Australian Government

Department of Finance

Centre of **Procurement** Excellence

2023 Commonwealth Procurement Capability Self-Assessment Survey

Snapshot Report

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Background and objective

In 2020, the Centre of Procurement Excellence (CoPE) developed the Commonwealth Procurement Capability Self-Assessment Survey (Survey) to be released to all non-corporate and prescribed corporate Commonwealth entities annually.

The 2023 Commonwealth Procurement Capability Self-Assessment Survey, now in its fourth year, provides an opportunity for entities to see how capability has developed over time. The 2023 results assist in developing visibility of trends in capability maturity, drawing out comparisons on how Commonwealth capability may be improved and addressing new capability challenges in the current environment.

Survey approach

The Survey measures procurement capability maturity across four main (Level 1) Categories and seven (Level 2) Sub-Categories. The 2023 Survey asked 59 questions in total: 15 demographic, 41 multiple choice and 3 closing questions.

The Survey was open to all non-corporate Commonwealth entities (NCEs) and prescribed corporate Commonwealth entities (CCEs). Although not mandatory, entities were strongly encouraged to complete the Survey.

Participating entities

Procurement capability maturity data was collected from 90 participating entities across the Commonwealth, with representation across all entity sizes and total contract value profiles. Less than fifty per cent of the participating entities are sized between 1 and 250 staff, and just under fifty per cent of the participating entities hold total contracts at a value of less than $50 million for the previous financial year.

Eighty per cent of participating entities have a central procurement function. Over eighty per cent are NCEs with the remainder being prescribed CCEs.

Executive summary

Summary of key insights from 2023

- Overall, at the Level 1 Category level, maturity across the Commonwealth (except in Sustainable Procurement) remained largely the same as in 2022. Capability maturity in Sustainable Procurement increased by almost eight per cent from 2022.

- On average, entities with a central procurement function had higher maturity scores than those without.

- Procurement Lifecycle had the highest maturity among all Level 1 Categories, while Sustainable Procurement scored the lowest despite an increase in maturity.

- Procurement Process was the most mature Level 2 Sub-Category, and the People category was the least mature.

- Across all Level 1 Categories, extra large entities (more than 10,000 staff) and entities with a very high total contract value (over $800 million) had higher maturity scores than other entity demographic groups.

- Maturity levels tended to improve with the increase in entity size and total contract value. Across Level 1 Categories, micro sized entities (under 20 staff), or entities with a low total contract value (under $50 million), or both, generally scored the lowest in maturity. The exception was Sustainable Procurement, in which micro and extra small entities (under 20 and 21-100 staff, respectively) outperformed small and medium entities (101-250 and 251-1,000 staff, respectively) scored lowest in maturity. Extra large entities (more than 10,000 staff), entities with a very high total contract value (over $800 million), or both, scored higher in Level 1 Category maturity than the other entity demographic profiles.

- Exceptions to the trend of the smallest entities scoring lowest and the largest entities scoring highest also appeared in some Level 2 Categories. Overall, greater total contract value corresponded positively with greater maturity across Level 1 and Level 2 Categories. The correlation was not as strong between larger entity size by staffing level and greater maturity.

Entity Size	Size ▲
Micro Entity	Less than 20 employees
Extra Small Entity	20 to 100 employees
Small Entity	101 to 250 employees
Medium Entity	251 to 1,000 employees
Large Entity	1,001 to 10,000 employees
Extra Large Entity	More than 10,000 employees

Categories of procurement and contracting capability

Procurement and contracting capability is measured across four primary categories as shown below. These Level 1 Categories provide high-level functions that identify and describe the capabilities of entities when undertaking effective procurement and contracting activities.

The Level 2 Sub-Categories break down the function further into distinct areas of capability.

Management of Procurement as a Function	Procurement Lifecycle	Enabling Procurement	Sustainability
This Category explores the strategies which are in place to achieve outcomes, and how procurement is positioned to meet current and future needs.	This Category explores the extent to which the entity's relevant procurement processes, and contract and supplier management activities support achievement of outcomes.	This Category explores the strategies and tools in place to enable the entity's procurement capability.	This Category explores the extent to which the entity incorporates sustainable procurement practices.

Management of Procurement as a Function

Leadership and Strategy
- Procurement strategy and alignment with organisational strategy
- Procurement leadership and influence
- Governance framework to drive behaviour towards desired outcomes by aligning accountabilities, consistent standards and practices across the organisation

Governance and Assurance
- Commercial outcomes
- Social outcomes covering indigenous enterprises and employment, social and disability enterprises and employment, SMEs and other policy initiatives
- Sustainability and environmental outcomes
- Risk management
- Policy compliance and assurance (including management of conflicts of interest and probity)
- Procurement functional plans reporting and KPIs
- Plan for continual improvement

Business and Industry Engagement
- Business partnering and engagement (models)
- Adoption of category management
- Organisational wide strategic procurement planning (12mth forecast) and visibility of procurement activities
- Early involvement and advice in planning high risk / high value procurements
- Enabling innovation
- Engaging with industry and the market
- Knowledge sharing across the business

Procurement Lifecycle

Procurement Process
- Procurement planning
- Uses market intel to develop plan
- Leveraging existing arrangements and minimising leakage to ensure best value
- Relevant stakeholders are identified and engaged with throughout
- Streamlining low value, high volume procurement
- Professional support to high risk / high value procurements
- Procurement templates and guidance
- Use of central (whole of government templates, forms and guidance)
- Ready access to procurement for advice including appropriately resourced help desk or similar
- Specialised expertise (internal or external) is utilised appropriately and when required (e.g. legal, probity, financial)

Contract and Supplier Management
- Supporting contract managers with tools, guidance and advice
- Appropriate resourcing of contract management and administration
- Transition management and contract establishment
- Contract managers are actively engaged with suppliers and providers
- Outcomes/KPIs of contract are measured and desired results are achieved
- Ensuring a focus on high risk / high value contracts
- Identification of entity-wide strategic suppliers and engagement in supplier relationship management of these suppliers
- Preparing for contract expiry and/or transition and managing IP

Enabling Procurement

People
- Training and development - procurement professionals
- Training and capability uplift of business areas (in procurement and contract management)
- Commercial acumen
- Career development and management for procurement professionals
- Recruitment and retention
- Workforce planning in place to appropriately resource procurement, requirements considered (quantity, skilled, qualified, right mix of employees and contractors/consultants)

Systems and Business Intelligence
- Spend analytics and reporting
- Contract management systems, databases / record keeping, contract and performance management
- Monitoring procurement projects and contract expiries and reporting
- Track contract spend and budget to actuals and cost variation monitoring (software and reporting)
- Procure to Pay (P2P) automation including e-catalogues and e-procurement, e-invoicing and three way matching
- Purchasing card and expense management systems

Sustainability

Sustainable Procurement
- Awareness of sustainable procurement guide
- Environmentally sustainable procurement practices
- Active consideration of recycled content

Capability maturity

Capability maturity refers to a set of structured levels that describe the characteristics of a capability across maturity stages.

