

Evaluation Processes for the Selection of

- Records Management
Systems
- Internet Access
Services

For the Commonwealth

Office of Government Information
Technology

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Canberra ACT
18 December 1997

Dear Madam President
Dear Mr Speaker

In accordance with the authority contained in the *Audit Act 1901*, the Australian National Audit Office has undertaken two performance audits of the Office of Government Information Technology. I present these reports and the accompanying brochure to the Parliament. The reports are titled:

Evaluation Processes for the Selection of
- *Records Management Systems*
- *Internet Access Services*
For the Commonwealth.

Yours sincerely

P. J. Barrett
Auditor-General

The Honourable the President of the Senate
The Honourable the Speaker of the House of Representatives
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The Auditor-General is head of the Australian National Audit Office. The ANAO assists the Auditor-General to carry out his duties under the Audit Act to undertake performance audits and financial statement audits of Commonwealth public sector bodies and to provide independent reports and advice for the Parliament, the Government and the community. The aim is to improve Commonwealth public sector administration and accountability.

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Abbreviations

AGPS	Australian Government Publishing Service
ANAO	Australian National Audit Office
BAFO	Best and Final Offer
CGIO	Chief Government Information Officer
DAS	Department of Administrative Services
DIMA	Department of Immigration and Multicultural Affairs
DIST	Department of Industry, Science and Tourism
EMG	Evaluation Management Group
FMIS	Financial Management Information System
HRMS	Human Resource Management System
ISDN	Integrated Services Digital Network
ISP	Internet Service Provider
IT	Information Technology
IT&T	Information Technology and Telecommunications
NPV	Net Present Value
OGIT	Office of Government Information Technology
PSTN	Public Switched Telephone Network
RFI	Request for Information
RFP	Request for Proposal
RMS	Records Management System
SSAG	Shared Systems Advisory Group
SSEMG	Shared Systems Evaluation Management Group
SSSC	Shared Systems Steering Committee
SSS	Shared Systems Suite

Overview

Introduction

Introduction

The audits

1. The Office of Government Information Technology (OGIT) sought the services of the Australian National Audit Office (ANAO) to provide assurance on the probity of the methodology and procedures applied in two evaluation processes. These were evaluations for the selection of suppliers of Records Management Systems and Internet Access Services. The Audit Office agreed to OGIT's requests. The ANAO had previously reported on an audit of the selection of financial management and human resource management systems by OGIT¹.

2. It is important to note that the two OGIT audits did not undertake any assessment of the technical information in the tenders and did not attempt to ascertain whether OGIT's evaluation identified the most appropriate system solutions for Commonwealth requirements.

Audit objectives

3. The objectives of the audits were to:

- assist OGIT in the timely identification and correction of any deficiencies in its evaluation processes;
- provide advice to the Parliament, the Government, and other interested parties on the probity of the evaluation processes; and
- test for adherence to Commonwealth purchasing policies² and other specified requirements.

¹ Australian National Audit Office 1996, Auditor-General's Report No. 14 1996-97: Evaluation Process for the Shared Systems Suite, AGPS, Canberra.

² Commonwealth purchasing policies include promoting the development of Australian and New Zealand industry, including small business, by means that are consistent with achieving value for money objectives.

Audit criteria

4. The ANAO developed audit criteria to test whether:
 - the evaluation methodologies and procedures developed by OGIT reflected Commonwealth Guidelines for Open and Effective Competition;
 - suppliers were treated ethically, equally and fairly in the process employed;
 - the evaluation methodology, as published in the Request for Proposal (RFP), was followed and any departures from the methodology appropriately notified to suppliers;
 - appropriate records were maintained;
 - decisions were adequately documented; and
 - the evaluation process would provide confidence that it would result in the selection of appropriate suppliers.

