

Quality assurance handbook

Office of the Chief Advisor - Procurement

This document will be progressively reviewed as part of Buy Queensland 2023 implementation.



Queensland
Government

Quality assurance handbook

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Contact us

The Office of the Chief Advisor – Procurement is committed to continuous improvement. If you have any suggestions about how we can improve this guide, or if you have any questions, contact us at betterprocurement@hpw.qld.gov.au.

Disclaimer

This document is intended as a guide only for the internal use and benefit of government agencies. It may not be relied on by any other party. It should be read in conjunction with the Queensland Procurement Policy, your agency's procurement policies and procedures, and any other relevant documents.

The Department of Housing and Public Works disclaims all liability that may arise from the use of this document. This guide should not be used as a substitute for obtaining appropriate probity and legal advice as may be required. In preparing this document, reasonable efforts have been made to use accurate and current information. It should be noted that information may have changed since the publication of this document. Where errors or inaccuracies are brought to the attention of the Department of Housing and Public Works, a reasonable effort will be made to correct them.

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Introduction

Quality assurance and quality management

Quality Assurance (QA) means managing business processes in such a way that both the supplier and the customer are satisfied with the quality and consistency of the goods or services being produced/provided.

Quality management is the coordination of activities that direct and control an organisation or group of people and facilities with an arrangement of responsibilities and relationships in regard to quality.

Since the development and implementation of the Queensland Government's QA policy, quality assurance systems have evolved to become quality management systems. These quality management systems still incorporate the practices of visibly assuring quality through management controls.

There has been international agreement about the issues that any business needs to control if quality, consistency, business improvement and customer satisfaction are to be achieved. These issues are contained in the International Standards Organisation (ISO) [9000 Quality Management](#).

Purpose

The purpose of this guide is to inform Queensland Government agencies and suppliers about the [Queensland Government's Quality Assurance Policy](#).

This guidance document should be read together with the [Queensland Procurement Policy](#) and [Quality Assurance Policy](#), the agency's procurement procedures, and related government policies or instruments.

Risk and QA

Overview

To fulfil the requirements of the QA policy, agencies must be able to make an assessment of the level of risk associated with a procurement.

Procurement risk depends on the consequences and the probability of something going wrong with either the procured good or service or the procurement transaction. The risk to be assessed is the risk to the buyer (the agency) and is assessed by the buyer. Risk exposures arise from four sources:

- the buying organisation
- the product or service
- the supplier
- the market.

QA cannot be used to manage market-related risks. It is useful for managing goods or service related risks and to a lesser extent those related to the supplier.

Practical information on assessing risk is contained in the [Standards Australia handbook HB 436:2004](#), and in [AS/NZS ISO 31000:2009 Risk management – principles and guidelines](#). Copies of these publications can be obtained from the [SAI Global website](#).

Recommended practice

Before a purchase is made risks should be identified and analysed. A strategy for managing the risks should then be developed and implemented. QA is one of the methods available for managing some

procurement risks. Where appropriate, QA (through application of the [ISO 9000 – Quality management](#)) can be specified as a mandatory requirement that the supplier must meet.

Risk should be assessed for all purchases, although for low value purchases this may only be notional; for regular purchases it would need to be done only at the time of initial purchase, on the condition the defined product or service does not change.

For purchases of \$100,000 or more, the risk assessment process should be more formal and appropriate records kept.

Assessing risk

Once the risks of procurement are identified, the consequences and probability of each risk need to be determined.

When considering the consequences of a risk, consider:

- how critical the outcome of the procurement is
- what level of risk will be tolerated by an external/public perspective
- what, who, and how many are affected by the risk.

When considering the probability of a risk occurring, consider:

- the circumstances surrounding an activity that affect the level of probability of the risk occurring
- the frequency of exposure to the risk – usually the probability is higher as the frequency of exposure to the risk increases.