Procurement Capability is measured using a five point maturity scale outlined below. Each step along the maturity scale relates to the degree of optimisation within an entity's behaviours, practices and processes from ad-hoc and reactive to formally defined steps, to managed outcomes and results. Each question within the main body of the survey included descriptive options that corresponded to each maturity level. The complete Survey questionnaire is included in Attachment A.

N/A	0 - None	1 - Emerging	2 - Evolving	3 - Effective	4 - Optimal
Not applicable due to size, structure, resourcing or procurement profile.	We do not do this.	We do this well in some areas and have room to improve in other areas.	We generally do this well across the Category.	We consistently do this well across the Category.	We do this well across the board and consistently to achieve outcomes.

This maturity model is used as a benchmark for comparison to assess entity procurement and contract management capability across the Commonwealth.

Due to the self-assessment nature of the Survey, both capability maturity scores and any comparative changes may be influenced by a number of factors. Factors may include:
• a different person completing the response from the previous year(s)
• the expectations of the respondent may have changed
• there may have been resourcing changes to the relevant team
• the self-perception of respondents may have been influenced by intervening events
• the entity may have been subject to Machinery of Government changes

Demographics

This Snapshot Report breaks results down by entity staffing size and by entity total contract value. These are two ways of discerning results against the size of an entity.

Responses by Entity Staffing Size
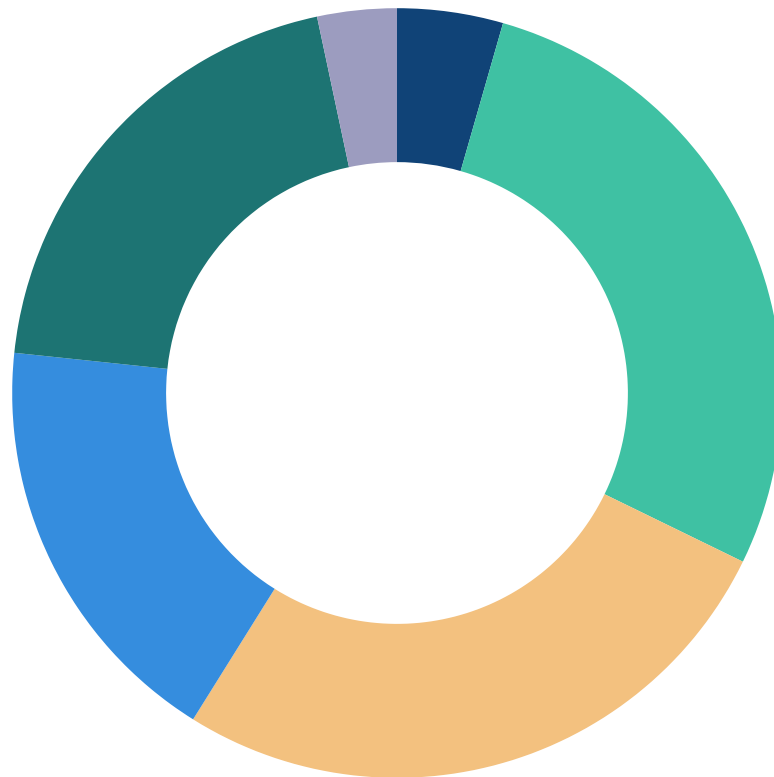
Responses by Entity Total Contract Value
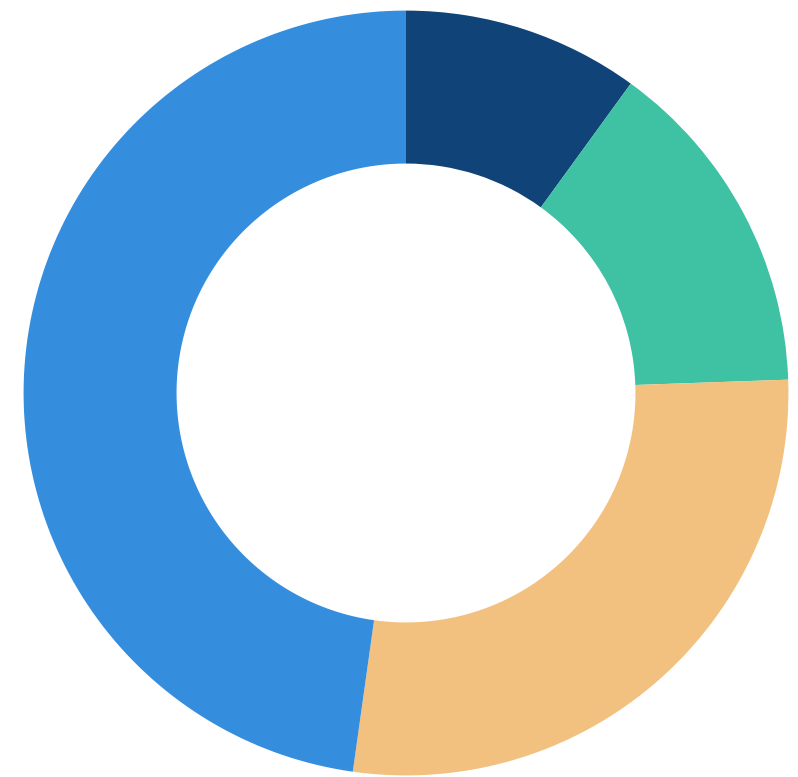
Legend:
- Extra Large Entity
- Large Entity
- Medium Entity
- Small Entity
- Extra Small Entity
- Micro Entity
- Over $800m
- $200m to $800m
- $50m to $200m
- Under $50m

Demographics

The below graphs provide a information about of participating entities broken down by entity by staffing size.