The role of OGIT³

5. The Office of Government Information Technology (OGIT) was established in July 1995 in light of the recommendations of a report to the Minister for Finance, titled *Clients First: The Challenge for Government Information Technology*⁴. The report was commissioned by the Commonwealth Government, which had sought advice about how to make information technology a more efficient and effective means of achieving the objectives of government.

6. OGIT's role in the Commonwealth Public Service includes the following:
 - development of an information technology and management strategic plan which supports the Government's present and future service delivery strategies;

³ Source: OGIT Internet page [HTTP://www.ogit.gov.au/orgstruc.html](http://www.ogit.gov.au/orgstruc.html).

⁴ Department of Finance March 1995, *Clients First: The Report of the Minister for Finance's Information Technology Review Group*.

- advising government on whole-of-government policies and practices in information technology and telecommunications;
- consulting agencies on policy development and implementation of information management, technology and communications;
- supporting IT&T pilot projects which have whole of government benefits;
- establishing whole of government purchasing arrangements for telecommunications services; and
- supporting the Commonwealth's industry development policies for its activities affecting the IT industry.

The ANAO

7. The role of the ANAO is to provide independent audit advice and assurance to Parliament.
8. The ANAO has provided these probity audit services to OGIT on a shared user pays basis. The OGIT pays for the analysis and advice to management and the ANAO bears the cost of the report to Parliament.

Part One

Records Management Systems

Summary

Summary of the Audit of the Records Management Systems Evaluation

Background

1. In November 1995 the Government approved a strategy of reduction in the number of Information Technology administrative systems used by Commonwealth agencies. The reduction is being achieved by OGIT managing a process of selecting a limited number of the most suitable systems for Commonwealth agencies. Systems selected will be available to agencies as part of a Shared Systems Suite. An initial selection process placed six financial management systems and four human resource management systems in the Suite.⁵ As well, a further selection process sought proposals for the inclusion of Records Management Systems (RMS) in the Suite.

2. A period of consultation with industry followed which included releasing a draft Request for Proposal (RFP) to industry for comment. The RFP closed on 22 November 1996 with a total of 23 responses. On 13 June 1997 the Minister for Finance announced the final list of selected solutions as:-

Lead Partner	Product
BHP IT	Documentum
Computervision	TRIM and Optegra
Educom	DOCS Open and Records Manager
Ferntree (now GE Information Technology Solutions)	Objective and SIM
IBM	TRIM and VisualInfo

⁵ Australian National Audit Office 1996, Auditor-General's Report No. 14 1996-97: Evaluation Process for the Shared Systems Suite, AGPS, Canberra.

Audit opinion

3. The ANAO's audit opinion relates to the evaluation process and not to the technical judgements of OGIT. The ANAO is of the opinion that:

- the evaluation procedures adopted by OGIT properly reflected Commonwealth Purchasing Guidelines for open and effective competition and the process conformed with those guidelines;
- OGIT processes were adequate in ensuring that the selected solutions accorded with government policies on Australian and New Zealand industry development and affirmative action;
- the evaluation process treated suppliers ethically, equally and fairly;
- the evaluation methodology, as published in the RFP, was followed by OGIT;
- appropriate records were maintained on the process by OGIT; and
- decisions on the evaluation process were adequately documented.

4. The evaluation methodology and procedures, which were based on the previous procedures for the evaluation of human resource management and financial management systems, were considered sound and were applied effectively by the evaluation team. Minor procedural breakdowns and other observed shortcomings were investigated and raised with OGIT. In turn, OGIT took prompt remedial action wherever necessary. The ANAO considers that the effects of these minor procedural breakdowns posed negligible risk to the overall probity of the process.

Agency response

5. OGIT agreed generally with the findings.

Evaluation Procedures for the Records Management Systems

Introduction

This chapter provides the background to the process for selecting suppliers for the Records Management Systems of the Shared Systems Suite. The audit objectives and methodology are also outlined.

