# **Specification writing – Goods and services procurement guide**

## What is a specification?

A specification details the requirements of the procurement. It is the basis of all offers and therefore the foundation for a contract. A specification becomes an essential contract management document which is used to ensure that the chosen supplier provides what is specified. It must therefore be clear and accurately define what is expected from a supplier regarding the outputs or the functional and performance requirements.

### What makes a good specification?

A well-structured specification should:

* foster supplier interest;
* better engage with the market;
* facilitate a competitive environment;
* encourage innovation;
* apply a high standard in the delivery of requirements; and
* be clear and simple and avoid onerous or unnecessary requirements

## Before preparing a specification

Before preparing a specification, procurement practitioners should have a clear understanding of:

* customer, user and stakeholder requirements;
* market information;
* the risks impacting the procurement;
* the evaluation criteria to be applied and the relative importance of each criteria;
* any government policy, international standards, Australian standards and supplier charters or codes of conduct, which are relevant to the procurement; and
* innovation and social procurement opportunities.

## How to write a specification?

Developing specifications should involve close and continuous liaison with stakeholders (specification writer, technical experts and specialists) and users of the goods and/or services.

For more complex procurement, a staged approach to developing and refining the specifications should be considered. This may involve developing an Expression of Interest (EOI) specifying the requirements at a high level. As the process moves towards the short-listing and/or limited market approach phase, the specifications must become more detailed. For further information relating to this process refer to the [Market approach procurement guide](https://www.buyingfor.vic.gov.au/market-approach-goods-and-services-policy-and-guides).

Organisations should consider standardising the format and applying uniformity to specifications, as far as possible. This can help to reduce the cost of the market engagement process.

Where external consultants are used to facilitate the development of a specification, they must declare any actual or potential conflict of interest and that they are fully aware of VGPB procurement policies and the core principles supporting these policies.

## Preparing specifications

By applying this guide, specifications will be more consistent in both content and format and will save considerable time in preparing an approach to market. Numbering of each requirement is recommended to allow for ease in referencing during the market engagement process and for contract management purposes.

The amount of detail in the specifications should reflect the complexity of the requirement and the nature of the procurement.

Title:

* Inclusion -Essential
* Must clearly indicate the title of the procurement and the invitation reference number

Table of contents:

* Inclusion – Recommended
* Include a table of contents if the specification is lengthy or complex

Introduction:

* Inclusion – Recommended
* Briefly explain the requirement and the context of the requirement. e.g. the application, purpose or function of the product required

Scope:

* Inclusion – Essential
* The scope is a summary of the requirement specified. It may cover:
	+ a high level statement of what is required, e.g. development; implementation, installation, maintenance, upgrade or a combination of these;
	+ anticipated demand for the period of the contract;
	+ any goods and/or services the supplier is not required to provide which might otherwise normally be considered part of the requirement; and
	+ the term of the contract.
* A full description of each element summarised in the scope should be included in the ‘Statement of requirements.’

Background:

* Inclusion – Essential
* Information may include:
	+ the implications for the users of implementing the solution;
	+ an outline of the research which has been undertaken;
	+ what options (if any ) have been considered;
	+ what options have been dismissed and why;
	+ how the requirement relates to other requirements; and
	+ acquisitions, whether already purchased and implemented or planned for in the future:

Other documents:

* Inclusion – Optional
* A specification may refer to other documents in order to avoid duplicating other material. The specification must contain an attachment listing each document and how to obtain copies if not appended to the specification.
* Documents most commonly referred to are:
	+ other specifications;
	+ standards documents;
	+ reference publications;
	+ codes of practice;
	+ Acts of Parliament; and
	+ government directives.
* By referencing a document, they are legally incorporated into the specification. If only part of a document is relevant, then refer to that part only.
* If the procurement is covered by an International Agreement, a specification should not prescribe or refer to a particular trademark or trade name (e.g. Australian Standards), patent, copyright, design, type, specific origin, producer or supplier, unless there is no other sufficiently precise or intelligible way of describing the procurement requirements. If reference is made to such documents, the specification should include words such as “or equivalent”.
* See ‘[Government procurement under international agreements – procurement guide](https://buyingfor.vic.gov.au/guide-government-procurement-under-international-agreements)’, for further information regarding the application of International Agreements to government procurement