Proportion of NCE and Prescribed CCE respondents (by entity staffing size)

Legend:
- Large Entity
- Medium Entity
- Extra Small Entity
- Small Entity
- Extra Large Entity
- Micro Entity
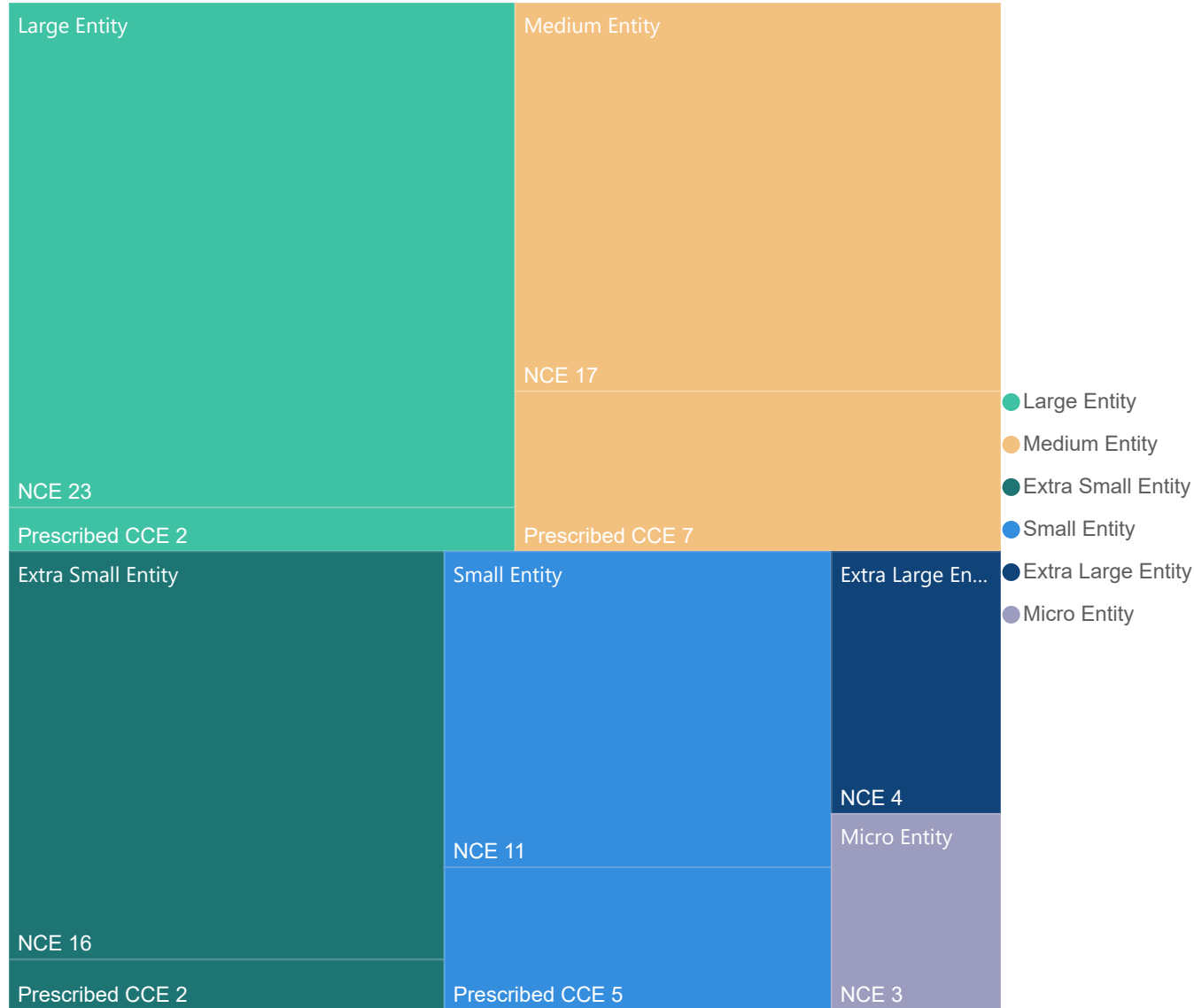
Do NCEs have a Central Procurement Function (by entity staffing size)
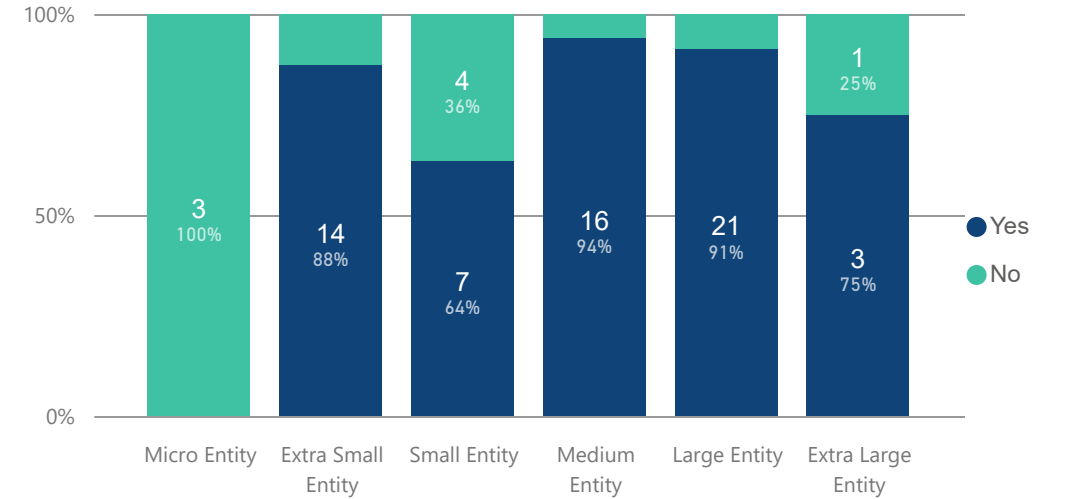
Do Prescribed CCEs have a Central Procurement Function (by entity staffing size)
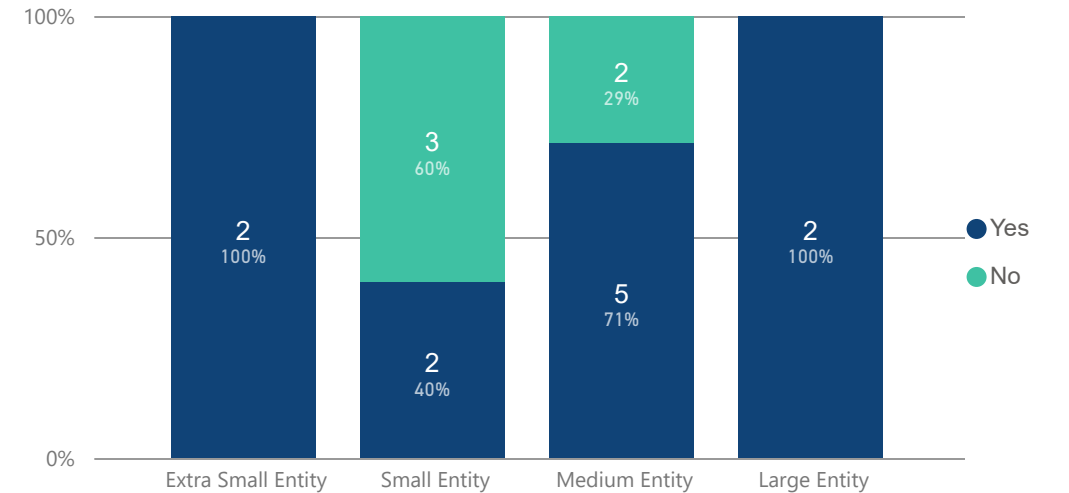
Demographics

The below graphs provide a information about of participating entities broken down by entity spend size.