The Shared Systems Suite

1.1 The 1995 Clients First⁶ review of information technology across the Commonwealth recommended a reduction in the number of information technology administrative systems used by agencies. Later that year, the Government endorsed a strategy to rationalise the number of Human Resource Management Systems (HRMS), Financial Management Information Systems (FMIS). Records Management Systems (RMS) were also a priority area. The key objective of that initiative, which the present Government has continued, is to substantially improve the efficiency and effectiveness of the acquisition of administrative systems on a government-wide basis, and to deliver better information to agencies and the Commonwealth as a whole.⁷ The strategy is managed by OGIT and overseen by the Shared Systems Steering Committee (SSSC), which is chaired by the Chief Government Information Officer (CGIO). All Budget-funded agencies will be expected to select from the Suite when they next replace or consider major enhancements to existing systems. Any exceptions to this may be authorised only by the CGIO.

1.2 While OGIT has overall responsibility for managing the strategy for reducing the number of administrative systems, a lead agency provides expertise and management of the team conducting the evaluation of responses to the request for proposals (RFP). In the case of records management, the lead agency was the Department of Immigration and Multicultural Affairs (DIMA). DIMA supplied the chair of the Records Management Systems Working Group (RMSWG), the leader of the evaluation team and also a team member. OGIT supplied one team member, and chaired the Shared Systems Evaluation Management Group (SSEMG) and the Shared Systems Steering Committee. Other team members were from various other Commonwealth agencies. The responsibilities of the committees and groups are explained in Appendix 1.

⁶ Department of Finance March 1995, Clients First: The Report of the Minister for Finance's Information Technology Review Group.

⁷ Source: OGIT Internet page. [HTTP://www.ogit.gov.au](http://www.ogit.gov.au).

1.3 Following evaluation of responses to the RFPs, the FMIS and HRMS suppliers were announced on 10 October 1996 and the RMS suppliers on 13 June 1997.

Records management

1.4 Many Commonwealth agencies have computer systems for recording, locating and retrieving paper files. Typically these systems are used by a small number of registry staff; are not accessible to the majority of the agencies' staff; and deal solely with paper files. With the Request for Proposal (RFP) on this project, it was the Commonwealth's intention to seek innovative solutions which, in addition to performing all the present functions for paper records, would handle electronic records of all kinds. All agency staff would have access to the Records Management System and would have the potential to be able to store and retrieve all electronic records stored throughout the enterprise.

1.5 A major concern associated with the proposed ability of all staff to access corporate records was that the corporate store must be fully secure from unauthorised and unrecorded access to the records. A mandatory requirement of the RFP was that access to corporate records was recorded and records, once placed in the corporate store, should not be able to be changed except by creating a new, separate and fully documented, version of the document.

Audit objective, scope and focus

1.6 OGIT sought the services of the Australian National Audit Office (ANAO) to provide assurance on the probity of the methodology and procedures applied in the evaluation process. The ANAO agreed to undertake the audit and provide OGIT with an opinion on the probity of the methodology and procedures applied in evaluating responses to the RFP. The ANAO also agreed to review the formal procedures developed by OGIT to enable it to form an opinion, with a reasonable degree of assurance, on whether the evaluation process accorded with the Commonwealth Purchasing Guidelines for open and effective competition, and to form an opinion on whether there was adequate consideration of the development of Australian and New Zealand industry. The ANAO methodology provided for continual scrutiny of the evaluation process. In undertaking the audit the ANAO notified OGIT that it intended to report to Parliament on the results.

1.7 The objectives of the audit were to:

- assist OGIT in the timely identification and correction of any deficiencies in the evaluation process;
- provide advice to the Parliament, the Government and other interested parties on the probity of the evaluation process; and
- test for adherence to legislative and other specified requirements, such as in industry development.

1.8 During the course of the audit, advice was provided both orally and in writing and any concerns raised were notified to OGIT. In turn OGIT took prompt remedial action. The ANAO considers that the effects of the minor procedural breakdowns identified by the ANAO posed negligible risk to the probity of the evaluation process.

