliers.

Entities must not use specifications or prescribe any conformity assessment procedure with the purpose or effect of creating an unnecessary obstacle to trade (CPR 10.9).

International Standards

Specifications that are to be included in the request documentation must, where appropriate, be based on the relevant international standard, where it exists and is applicable to the procurement, except when the use of the international standard would fail to meet the relevant entity's requirements (CPRs 10.10 refers).

An example of a circumstance where the international standard would fail to meet the relevant entity's requirements is when the international standard does not meet an Australian legislated requirement.

Australian Standards

An Australian Standard may be applicable when a standard is required, an Australian Standard exists, and an international standard does not exist, or would fail to meet the requirements of the procuring entity.

Compliance with Australian Standards is normally voluntary unless the goods or services are subject to government regulation and must comply with relevant regulatory and legislative requirements.

Examples of mandatory, legislated Australian Standards include:

- electrical safety standards (see www.erac.gov.au)
- consumer product safety standards (see www.productsafety.gov.au), and
- building and plumbing standards (see www.abcb.gov.au).

Where non-mandatory standards are included in request documentation and contracts, the inclusion of the standard should be necessary to ensure that the goods and services meet the intended outcomes.

Tender process considerations

Procuring entities must clearly outline any standard that has been determined to be applicable to the procurement in the request documentation and inform potential suppliers that they must demonstrate their capability to meet the standard. The tender evaluation plan must detail how suppliers' responses regarding standards will be evaluated.

Where a standard has been specified as a requirement in the approach to market documentation, paragraph 7.27 places the onus on potential suppliers to demonstrate, in their tender submissions, their capability to meet the relevant standard.

This approach allows suppliers to show their ability to meet the standard without needing to produce the certification at the tender stage. This reduces the cost and administrative burden for suppliers, who may not be awarded a contract. However, any subsequent contract must include evidence that the supplier meets the applicable standard.

Supplier responses will be assessed based on the extent to which the supplier has demonstrated their capability to meet the standard in accordance with the tender evaluation plan.

Contract award and management

Where a standard has been specified as a requirement in the approach to market documentation, procuring entities must ensure the resulting contract contains evidence of the applicable standard. Entities should include clauses in the contract that:

- provide evidence of compliance with the applicable standard, and
- allow for compliance auditing, where relevant.

CPRs paragraph 7.28 requires relevant entities to make reasonable enquiries to determine compliance with any prescribed standards during the contract period. This includes obtaining evidence of relevant certifications as specified in the contract and conducting periodic compliance audits by an independent assessor to ensure ongoing compliance throughout the contract period. This is particularly relevant where a contract term is for multiple years.

The extent of reasonable enquiries to monitor ongoing compliance with a particular standard should be proportionate to the associated risks and costs. Further, depending on the nature of the procurement, periodic auditing may not be required. For example, a short-term low risk procurement may require minimal verification, whereas a long-term, high-risk contract may warrant more rigorous and frequent compliance checks and annual auditing.

What is meant by independent compliance auditing?

The appropriate method of independent compliance auditing will vary on a case-by-case basis, depending on the standard applied to the procurement. Procuring officials or entities may choose to complete an independent audit of compliance with relevant standards through various means, such as:

- third party specialists (e.g. specialist auditor or assessor)
- an employee or contractor within the entity (who may be able to complete relevant testing)
- an employee who is not otherwise involved in the procurement (i.e. an internal audit or WHS team).

Key considerations

Procuring officials should:

- **identify applicable standards:** As part of the procurement planning process, consider whether a standard is, or should be applicable to the goods and/or services being procured.
- **ensure proportionality:** Confirm that any standard included in request documentation (where not mandatory) is reasonable and proportionate to the scope and requirements of the procurement.

- **communicate requirements:** Clearly outline any applicable standard in the request documentation and inform potential suppliers that they must demonstrate their capability to meet the standard.
- **plan for evaluation:** Consider how suppliers' responses regarding standards will be evaluated and incorporate this into the tender evaluation plan.
- **evaluate:** Assess each supplier response, based on the extent to which the supplier has demonstrated their capability to meet the standard.
- **include contract clauses:** Ensure the resulting contract includes clauses that provide evidence of compliance with the applicable standard, and allow for compliance auditing, where relevant.
- **monitor compliance:** Make reasonable enquiries to ensure ongoing compliance with the standard, where applicable.
- **document decisions:** Maintain records of decisions and actions related to standards throughout the procurement life cycle (from procurement planning and scoping through to contract management).

Case study

Entity A needs to procure a widget.

During the planning and scoping phase, which included seeking external advice, Entity A determines that the widget must meet a particular standard to ensure it functions effectively and achieves the intended procurement outcomes.

In the approach to market documentation, Entity A includes a requirement that the widget must meet the specified standard, and that tenderers must demonstrate, in their response, how they meet the standard.

The demonstration may be in the form of a certificate, a detailed explanation of how the proposed product meets the standard's requirements, or a plan outlining how the tenderer intends to meet the standard, if awarded the contract.

Entity A clearly states in their request documentation that the tenderer's ability to demonstrate compliance with the standard forms part of the evaluation criteria.

During the evaluation process, Entity A assess tenderers' capability to meet the standard, verifies claims, and collects relevant information to determine the extent of actual compliance, or the ability to comply.

In the resulting contract, Entity A includes relevant clauses that provides for:

- evidence of compliance with the applicable standard (e.g. certification by an accredited body).
- periodic auditing by an independent assessor, either arranged by the supplier or by the entity, to verify compliance at appropriate intervals (e.g. annually).