Recommended practice

A range of qualitative and quantitative methods are available to help analyse the consequences and probabilities of risk. One common qualitative method is to use a combination of experience, good judgement and a simple scale of intensity/severity. For example, consequences and probability can be defined using simple rating scales such as:

- high, medium, low
- highly likely to highly unlikely
- numeric scales (e.g. 1 to 5).

Avoid subjective judgements, and be objective in determining ratings of risks. Ask regularly, 'would an independent person reach the same conclusion?'

Start with a simple qualitative analysis to get a general indication of risk and to do the initial screening; then, if necessary, use quantitative methods for more specific analysis. Quantitative methods involve using numerical information to arrive at a percentage or dollar value: for example, using cost benefit analysis. Quantitative analysis may be necessary for complex and/or high relative expenditure risks. Seek specialist advice when detailed or scientific analysis is needed.

Determining appropriate QA requirements

Specification of appropriate QA requirements requires the agency to assess the risks associated with the procurement. Risk is classified into three levels: low, moderate and high. **Table 1** below summarises the relevant QA requirements.

Table 1: Relevant QA requirements

Value of good or service	Level of risk	QA requirement	Proof
Below \$100,000	Not applicable	No formalised QA required except if determined by government or a government agency to be a 'high risk' purchase	As applicable
\$100,000 and above	Low	No formalised QA required	QA not applicable
	Moderate	Selected elements from the Quality System Standard (e.g. AS/NZS ISO 9001)	<ul style="list-style-type: none"> Evaluation by an International Register of Certificated Auditors (IRCA) or Exemplar Global registered auditor A competent auditor engaged by a JAS-ANZ accredited third party certification body
	High	Quality system standard (e.g. AS/NZS ISO 9001)	Formal third party QA certification

Documenting the QA process

Recommended practice

Agencies should ensure they retain appropriate records which demonstrate how they have applied the QA policy to each procurement. This is particularly important where the procurement is assessed as moderate or high risk. Where the procurement is assessed as moderate risk, officers must ensure they can demonstrate why selected elements were chosen and how they were applied. The QA process must be able to withstand independent review.

Requirements for suppliers

Suppliers offering to government agencies are required to understand the QA requirements and satisfy these where they are specified. It is also the responsibility of the suppliers to demonstrate they meet the QA requirements specified by government agencies.

Suppliers must demonstrate conformance to the required QA standards through certification. The certification of conformance must be issued by a [JAS-ANZ accredited third party certification body](#).

Certification

For moderate to high risk procurement, organisations doing business with the Queensland Government need to be able to prove their quality management systems meet quality management standards. This is achieved by a quality management system audit. The audit must be performed by a [Joint Accreditation System of Australia and New Zealand \(JAS-ANZ\)](#) accredited independent quality system certification organisation (third party certification).

The JAS-ANZ website lists accredited bodies able to perform these audits and issue the only certificates acceptable to Queensland Government. However, covering the costs associated with a third-party audit will be the responsibility of the supplier. The Queensland Government automatically recognises suppliers with certification from accredited third party certification bodies.

Selected elements

Where the level of risk associated with procurement is assessed as moderate, selected elements/clauses from a quality system standard must be specified. The supplier needs to demonstrate how the selected elements are met and controlled.

The agency must have this evidence evaluated by:

- an [International Register of Certificated Auditors \(IRCA\)](#) or [Exemplar Global](#) registered quality management system auditor
- a competent auditor engaged by a [JAS-ANZ accredited third party certification body](#).

The auditors will perform a desktop evaluation and an on-site confirmation of implementation of the selected elements.

Selected elements status does not equate to certification status to the standard.

Further information

The [Queensland Government's QA policy](#) can be accessed via the Department of Housing and Public Works website.

A copy of the quality management standard [AS/NZS ISO 9001](#) can be accessed from the [SAI Global website](#).

Other useful resources also include the [Australian Organisation for Quality-Queensland Inc \(AOQ-QLD\)](#).