1.9 The audit commenced before the RFP closed in October 1996, and continued in parallel with the work of the evaluation team until the recommended solutions were provided to the Minister for Finance for approval in June 1997. The ANAO provided ongoing advice to OGIT and to the SSEMG as the occasion demanded.

1.10 It is important to note that the ANAO was not directly involved in the management of the process but was available to provide advice, where sought or where the ANAO perceived deficiencies. Further, it is important to emphasise that the ANAO audit was directed to the processes employed by OGIT to select suppliers and not to the technical assessments pertaining to the merits of the selected systems.

Audit methodology

1.11 The audit methodology was based on that used by the ANAO in the probity audit of the selection of FMIS and HRMS systems for the Shared Systems Suite.⁸

⁸ Australian National Audit Office 1996, Auditor-General's Report No. 14 1996-97: Evaluation Process for the Shared Systems Suite, AGPS, Canberra

1.12 As part of the audit, criteria were developed to enable the ANAO to assess the methodology and procedures developed by OGIT before it commenced the evaluation and to assist the ANAO to determine whether the evaluation team adhered to those procedures. The ANAO also considered whether the process was conducted ethically and fairly, in particular whether there was the potential for bias and conflict of interest.

1.13 In conducting the audit the ANAO:

- examined related files and records held by OGIT and the evaluation team;
- examined the evaluation methodology and procedures;
- observed treatment of a late response to the RFP and the decision process concerning its exclusion from the evaluation process as provided for in the RFP;
- observed the operation of the evaluation team in scoring the responses and examined a selection of scoring sheets;
- observed the conduct of the evaluation team:
 - contacting sites operating the systems under evaluation;
 - at proof of concept demonstrations; and
 - at system tests;
- observed the conduct of meetings between OGIT, the evaluation team and respondents to the RFP;
- considered the transparency and fairness of the process;
- considered the commitment of the process to Australian and New Zealand industry development and affirmative action; and
- examined reports on the evaluation, including the final report and the financial and risk analyses.

1.14 The audit did not undertake any assessment of the technical information in the tenders, and did not attempt to ascertain whether the evaluation process identified the most appropriate system solutions for Commonwealth requirements.

1.15 During the course of the audit the ANAO attended meetings of the SSSC and the SSEMG and provided progress reports to both. Oral reports on matters which the ANAO considered required attention were given to OGIT

and later confirmed in writing. OGIT took prompt remedial action on all such issues and provided copies of the ANAO written reports to the SSEMG and SSSC.

1.16 The audit was conducted as a performance audit under Section 48 of the Audit Act and conformed with ANAO Auditing Standards. The audit cost \$128,850, of which \$99,500 was recovered in fees from OGIT. The additional cost above that recovered from OGIT was the cost of reporting to Parliament and the cost of obtaining legal advice on the report.

Legal action

1.17 The first phase of the evaluation considered the responses to the RFP against mandatory requirements as stated in the RFP. During this phase the evaluation team eliminated nine responses from the process, on the basis that they did not meet those mandatory requirements.

1.18 A company submitting one of the eliminated responses rejected OGIT's decision to eliminate it from further evaluation. The company has commenced legal action against the Commonwealth. The litigation is proceeding at the time of publication of this report.

2. Processes Examined During the Audit

This chapter provides a brief description of the processes examined by the ANAO during the course of the audit and provides an audit opinion for each process.

Overall ANAO opinion

2.1 Overall, the ANAO found the evaluation process to be fair and equitable. Respondents to the RFP were kept appropriately informed of progress, government policies were properly addressed, appropriate documentation was maintained and the process gave a high degree of confidence in the evaluation process.