Proportion of NCEs and Prescribed CCE respondents (by entity spend size)
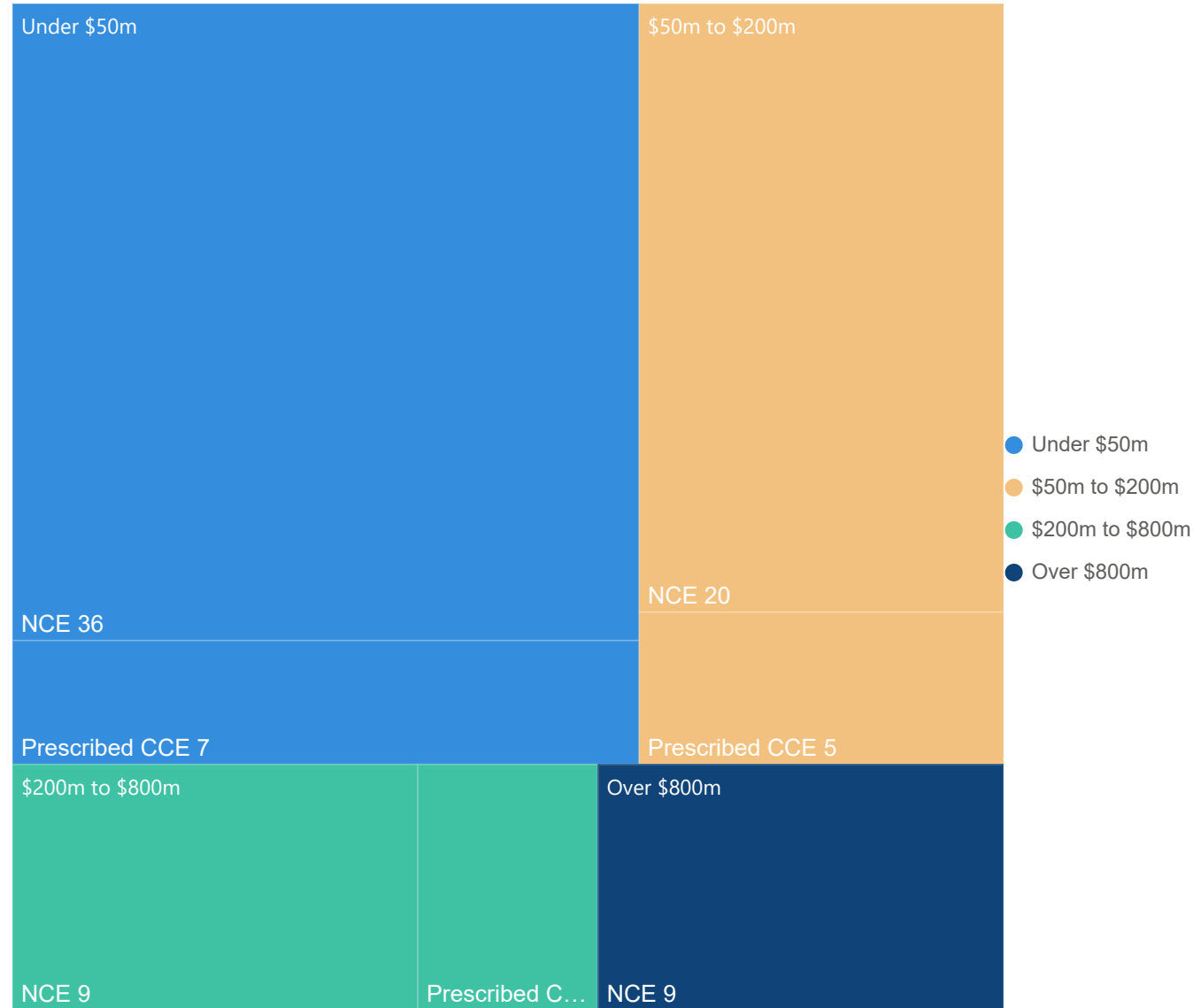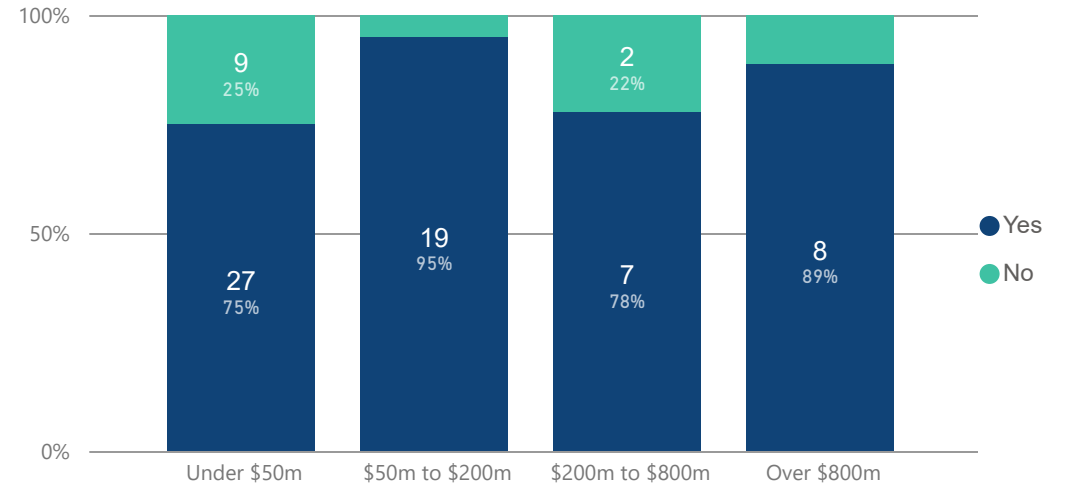
Legend:
- Under $50m
- $50m to $200m
- $200m to $800m
- Over $800m

Mekko chart labels:
- Under $50m — NCE 36
- $50m to $200m — NCE 20
- Prescribed CCE 7 (Under $50m)
- Prescribed CCE 5 ($50m to $200m)
- $200m to $800m — NCE 9
- Prescribed C...
- Over $800m — NCE 9

