



RDTL—MINISTRY OF FINANCE

Procurement Service

BEST PRACTICE GUIDE 10: **Decentralisation and Accreditation**

RDTL—Procurement Guidelines

The Procurement Legal Regime—Decree Law sets out new procurement processes which must be carried out by government procurement officers for purchases on behalf of the Government of Timor Leste. The revised processes and documentation system is explained in this series of Guides. There are now ten new Guides available that broadly summarize the updated key procurement process set out within the new Decree Law. They are available on the Ministry of Finance website (<http://www.mof.gov.tl>) and from the Procurement Service of the Ministry of Finance to assist government officers in their work.

What is this Guide?

This **Guide** is for Government Procurement Managers and senior officers.

This Guide explains how Secretaries of State or other authorised officers in Ministries and agencies should **apply for accreditation** with the Procurement Service, Ministry of Finance.

New Procurement Legal Regime: Decentralization & Accreditation

The recent changes to the Procurement Legal Regime—Decree Law sets out new procurement processes. The Procurement Legal Regime outlines a process of decentralisation and accreditation of procurement processes in which Government Ministries are now authorised to assume responsibility for their own purchases. Accreditation is the process of enabling or authorising a government Ministry or other appropriate agency with the competence to carry out procurement procedures to fulfil their own needs. They are encouraged to assume this responsibility after completing an official accreditation process that has been established for all Ministries and other appropriate government agencies. Accreditation is based on compliance to mandatory procurement policies and processes set out in the Decree Law and explained in this series of *Procurement Guides*.

As part of this new decentralised system the responsible Secretary of State (or other authorised officer) must also provide an Annual Certificate of Compliance along with the Annual Procurement Report (refer to *Guide 8: Annual Procurement Report* for further information).

Applying for accreditation or a change in accreditation level

The accreditation system has four levels based on the total procurement expenditure of the Ministry or agency. These levels are:

| Level | Accreditation Limit (\$) |
|---------|--------------------------|
| Level 1 | Up to \$100 000 |
| Level 2 | Up to \$250 000 |
| Level 3 | Up to \$500 000 |
| Level 4 | Up to \$1 000 000 |

Secretaries of State and Accountable Officers in Ministries and agencies should apply to the Procurement Service, Ministry of Finance for an accreditation level that is appropriate to their needs.

Ministries and agencies are able to gradually increase their levels of authorisation through the accreditation process. The Secretary of State (or other authorised officer) is able to apply to the Ministry of Finance at any time for a change in accreditation level.

The application for accreditation or for a change in the level of accreditation must be supported by an Accreditation Management Plan which includes an implementation timetable for consideration and approval by the Ministry of Finance.

After approval the Accreditation Management Plan will be reviewed by the Ministry of Finance within 36 months.

How to prepare an Accreditation Management Plan

The structure or framework for an Accreditation Management Plan is provided below as a guide for Secretaries of State and Accountable Officers in the preparation of their applications for accreditation.

The level of detail in an Accreditation Management Plan should reflect the level of accreditation sought by a Ministry or agency having regard to an assessment of the Ministry's internal and external operating environment and procurement risks.

The structure or framework outlined below can be modified to reflect the organisation of the Ministry or agency applying for accreditation.

There is no requirement to report on each and every consideration in the various sections below, however the importance of all these elements increases with the level of accreditation being sought.

Supporting evidence should be tendered wherever possible as evidence of performance, procedures or practices already implemented or committed to by a prescribed date.

Specifying performance standards and measurements to be achieved is a responsibility of the applicant Ministry or agency.

The following section sets out the structure or framework of an Accreditation Management Plan.

Accreditation Management Plan Framework

Plans must be provided that report and document efforts made by the Ministry or agencies in regard to the responsibilities and actions described below.

Section 1: Performance Management, Monitoring and Reporting

1.2 Management Systems

Objective:

To develop and maintain a management system which ensures that procurement processes are carried out in ways identified as the most effective or efficient (and as outlined in *Procurement Guides* and the Decree Law).