Methodology and procedures

2.2 The published RFP included an outline of how the responses to the proposal would be evaluated. A more detailed methodology, consistent with that published, was developed to guide the evaluation team. This latter evaluation methodology comprised four phases which were undertaken by the evaluation team managed by OGIT and DIMA:

- elimination of those responses considered not to meet mandatory requirements as specified in the RFP. Nine responses were eliminated as a result of this phase with fourteen proceeding to the next 'proof of concept' phase;
- a 'proof of concept' demonstration by the suppliers; one further response was eliminated at this stage as it was considered not to have met the mandatory requirements;
- a full analysis of responses including consultation with reference sites, system testing, supplier presentations and finalisation of financial analysis, risk analyses and consideration of relevant government policies; and
- preparation of the final report, endorsement of the report by the various committees and approval of the final list of suppliers by the Minister for Finance.

2.3 The ANAO examined the procedures and methodology, developed by DIMA and OGIT to conduct the evaluation, and considered them a sound foundation for the process. Minor modifications were made to the evaluation procedures during the second phase of the evaluation to cope with evaluation team absences. These minor modifications did not change the methodology as published in the RFP. Attachments to the methodology addressing system testing, site contacts and vendor presentations were improved in the light of experience at earlier stages of the process.

2.4 Following the proof of concept phase, an industry briefing was held for those suppliers proceeding to subsequent phases⁹. At that briefing it was announced that a second short-listing would take place after evaluation and scoring of the responses during the next phase. This proposed short-listing was not included in the methodology; and, following advice provided by, among others, the ANAO, OGIT and DIMA decided not to change the methodology. All thirteen companies proceeding to the third phase were evaluated for all aspects of that phase.

Conflict of interest

2.4 All people involved in the evaluation process, including members of committees, signed a form declaring they had no conflict of interest.

2.5 The ANAO became aware of an early release of confidential information. The information, regarding the short-listing after the first phase elimination of those responses considered not to have met the mandatory requirements, was provided to an agency eight days before the recommendation was agreed by the SSSC and the short-list made public by OGIT. The ANAO sought but could find no indication of any damage resulting from the early provision of this information.

Conclusion

2.6 While the ANAO could find no indication of damage, the provision of early information to unauthorised people was inappropriate. The ANAO recommended to OGIT that officers conducting the evaluation be allowed to report to their agency on a formal basis with the report first being approved by OGIT. The recommendation was aimed at enhancing the methodology and avoiding a repeat of the occurrence of informal reporting.

⁹ The proof of concept phase of the evaluation refers to the opportunity for lead partners of possible solutions still in contention to demonstrate that their solutions operate as defined in their submissions.

Late responses

2.7 One tender, received over 90 minutes late, was recorded but, following procedures stated in the RFP and the evaluation methodology, was not processed further. The company concerned was immediately notified of this by the evaluation team leader.

2.8 The RMS RFP stated that late tenders would not be accepted. This policy was determined after late responses to a previous RFP cost OGIT considerable time, effort and money to resolve. The ANAO noted that OGIT, at an industry briefing before the close of tenders, had emphasised that late responses would not be accepted.

ANAO opinion

2.9 The ANAO is of the opinion that OGIT followed the procedures which were defined in the methodology, were stated in the RFP and which were announced to potential suppliers at an industry briefing.

Evaluation of responses

2.10 The ANAO observed the operation of the team evaluating the responses against the requirements of the RFP, and examined samples of the working papers used to record progressively the results of the evaluation. The ANAO noted that the evaluation methodology and procedures were followed closely. Where minor discrepancies were noted, such as failure to correctly record visitors to the secure room, these were brought to the attention of the team leader and were corrected promptly.

2.11 The ANAO observed that the evaluation team set in place quality assurance procedures to provide a high level of confidence that:

- scores entered into the computer recording system accurately reflected the scores given by the team;
- scoring was consistent across responses; and
- any changes to scores were appropriately reviewed and documented.

2.12 The evaluation team was located in premises away from OGIT. Access to the location was secured by combination lock which, together with secure document storage (B class) cabinets within the room, provided appropriate security for the evaluation.

2.13 The ANAO reviewed the security of the DIMA computer network used by the evaluation team to store evaluation information. Following ANAO recommendations, the computers used by the team were isolated from the DIMA network to provide additional assurance of security.