Do NCEs have a Central Procurement Function (by entity spend size)

	Under $50m	$50m to $200m	$200m to $800m	Over $800m
No	9 / 25%		2 / 22%	
Yes	27 / 75%	19 / 95%	7 / 78%	8 / 89%

Legend: Yes, No

Do Prescribed CCEs have a Central Procurement Function (by entity spend size)

	Under $50m	$50m to $200m	$200m to $800m
No	3 / 43%	1 / 20%	1 / 25%
Yes	4 / 57%	4 / 80%	3 / 75%

Legend: Yes, No
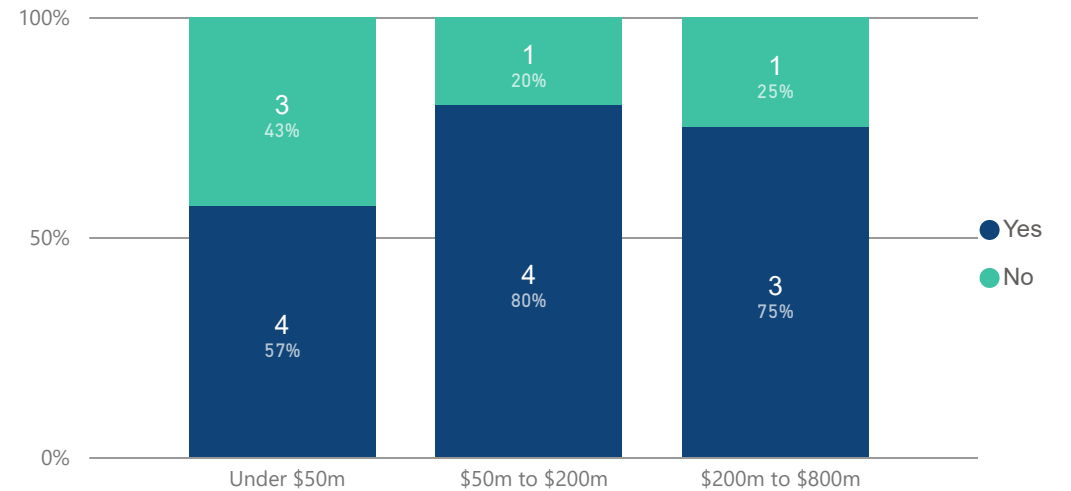
Demographics

Overall, entities that use a central procurement function have higher average maturities in every category measured. This trend replicates last year's results.

Level 1 Category maturity by use of a central procurement function

● Does not have a central procurement function ● Has a central procurement function

	Management of Procurement as a Function	Procurement Lifecycle	Enabling Procurement	Sustainable Procurement
Does not have a central procurement function	1.95	2.02	1.71	1.67
Has a central procurement function	2.23	2.39	2.10	1.97
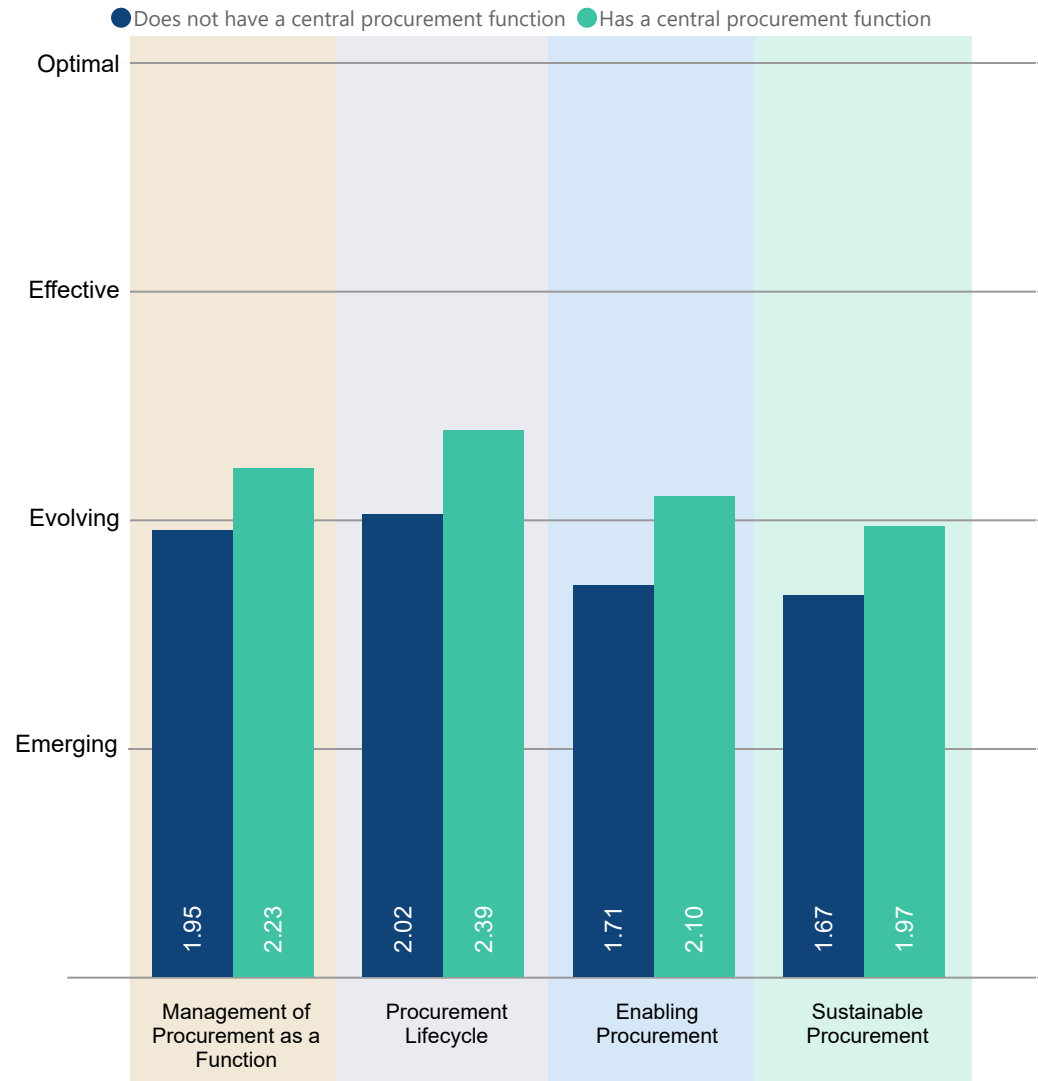
Level 2 Sub-Category maturity by use of a central procurement function

