

Appendix 6

Procurement activities

The Commonwealth purchasing policy framework is outlined in the Commonwealth Procurement Guidelines — January 2005 (the Guidelines).

Performance against core purchasing policies

The ANAO's purchasing activities in 2006–07 have been undertaken in adherence with the objectives set out in the Guidelines, particularly in the contracting out of financial statement audits and its internal administration. Open tender processes were conducted to seek high quality services that provided value-for-money solutions for the ANAO.

To ensure that we meet the objectives and mandatory requirements set out in the Guidelines, the Auditor-General's Procurement Instructions and associated *Procedural Rules* are periodically updated, essentially to take account of the mandatory requirements of the Guidelines. In some areas, we have established panels of contractors and consultants with particular capabilities to meet ongoing needs. The performance of these outsourced arrangements is outlined in the *'Management and Accountability'* section of this report.

Our *Annual Procurement Plan* for 2006–07 was published in *Austender* in June 2006.

We continue to consider a range of factors to ensure that our processes are fair and equitable and that all potential suppliers have opportunities to compete for our business.

Policy on the selection and engagement of consultants

We use consultants on a needs basis for a variety of tasks. The most common uses of contracted-in consultants include the application of expert professional skills to:

- investigate or diagnose a defined issue or problem;
- carry out defined research reviews or evaluations;
- provide independent advice, information or creative solutions; or
- provide specialised services, including assistance with the development and/or implementation of purpose-built IT systems and with legal advice.

Using an open tender process, we have selected and maintained a panel of consultants for audit-related work. In addition, consultancies for larger activities (audit or non-audit related) are put out to tender when required.

A suite of standard form contracts has been developed for use by our staff in setting up consultancies. Where necessary, these standard form documents can be readily adapted by our staff to suit individual circumstances.

When consultants are contracted in to provide services under the *Auditor-General Act 1997*, each must sign a Deed of Confidentiality to ensure they are aware of their legal commitment to the relevant confidentiality and secrecy provisions under that Act. Consultants may exercise those powers only in respect to the services for which they are contracted.

Summary of consultancy information

Table A6-1 lists the consultancies valued at \$10 000 or more that were let in 2006-07. The total figure refers to total value of the contracts let, irrespective of the period of the contract, noting that some contracts are let for periods in excess of one year.

Table A6-1: List of consultancy contracts let in 2006-07 valued at \$10 000 or more

Name	Description	Contract Price \$	Selection Process ¹	Reason ²
Acumen Alliance (ACT)	Assistance in the review of leave balances	12 000	Direct source	B
Acumen Business Solutions (ACT)	Implementation of leave purchase amendment in PeopleSoft.	14 100	Direct source	B
Allanson Consulting	Statistical analysis for audit on Distribution of Grant Funding by FACSIA.	30 000	Panel	B
Allanson Consulting	Audit survey in relation to indigenous services.	24 000	Panel	B
Allanson Consulting	Assistance with data analysis in the audit of the management of customer debt in Centrelink.	36 500	Panel	A
Allanson Consulting	Provision of specialist survey data interpretation, sampling expertise and statistical services	15 000	Panel	B
Allanson Consulting	Statistical Analysis for audit on the Senate Order.	10 560	Panel	B
Allanson Consulting	Sampling and analysis of the Department of Industry, Tourism and resources Grants Database.	18 000	Panel	B
Applied Financial Diagnostics	Advice on financial risks in relation to the audit of the Regional Partnerships Programme, for a venture capital project. ²⁹	19 400	Panel	B

²⁹ Each of the four listings for *Applied Financial Diagnostics*, were separate contracts for analysis of different funded projects. Each contract involved payment of a daily fee up to a fixed financial cap. In each case, the consultants took more days than was budgeted, at no additional cost to the ANAO.