Service conditions and environmental factors:

* Inclusion – Optional
* If the physical environment in which the required products will operate or be located will affect the output, design or performance, the specification must explain those location/ environmental conditions.
* If there are limitations imposed by users, the specification must explain what those limitations are. e.g. limited access to and within a building, or compliance with the VPS code of practice if based on-site.
* Environmental and ergonomic factors may include:
	+ operating and storage conditions;
	+ the need for interchangeability or compatibility with existing equipment, systems, etc.;
	+ availability of energy and other services;
	+ intended users of the product and their ergonomic requirements;
	+ personnel safety aspects; and
	+ servicing or maintenance requirements or limitations.
* Also detail any particular environmental requirements (e.g. the recovery and recycling capability of goods after their useful life), and encourage suppliers to put forward ideas that are environmentally friendly

Statement of requirements:

* Inclusion – Essential
* The statement of requirements should contain:
	+ a description of the outputs; or
	+ functionality and performance requirements; and
	+ detail the performance measures and benchmarks that will be monitored during the period of the contract.
* These measures may need further negotiation with the successful supplier before they become contractual commitments.
* Statements of requirements can vary significantly in scale and complexity, from a small once-only consultancy to a complex set of requirements intended to cover major outputs of an organisation.
* The requirements for goods and services can be similar however there may be specific matters for consideration in the procurement of goods and the procurement of services. Refer to the following for guidance:
	+ **Specification – Goods - Statement of requirements**
	+ **Specification - Service - Statement of requirements**

Technology, systems and management techniques:

* Inclusion – Recommended
* State where the organisation expects improvements in the use of technology, systems and other management techniques. Suppliers should be encouraged to provide innovative solutions when making offers.
* Data management and the management of Intellectual property should be identified if applicable. Data management should also be considered and incorporated into the record management strategy. Consideration should be given to the:
	+ [Privacy and Data Protections Act 2014 (Vic)](http://www.dataprotection.vic.gov.au/)
	+ DataVic Access Policy
	+ Intellectual Property Policy*.*

Records management:

* Inclusion – Essential
* Detail any record management requirements. Record management includes the creation and control, storage, security, access and disposal.
* Specifications need to ensure:
	+ full and accurate records of the activity are created
	+ ownership and custody of records is clear
	+ records are not disposed of without proper authorisation
	+ government access to records is assured and
	+ records are stored appropriately and kept secure.
* Consideration should be given to the standards issued under the **Public Records Act (1973).** For further information refer to the Public Records Office of Victoria’s [Strategic Management Standard](http://prov.vic.gov.au/government/standards-and-policy/all-documents/pros-1010) and [Managing records of outsourced activities guideline](http://prov.vic.gov.au/government/standards-and-policy/all-documents/pros-1010-g2).

Quality requirements:

* Inclusion – Recommended
* Detail appropriate quality assurance processes to be undertaken by the supplier

## Using this guide

This guide accompanies the [goods and services supply policies](https://buyingfor.vic.gov.au/goods-services-supply-policies). There are 5 supplies policies:

* Governance policy
* Complexity and capability assessment policy
* Market analysis and review policy
* Market approach policy
* Contract management and disclosure policy

This guide supports the [Market approach policy](https://buyingfor.vic.gov.au/market-approach-policy).

For procurement of information communication and technology goods and services, consideration must also be given to the Victorian Government ICT Strategy.

For information relating to intellectual property and the management of data and records refer to the:

* [Intellectual Property Policy](http://www.dtf.vic.gov.au/Publications/Victoria-Economy-publications/IP-and-DataVic/Whole-of-Victorian-Government-Intellectual-Property-Policy)
* [Privacy and Data Protections Act 2014 (Vic)](http://www.dataprotection.vic.gov.au/)
* [DataVic Access Policy](https://www.data.vic.gov.au/policy-and-standards)
* [Public Records Office of Victoria requirements](http://prov.vic.gov.au/government)

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