● Does not have a central procurement function ● Has a central procurement function

	Management of Procurement as a Function			Procurement Lifecycle		Enabling Procurement	
	Leadership and Strategy	Governance and Assurance	Business and Industry Engagement	Procurement Process	Contract and Supplier Management	People	Systems and Business Intelligence
Does not have a central procurement function	1.98	2.09	1.89	2.13	1.88	1.67	1.74
Has a central procurement function	2.14	2.48	2.16	2.54	2.22	1.97	2.17

Procurement and contracting capability maturity trends over time - Level 1 Category summary

Average maturity scores for all 2020, 2021, 2022 and 2023 entity responses for Level 1 Categories

Legend: ● 2020 ● 2021 ● 2022 ● 2023

Management of Procurement as a Function
- 4 year average: 2.21
- 2020: 2.21
- 2021: 2.27
- 2022: 2.19
- 2023: 2.17

Procurement Lifecycle
- 4 year average: 2.29
- 2020: 2.29
- 2021: 2.27
- 2022: 2.27
- 2023: 2.32

Enabling Procurement
- 4 year average: 2.05
- 2020: 2.04
- 2021: 2.08
- 2022: 2.04
- 2023: 2.02

Sustainable Procurement
- 3 year average: 1.90
- 2021: 2.01
- 2022: 1.77
- 2023: 1.91

Y-axis categories (bottom to top): Emerging, Evolving, Effective, Optimal

There is no maturity score for Sustainable Procurement in 2020 as this Category was introduced in 2021.

Procurement and contracting capability maturity trends over time - Level 2 Sub-Category summary

Average maturity scores for all 2020, 2021, 2022 and 2023 entity responses for Level 2 Sub-Categories

Legend: ● 2020 ● 2021 ● 2022 ● 2023

Y-axis (bottom to top): Emerging, Evolving, Effective, Optimal

Management of Procurement as a Function

Sub-Category	2020	2021	2022	2023	4 year average
Leadership and Strategy	2.24	2.26	2.17	2.11	2.19
Governance and Assurance	2.42	2.45	2.46	2.40	2.43
Business and Industry Engagement	2.10	2.19	2.09	2.11	2.12

Procurement Lifecycle

Sub-Category	2020	2021	2022	2023	4 year average
Procurement Process	2.42	2.41	2.39	2.46	2.42
Contract and Supplier Management	2.12	2.08	2.13	2.15	2.12

Enabling Procurement

Sub-Category	2020	2021	2022	2023	4 year average
People	1.88	2.03	2.01	1.91	1.96
Systems and Business Intelligence	2.14	2.11	2.06	2.09	2.10

Procurement and contracting capability 2023 maturity trends by entity size - Level 1 Category summary

2023 maturity scores for Level 1 Categories by entity size

Legend: ● Micro Entities ● Extra Small Entities ● Small Entities ● Medium Entities ● Large Entities ● Extra Large Entities

Category	Micro	Extra Small	Small	Medium	Large	Extra Large
Management of Procurement as a Function	1.90	1.96	2.00	2.01	2.42	3.39
Procurement Lifecycle	1.93	2.20	2.03	2.28	2.51	3.32
Enabling Procurement	1.59	1.92	1.88	1.90	2.19	3.13
Sustainable Procurement	2.28	2.08	1.56	1.63	2.06	3.00
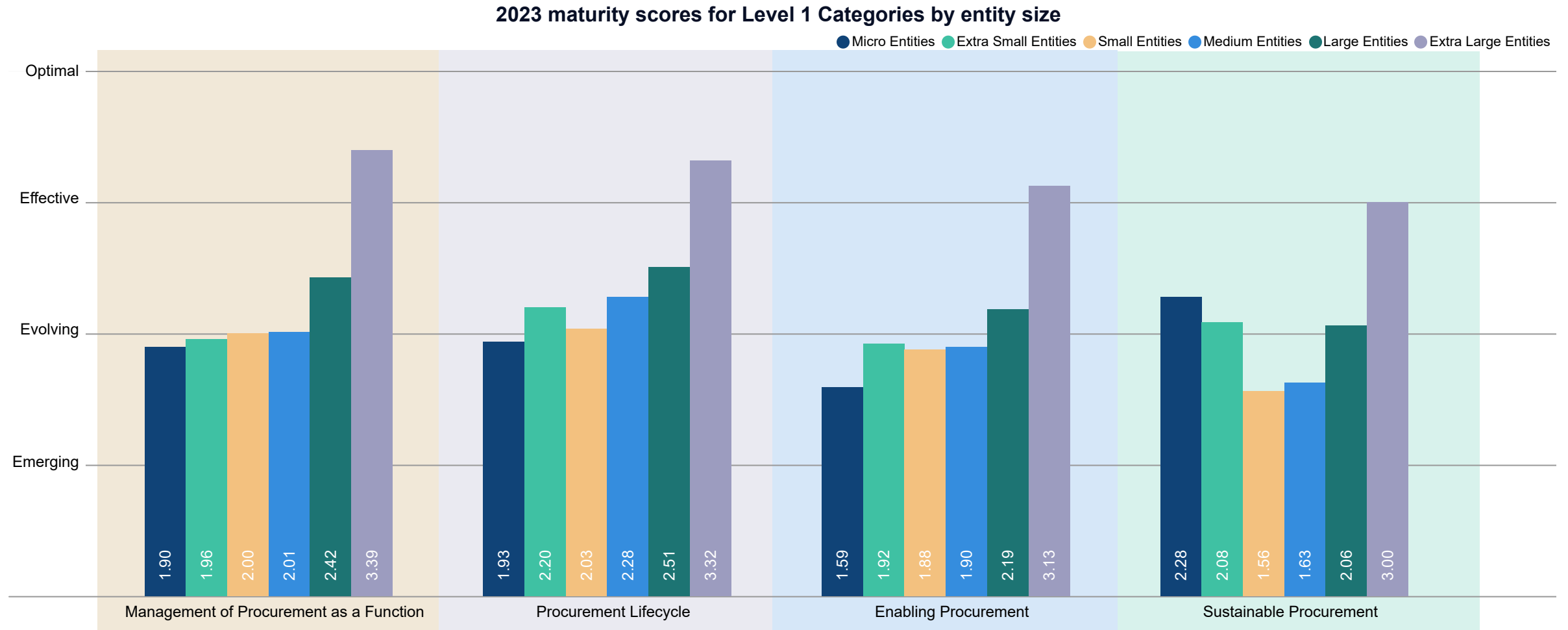
Procurement and contracting capability 2023 maturity trends by entity size - Level 2 Sub-Category summary