Name	Description	Contract Price \$	Selection Process ¹	Reason ²
Applied Financial Diagnostics	Advice on financial risks in relation to the audit of the Regional Partnerships Programme, for a project where the funding recipient entered liquidation.	19 400	Panel	B
Applied Financial Diagnostics	Advice on financial risks in relation to the audit of the Regional Partnerships Programme where the applicant was also undertaking a capital raising programme.	19 400	Panel	B
Applied Financial Diagnostics	Advice on financial risks in relation to the audit of the Regional Partnerships Programme where the applicants contribution relied on bank finance.	19 400	Panel	B
Consolve	Assistance with the feasibility study, business case and tender process for the Electronic Data and Records Management Systems (EDRMS) Project.	70 000	Select tender	B
Consolve	Review records management policy and develop guidelines	20 000	Select tender	B
Consolve	Review of resource management processes and systems.	35 000	Select tender	B
Courage Partners	Assistance with independent contractors superannuation audit.	75 900	Panel	A
Deloitte Touche Tohmatsu	Review of Long Term Cost Report for Military Services Benefits Scheme (MSBS) for the 3-year period ending 30 June 2006	21 600	Direct source	B
Deloitte Touche Tohmatsu	Review calculations of unfunded liabilities for MSBS for the 2 yrs ending 30 June 2006.	17 300	Direct source	B
Enterprise Clarity	Advice on the extension of the ANAO UNISYS IT Services Contract.	21 875	Direct source	B
Ernst & Young	Accounting assistance in relation to AIFRS calculations.	14 300	Panel	B

Name	Description	Contract Price \$	Selection Process ¹	Reason ²
Ernst & Young	Actuarial services in relation to the Department of Veterans' Affairs.	37 900	Panel	B
Excelerated Consulting	Assistance with Business Intelligence System (TM1) and maintenance of the Audit Management System and time allocations.	40 000	Direct source	B
Haralambous Dowse & Associates	Consultancy on building refurbishment	10 000	Select tender	B
HBO EMTB Interiors (ACT)	Interior layout design exercise for 19 National Circuit BARTON ACT 2600	30 850	Direct source	B
Hugh Watson Consulting	Facilitator for EL Conference June 2007.	11 385	Panel	A
Hugh Watson Consulting	Facilitation for SES Conference November 2006.	12 600	Panel	A
Interwoven	EDRMS consultancy	110 000	Open tender	B
KPMG	Provide consultancy services for the HECS-HELP Performance Audit.	184 000	Panel	B
Lucid IT	IT Infrastructure Library (ITIL) consultancy and workshops	24 000	Direct source	B
Noesis Learning	Training needs analysis and strategy for the ANAO	20 000	Select tender	A
OBS	Upgrade intranet platform from Microsoft SharePoint 2003 to SharePoint 2007.	24 600	Select tender	B
OBS	SharePoint single sign-on service	10 300	Direct source	B
ORIMA Research	Client survey 2005-06	29 700	Panel	C
ORIMA Research	ANAO Staff Survey 2006-07	28 000	Panel	C
ORIMA Research	PASG Client Survey 2006-07	38 800	Panel	C
ORIMA Reseach	Conduct an online survey of APS agencies for audit of contracts for labour hire.	11 500	Panel	C
ORIMA Research	Preparation and administration of online surveys.	13 000	Panel	C

Name	Description	Contract Price \$	Selection Process ¹	Reason ²
PricewaterhouseCoopers	Assistance with HECS concessional loans audit.	22 033	Panel	B
PricewaterhouseCoopers Securities	Actuarial review of unfunded liabilities	17 600	Panel	B
Phillips Fox	Assistance with Regional Partnerships Program Audit	38 000	Panel	B
Recoveries Corporation	Advice in relation to the audit on ATO's debt collection	16 600	Select tender	A
Technology One	Finance One upgrade – software, testing and training	39 586	Direct source	B
Unisys	Advice and implementation of Two Factor Authentication.	14 000	Direct source	B
Walter Turnbull	Assistance with collaborative messaging review	20 000	Panel	B
	Total	1 318 189		

Note 1. Explanation of selection process terms drawn from the Commonwealth Procurement Guidelines (January 2005):

Open Tender. A procurement procedure in which a request for tender is published inviting all businesses that satisfy the conditions for participation to submit tenders.

Select Tender. A procurement procedure in which the procuring agency selects which potential suppliers are invited to submit tenders in accordance with the mandatory procurement procedures.

Direct Sourcing. A procurement process, available only under certain defined circumstances, in which an agency may contact a single potential supplier or suppliers of its choice and for which conditions for direct sourcing apply under the mandatory procurement procedures.

Panel. An arrangement under which a number of suppliers, usually selected through a single procurement process, may each supply property or services to an agency as specified in the panel arrangements.

Note 2. Justification for decision to use consultancy:

A—skills currently unavailable within agency.

B—need for specialised or professional skills.

C—need for independent research or assessment.

A comparison of the total value of consultancy contracts valued at \$10 000 or more over the years 2004-05 to 2006-07 is set out below.

**Table A6-2: Consultancy contracts valued at \$10 000 or more
2003-04 to 2006-07**

Year	Amount (\$Million)
2004-05	1.375
2005-06	1.442
2006-07	1.318