



**Finance
& Services**

GUIDELINES FOR APPLICANTS: BEST PRACTICE ACCREDITATION

**CONTRACTOR PREQUALIFICATION
AND BEST PRACTICE ACCREDITATION SCHEME
2011-2014 FOR CONSTRUCTION AND RELATED WORKS**

ACCREDITED FOR WORKS VALUED \$2.5M AND OVER

**Applicants must in the first instance obtain prequalification
before applying for Best Practice Accreditation
(refer to GUIDELINES FOR APPLICANTS: PREQUALIFICATION)**

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1.0 INTRODUCTION

This document provides guidance for Contractors seeking Best Practice Accreditation under the NSW Department of Finance & Services *Contractor Prequalification and Best Practice Accreditation Scheme 2011 – 2014 for Construction and related works* (“The Scheme”).

Applicants must in the first instance obtain prequalification for work valued \$2.5M or over before applying for Best Practice Accreditation (refer to GUIDELINES FOR APPLICANTS: PREQUALIFICATION)

The NSW Government *Procurement Policy* was released under Treasury Circular NSW TC 04/07, on 1 July 2004. This introduced an *Agency Accreditation Scheme for Construction* administered by NSW Treasury for construction projects. This also established guidelines for when agencies are to use the NSW Government *Procurement System for Construction*.

The NSW Government *Procurement System for Construction* is developed, operated and maintained by the Department of Finance & Services (DFS) on behalf of NSW Treasury. The procurement system consists of management systems, guidelines and tools for selection of procurement strategies, contract risk allocation, service provider selection (including prequalification/accreditation of service providers), tender processes and guidance on contract administration to support NSW Government agencies.

NSW Treasury has engaged DFS to prequalify and accredit contractors for construction and related works. Prequalification of contractors and best practice accreditation is carried out under the *DFS Contractor Prequalification and Best Practice Accreditation Scheme 2011-2014*. The Scheme is a key element of the Procurement System for Construction.

The *DFS Contractor Prequalification and Best Practice Accreditation Scheme 2011-2014* (“The Scheme”) caters for two levels of Contractor capability including Prequalified Contractors as well as a higher level of capability of Best Practice Accredited Contractors.

For procurement by agencies of non-residential building contracts valued at \$50 million and above, the Scheme incorporates the National Prequalification System.

Scheme Timeline

Application acceptance	Prior to and during the life of the Scheme
Scheme commences	1 July 2011
Scheme concludes	30 June 2014
Scheme extension	Subject to Department requirements
Scheme content update	Subject to Department requirements

2.0 BEST PRACTICE ELEGIBILITY CHECKLIST

The Best Practice Eligibility checklist (Table 1) should be completed by the firm to indicate whether the firm may be eligible for Best Practice Accreditation under the Scheme.

Where the firm is not eligible for Best Practice Accreditation, the actions required to address eligibility are to be addressed.

On receipt of an application from a firm, the Department will review the firm's eligibility. The firm may be requested to provide additional information including records to support the firm's application.

Table 1: Best Practice Eligibility Checklist

	Eligibility Criteria	Actions required to progress eligibility where relevant	Compliant: (Yes or No)
1.	<p>Prequalification The firm is to be currently prequalified under the DFS Contractor Prequalification and Best Practice Accreditation Scheme for work of value \$2.5M or greater.</p>	The firm is to become prequalified.	
2.	<p>Performance Internal Review Where a firm has been awarded work through the NSW Government Procurement System for Construction, the firm is to formally track and review at the Executive level, the firm's own performance based on Contractor Performance Reports for all contracts procured in this manner.</p> <p>The firm is to ensure that it obtains and retains fully completed copies of CPRs from the Project Manager on a quarterly basis.</p>	<p>The firm is to formally track and review its own performance.</p> <p>The firm is to ensure that all CPR reports are captured and retained.</p>	
3.	<p>Performance Delivery The firm is to have achieved a Best Practice Performance benchmark of 65% based on the Contractor Performance Reports for all contracts procured through the NSW Government Procurement System for Construction for all work in progress within the last three (3) years</p> <p><u>Alternately</u>, where there is insufficient work history with the Department, the firm is to be able to provide four (4) Client Referee Reports (based on the DFS template) or four (4) Contractor Performance Reports (based on the performance reports of other NSW Agency Clients) for work fully completed within the last three (3) years which meet the 65% Best Practice Performance benchmark.</p>	The firm is to improve its performance to meet the Best Practice Performance benchmark requirements.	