2023 maturity scores for Level 2 Sub-Categories by entity size

● Micro Entities ● Extra Small Entities ● Small Entities ● Medium Entities ● Large Entities ● Extra Large Entities

Management of Procurement as a Function

	Micro	Extra Small	Small	Medium	Large	Extra Large
Leadership and Strategy	2.11	2.21	1.94	1.69	2.34	3.46
Governance and Assurance	2.00	1.93	2.17	2.42	2.73	3.58
Business and Industry Engagement	1.72	1.91	1.95	1.98	2.33	3.29

Procurement Lifecycle

	Micro	Extra Small	Small	Medium	Large	Extra Large
Procurement Process	1.73	2.28	2.20	2.41	2.70	3.55
Contract and Supplier Management	2.08	2.10	1.85	2.13	2.28	3.04

Enabling Procurement

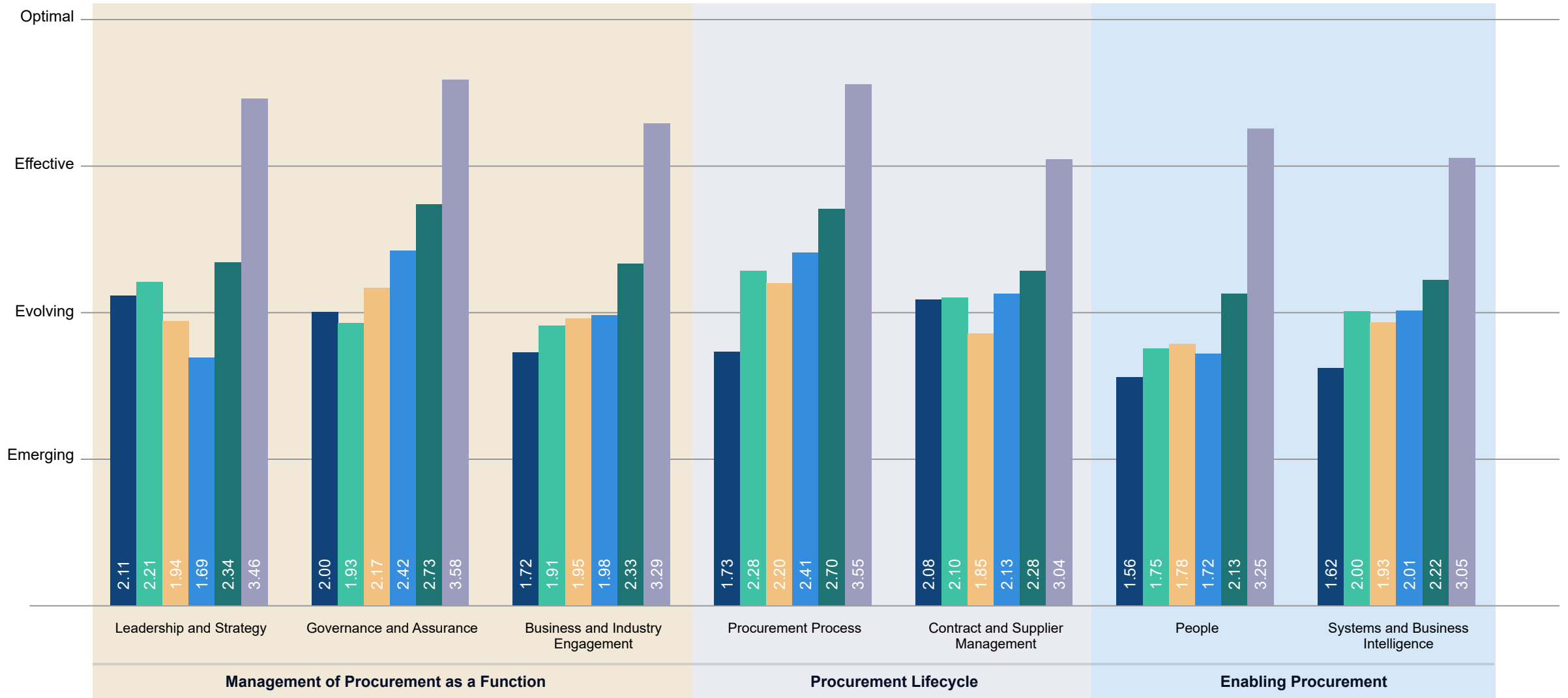|	Micro	Extra Small	Small	Medium	Large	Extra Large
People	1.56	1.75	1.78	1.72	2.13	3.25
Systems and Business Intelligence	1.62	2.00	1.93	2.01	2.22	3.05

Procurement and contracting capability 2023 maturity trends by entity contract value - Level 1 Category summary