ANAO opinion

2.14 The ANAO observed no appreciable deficiencies in the evaluation process which detracted in any material way from the probity of the process and is of the opinion that the evaluation process was conducted ethically and fairly.

Proof of concept

2.15 The requirements of the Commonwealth, as set out in the RFP, were considered by those involved in writing the RFP to be better than records management practice currently operating both in Australia and the rest of the world. After evaluating the responses against the mandatory requirements set out in the RFP, fourteen responses progressed to the next stage of the process termed 'proof of concept'. At this stage, suppliers were required to demonstrate that the products they had offered in response to the RFP existed and met the mandatory requirements as specified in the RFP. A protocol for the proof of concept visits and a list of issues to be addressed by suppliers were developed as part of the evaluation methodology. Visits were generally held in the morning and the evaluation team met in the afternoon to consider the demonstration. The ANAO attended several proof of concept demonstrations and team discussions.

ANAO opinion

2.16 The ANAO is of the opinion that proof of concept visits were conducted ethically and fairly. Decisions to pass or eliminate a response based on the proof of concept demonstration were made as a consensus of the whole team and were consistent with the mandatory requirements of the RFP. In other words, they were consistent with the evaluation methodology.

Reference site contacts

2.17 Suppliers were asked to nominate reference sites which could be contacted to verify the supplier's level of product support and the performance and reliability of products. In many cases, the mixture of products and lead partner was not available at any individual site and contact sites were only able to discuss individual components of the response.

2.18 A list of issues to be resolved at contact sites was developed and used to guide the discussion. The ANAO noted the list of issues related to performance and support, as required by the RFP.

ANAO opinion

2.19 The ANAO is of the opinion that;

- issues addressed at reference sites were appropriate; and
- suppliers were provided with the opportunity to identify supporting reference sites.

System tests

2.20 The evaluation methodology provided for the evaluation team to conduct a series of tests on the packages offered. Suppliers were required to set up a test site in Canberra with six workstations for use by the evaluation team. Tests were developed to address the functional requirements as specified in the RFP. Any outstanding queries remaining after the paper evaluation of the responses were also noted to be addressed during system testing.

2.21 Tests were conducted against the functionality as defined in the RFP. Hence system 'crashes' or failures, which occurred with several products, were not reflected in changes to scores as a result of this test. Product reliability was addressed during telephone interviews with reference sites.

2.22 During the tests, the evaluation team sought assurance from suppliers that the system provided for testing was the same version which had been offered in response to the RFP and did not include any increase in the functionality being tested.

2.23 Each system test was conducted in six phases over one day. After each phase the evaluation team met without the supplier present to discuss the results of that phase. The team attempted to resolve immediately any concerns or problems arising during the testing with the supplier.

2.24 After completion of the tests the evaluation team met to document the results.

ANAO opinion

2.25 The ANAO is of the opinion that:

- system tests were conducted fairly and equitably;
- the tests addressed functional criteria as specified in the RFP; and
- suppliers were given every opportunity to represent their product.

Other contact with suppliers

2.26 During the evaluation process, two formal meetings were held with each of the individual suppliers and one meeting to which all suppliers were invited. The ANAO found no evidence of informal meetings with suppliers. All phone contact with suppliers was directed through OGIT, with the evaluation team directed not to contact suppliers. A minor exception to this rule, approved by OGIT, was the seeking of information regarding site visits. OGIT and the evaluation team recorded vendor contacts and those records were examined by the ANAO.

2.27 The group meeting with suppliers was used to brief them on the current status and future timing of the project and was held after the short-listing of responses following consideration of mandatory requirements and proof of concept demonstrations.