Considerations:

- clearly identify and make accessible people in key positions of responsibility and accountability throughout the procurement process;
- fully document processes and procedures and make available in hardcopy/electronic format;
- review management structure and its performance at regular intervals.

1.2 Quality Assurance System

Objective:

To ensure procurement is carried out in the ways identified as the most effective or efficient (and as outlined in the *Procurement Guides* and Decree Law) and according to the principle of ‘value for money’ (refer to Glossary and *Guide 4: Tender Bid Evaluation* for explanation of this principle).

Considerations:

- clearly identify the most effective or efficient procurement procedures and processes;
- identify relevant performance measures and indicators for these procurement processes;
- establish systems and procedures to monitor the performance measures and indicators for procurement processes;
- effect these systems and procedures to alert and correct deviations from the ways identified as the most effective or efficient and the ‘value for money’ principle.

1.3 Performance Reporting System

Objective:

Systems and procedures are implemented to report on the performance of processes, expenditure, outcomes of major projects and a purchasing profile.

Considerations:

- ensure there is a monitoring and reporting system implemented to track and measure procurement processes;
- report on performance of major projects;
- collect summary financial data across all procurement purchases to create a purchasing profile;
- develop reporting cycles and management of performance reports.

Section 2: Procurement Process Development and Application

2.1 Procurement Planning

Objective:

To implement a procurement planning process that connects procedures, practices and resources to procurement expenditure and complexity.

Considerations:

- acknowledge and demonstrate compliance with *Guide 1: Strategic Procurement Planning*;
- define recommended procedures, practices and resources for different levels of expenditure and complexity;
- establish systems and processes to identify and coordinate common procurement needs within the Ministry.

2.2 Decision Making Structure

Objective:

To establish a decision making structure that ensures the application of established and approved principles and procedures.

Considerations:

- clearly define and promote the role and duties of the Secretary of State or Accountable Procurement Officer within the Ministry or agency;
- clearly define and promote the role and responsibility of key positions in procurement processes;
- clearly define and promote the procurement workflow arrangements;
- establish systems and procedures for procurement decisions outside of the Accountable Procurement Officer's responsibility.

2.3 Contract Management Arrangements

Objective:

To implement a structure and process for managing contracts that ensures the achievement of contract objectives and compliance with contract conditions.

Consideration:

- develop standardised processes to ensure consistency (if appropriate);
- identify project management structure and practice for different categories of project type, value and complexity;
- establish procedures to manage and report on contract variations and contract compliance or performance failure.

2.4 Risk Management Planning

Objective:

To integrate risk management planning into the procurement process having regard to the risks identified in internal and external procurement environment.

Considerations:

- establish and demonstrate a risk management framework for the procurement activities of the Ministry or agency;
- develop and promote established procedures for risk management planning in all major and complex projects;
- develop and promote risk management contingency processes for procurement processes in major and complex projects.

Section 3: Procurement Support

3.1 Systems Support

Objective:

To develop and implement systems that improve process tracking and management which increases effectiveness and efficiency in procurement activities.

Considerations:

- report on systems and procedures that support policy compliance and adoption of practices and processes identified as the most effective or efficient;
- report on systems and procedures to minimise ineffective or inefficient practices and processes;
- report on systems and procedures for records management;
- report on document and data control monitoring implemented to ensure currency of information.

3.2 Supplier Engagement Development

Objective:

To employ procedures that improve benefits to the Ministry through the development of partnerships and arrangements with suppliers.

Considerations:

- describe information available to suppliers and communications, meetings or briefings with them;
- explain procedure for pre and post tender briefings;
- explain procedure for managing complaints.

3.3 Organisational Learning and Development

Objective:

To establish an environment and processes that improves the capacity of staff and responds to learning including the development and implementation of new ideas leading to improved procedures.

Considerations:

- report on processes established to incorporate procurement learnings, new ideas and other outcomes to improve current procurement planning;
- report on training for staff in procurement processes;
- report on systems for in-house procurement training and sessions provided.
- report on any other training and professional development for staff.