2023 maturity scores for Level 1 Categories by entity contract value

● Under $50m   ● $50 to $200m   ● $200m to $800m   ● Over $800m

Category	Under $50m	$50 to $200m	$200m to $800m	Over $800m
Management of Procurement as a Function	1.88	2.22	2.43	3.04
Procurement Lifecycle	2.07	2.38	2.53	3.02
Enabling Procurement	1.82	2.07	2.11	2.74
Sustainable Procurement	1.77	1.85	1.87	2.81
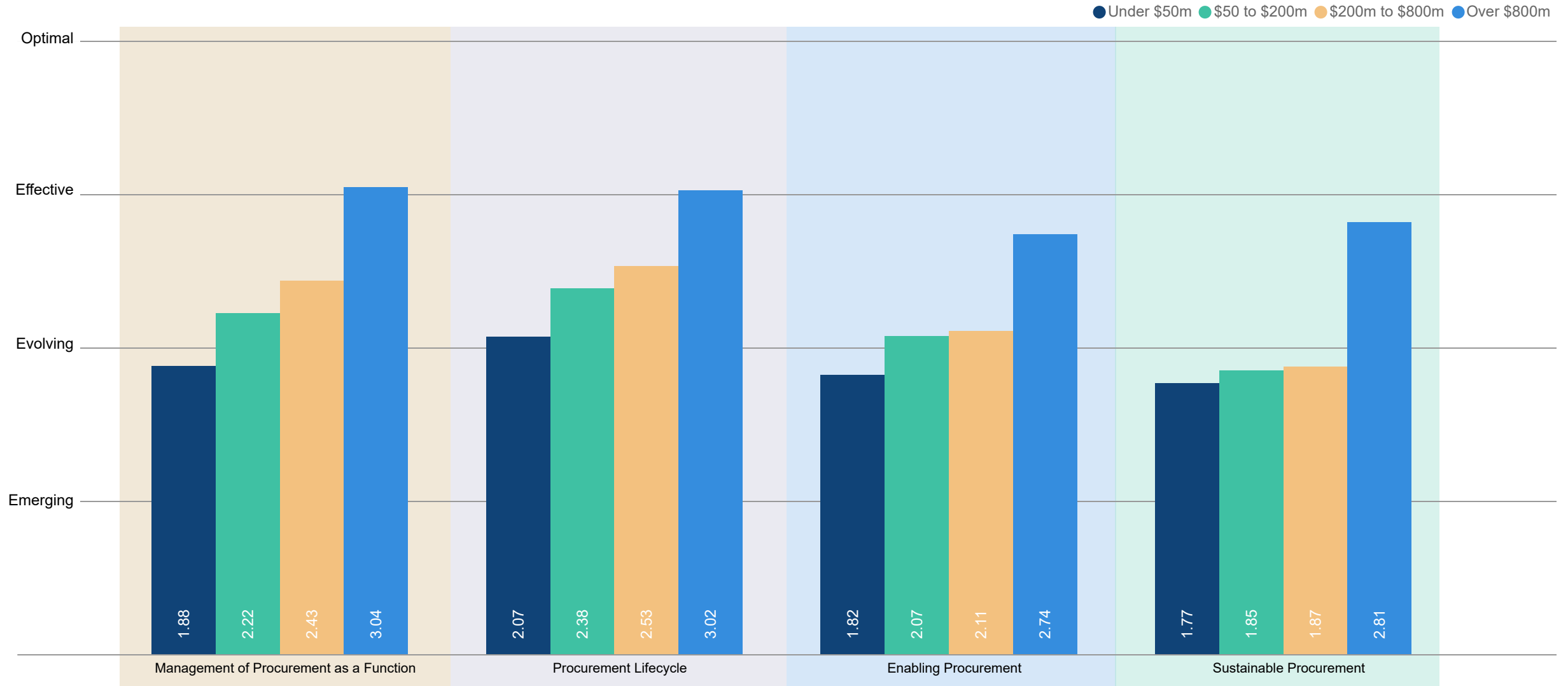
Procurement and contracting capability 2023 maturity trends by entity contract value - Level 2 Sub-Category summary

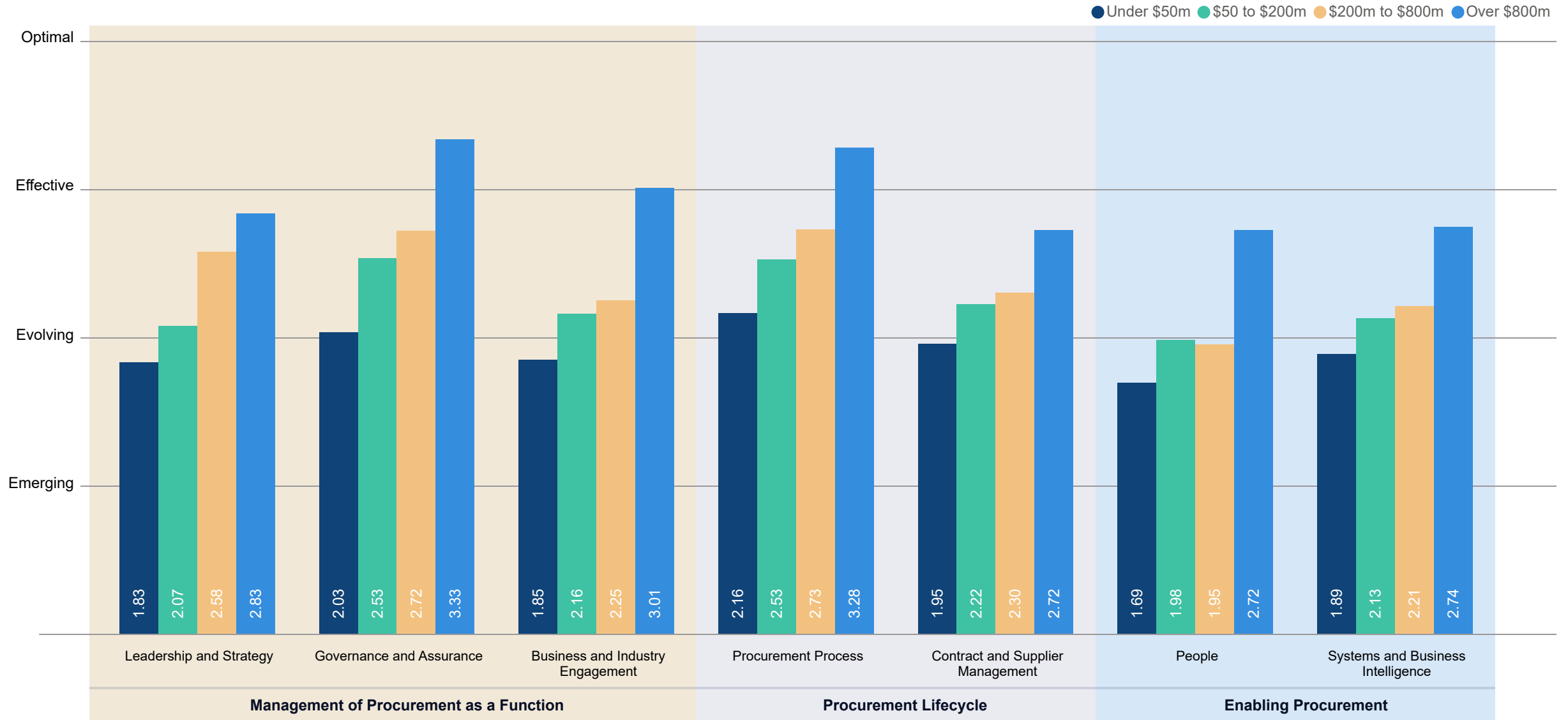**2023 maturity scores for Level 2 Sub-Categories by entity contract value**

Legend: ● Under $50m ● $50 to $200m ● $200m to $800m ● Over $800m

Sub-Category	Under $50m	$50 to $200m	$200m to $800m	Over $800m
Leadership and Strategy	1.83	2.07	2.58	2.83
Governance and Assurance	2.03	2.53	2.72	3.33
Business and Industry Engagement	1.85	2.16	2.25	3.01
Procurement Process	2.16	2.53	2.73	3.28
Contract and Supplier Management	1.95	2.22	2.30	2.72
People	1.69	1.98	1.95	2.72
Systems and Business Intelligence	1.89	2.13	2.21	2.74

Management of Procurement as a Function: Leadership and Strategy, Governance and Assurance, Business and Industry Engagement

Procurement Lifecycle: Procurement Process, Contract and Supplier Management

Enabling Procurement: People, Systems and Business Intelligence

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