	Eligibility Criteria	Actions required to progress eligibility where relevant	Compliant: (Yes or No)
4.	<p>Management System Audits</p> <p>The firm is to be able to provide audit reports from independent 3rd party auditors demonstrating that a satisfactory standard has been achieved during the preceding 3 years on projects including the firm's:</p> <ul style="list-style-type: none"> • OHS Management System • Quality Management System • Environmental Management System (only required for firms prequalified for work over \$10M) 	Obtain Audit report required	
5.	<p>Tendering Performance</p> <p>Where a firm has accepted an opportunity within the last three (3) years, the firm is to have provided advanced warning and reasons to the Department should it be unable to tender.</p>	The firm is to improve its tendering performance	
6.	<p>Financial Capacity</p> <p>The firm is to be able to continue to meet the Financial prequalification requirements including best practice requirements for net tangible assets of not less than 7% of upper limit of the financial range set for prequalification; Current ratio of 1; Working capital in excess of 10% of the upper limit of the financial range set for prequalification</p>	Advise of the changes to the firm's financial status and request a revision of the firm's prequalification level.	
7.	<p>Contractual Claims Record</p> <p>The firm is to have supported cooperative relationships for work undertaken through the NSW Government Procurement System for Construction by ensuring that any claims made are within the times prescribed in the contract; are factual and have legal merit; have been provided with evidence demonstrating full justification; have not been exaggerated loaded or padded in anticipation of a lesser amount;</p>	Advise of the contract, outline the nature of the claim and detail the changes to the firm's policy, procedures and practices which demonstrate commitment to support cooperative relationships when making contractual claims, where justified, on any future work.	
8.	<p>Best Practice Implementation</p> <p>The firm is to be able to provide evidence of meeting the Best Practice Matrix criteria including ability to provide extracts of relevant policy, procedures, communications, training and operational records. (Refer to application form for details)</p>	Implement changes to the firm's policy, procedure and implementation which would enable the firm to demonstrate compliance with criteria	

3.0 THE APPLICATION PROCESS

The actions required by a firm seeking Best Practice Accreditation are provided in Table 2: The Application Process, to assist the firm in progressing its application. The response by the Department is also indicated to enable the firm to understand the issues to be addressed.

Table 2: The Application Process

	Action by the firm	Response by the Department
1.	<p>The firm confirms its eligibility to be considered for Best Practice Accreditation by completing the Best Practice Eligibility Checklist (Refer Table 1 and Scheme Conditions).</p> <p>Where not eligible, the firm takes the necessary actions required to become eligible.</p> <p>The firm submits an Application for Best Practice Accreditation to the Department.</p>	<p>The Department may request additional information provided that the quality of the firm's initial application indicates significant potential for meeting requirements.</p>
2.	<p>The firm submits a response to the Department's request for additional information including taking action to meet accreditation requirements (where applicable).</p>	<p>The Department assesses the response to any requests for additional information.</p> <p>The Department decides whether the firm has met requirements.</p> <p>The Department will advise the firm in writing as to the outcome of its application, including whether the firm:</p> <ul style="list-style-type: none"> • Has been invited to attend an interview with the Department's Panel of Assessors. • Has not yet achieved Best Practice Accreditation (reasons will be provided and actions suggested for any future application by the firm).
3.	<p>The firm attends an interview with panel of Assessors (if invited by the Department).</p> <p>The firm will respond to questions from the Department on aspects of the firm's application which require clarification to the Department.</p> <p>The firm may provide additional relevant information and may request clarification on aspects of the application process and the Scheme.</p>	<p>The Department's Panel of Assessors will meet following the conclusion of the interview with the firm to discuss the firm's response and decide whether the firm has demonstrated its ability to meet the Best Practice Accreditation requirements.</p> <p>The Department will advise the firm in writing as to the outcome of its application, including whether the firm has either:</p> <ul style="list-style-type: none"> • achieved Best Practice Accreditation. • not yet achieved Best Practice Accreditation (reasons will also be provided and actions suggested for any future application by the firm).

4.0 FREQUENTLY ASKED QUESTIONS

(1) My firm is Best Practice Accredited under the previous Scheme. Do we have to complete a whole new application for this new Scheme?

This will not be required. Most firms will have their Best Practice Accreditation automatically rolled over onto the new Scheme provided they are able to meet the new Scheme requirements. Firms will be requested to provide an update of some information and will be contacted to advise of the information required.

(2) What are the advantages to becoming Best Practice Accredited?

Best Practice Accredited contractors will receive:

- A letter from the Department confirming the Contractor's accreditation status.
- Preference over non-accredited contractors for selective tendering opportunities for contracts valued from \$2.5M.
- Copies of a range of the Department's current computer generated Management Reports on the firm's performance.
- Invitations to attend face-to-face, Best Practice Communications meetings with the Department. The meetings provide an opportunity to learn about recent changes and new initiatives in government, future directions anticipated in Government and the Department's views on the firm's performance. The meeting also provides a platform for the firm to elaborate on its business direction, and initiatives. The firm may also advise of issues and make suggestions for improvement to the Scheme.
- Invitation to attend the Contractor Best Practice Forum which provides a formal presentation on NSW Government Policy initiatives and contemporary issues facing NSW Government and the Construction Industry.

(3) Do I apply for Best Practice, at the same time as I submit my application for prequalification?

The firm will first need to be prequalified for works valued at \$2.5M or over in any of the main work categories, i.e. building work, fitout & refurbishment or civil works. Once prequalified, the firm may then consider applying for Best Practice Accreditation.

(4) What would our firm have to do to become Best Practice Accredited?

Once prequalified for works valued at \$2.5M or over, the firm would need to conduct a self-assessment of its ability to meet the Best Practice Accreditation requirements. The firm should also make use of the Best Practice Eligibility checklist to determine its eligibility to apply. Where the firm considers it is able to meet these requirements, the firm may then submit an application for Best Practice Accreditation. The Department will conduct an assessment of the firm's application and advise of any other information required. A firm that has demonstrated in their application a potential to meet the requirements may be invited to attend an interview with a Panel of Assessors. The firm will be advised in writing as to the outcome of the application including the reasons for the decision.

(5) Does the firm need to provide evidence of meeting all of the Best Practice Matrix Criteria to be considered for Best Practice Accreditation?

Firms considering Best Practice Accreditation should conduct a self assessment to determine whether they are able to meet the Best Practice Matrix criteria. Where a firm is able to respond to a significant majority of the Best Practice Matrix Criteria, this may be considered by the Department as sufficient. The quality and completeness of the response, the clarity of any evidence provided and the significance of any gaps in responding to criteria are also considered.

The firm may also wish to allow more time to prepare for Best Practice Accreditation while it considers improvements that may be made to address any significant gaps. A number of firms who were initially unable to achieve Best Practice Accreditation, have recounted to the Department, subsequent internal reviews of the firm's policy, procedures, systems and actual operational practices which have enabled the firm not only to make improvements and achieve Best Practice Accreditation but also to attract more work from both Private sector and Government Clients.

(6) What kind of information should we provide to demonstrate that the firm meets the Best Practice Matrix Criteria?

Extracts of business documents are required to support each criteria. Documents are to clearly demonstrate the firm's business direction (policy, procedure, strategy), how this is communicated (correspondence, notices, training) as well as evidence of actual implementation (live operational records) relevant to the criteria. A tightly focused submission with sections and criteria tabbed, and with key text in the extracts highlighted is required. This is to be contained within one (1) or at most two (2) A4 size ring binders.

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