2.28 The first of the formal meetings with individual suppliers was intended as preparation for the more formal presentation of each proposal to the evaluation team by the supplier. The meeting was a 'without prejudice' bilateral meeting between the supplier and a small team which included the OGIT chair of the SSEMG, a consultant assisting OGIT and the OGIT legal consultant from the Attorney-General's Department. At the meetings suppliers were:

- informed of the OGIT strategy for the Shared Systems Suite;
- advised of what was required from the supplier presentation (suppliers should address strategic, support and contractual issues);
- asked if they had any problems with or required clarification of contractual or other matters; and
- provided with a pro-forma document to be completed by the supplier which sought to clarify financial information about the cost of the proposal.

2.29 The ANAO attended four bilateral meetings as an observer.

2.30 The second of the formal meetings, described as vendor presentations, provided the supplier with an opportunity to present its views and the evaluation team with an opportunity to seek answers to outstanding issues. The ANAO attended several vendor presentations as observer, and noted that OGIT made a particular effort to ensure that all suppliers were treated equitably and were given equal time and opportunity to present their views.

ANAO opinion

2.31 The ANAO is of the opinion that suppliers were treated equitably, ethically and fairly. Suppliers were provided with appropriate opportunities to represent their products and their views. The ANAO also considered that the meetings added valuable support to the effectiveness of the evaluation process and to the openness and fairness of the competition.

Changes to scores

2.32 The evaluation methodology provided for scores to be given against generic and functional criteria as defined in the RFP, and for those scores to be modified according to additional information gathered through reference site contacts, system testing and vendor presentations. With one exception, changes to scores did not materially affect the relative position of the response. The exception was one response in which the score was increased sufficiently to gain acceptance to the Suite. This occurred due to greater understanding of the product's full functionality.

2.33 The ANAO noted that all changes to scores were fully documented with a rationale for the change. The SSEMG and the RMSWG were advised of all changes and their rationale, and agreed to the changes.

ANAO opinion

2.34 The ANAO is of the opinion that changes to scores were made openly, appropriately documented and agreed to by the overseeing committees.

Open and effective competition

2.35 The ANAO observed that twenty-three responses to the RFP were received, fourteen proceeded to proof of concept, thirteen to full evaluation and ultimately five were selected for the shared systems suite. The ANAO formed the opinion that sufficient responses were processed through to the later stages of the evaluation to provide an effective competition.

2.36 The initial intent by OGIT was to debrief all unsuccessful suppliers at the end of the process, after the announcement of the selected list of suppliers. Following the initiation of the legal action referred to earlier, all suppliers considered not to have met mandatory requirements were debriefed at the end of the proof of concept phase. Unsuccessful suppliers at the completion of the evaluation were provided with a written debriefing within one month of being advised that they were unsuccessful. After giving due consideration to principles of openness and fair treatment of suppliers, the ANAO considers that suppliers eliminated from evaluation processes should be debriefed as soon as practical after being eliminated. The early debriefing is not only fair, it also gives the eliminated suppliers the opportunity to raise questions about any perceived errors in the evaluation process.

2.37 The ANAO observed that all suppliers were kept informed of the progress of the evaluation. The stages of the evaluation and the final announcement of successful suppliers maintained the originally proposed timetable.

ANAO opinion

2.38 The ANAO is of the opinion that the process adhered to government requirement for open and effective competition.

Australian Government policies

2.39 Before short-listing products, OGIT sought comment from Commonwealth agencies with responsibility for administering relevant government policies to ensure that suppliers of those products were meeting appropriate government industry policies. The ANAO noted that, in the final list of preferred suppliers, Australian-owned business and Australian developed software were strongly represented.

2.40 The ANAO observed that OGIT sought assurance from the Affirmative Action Agency that suppliers were not in breach of the Government's affirmative action policies.

ANAO opinion

2.41 The ANAO is of the opinion that the evaluation process ensured adherence to appropriate government industry and affirmative action policies.

Evaluation report and risk analysis

2.42 At the conclusion of the initial evaluation process and preliminary risk analysis, a report was produced detailing the rationale behind the selection of those systems preferred for further evaluation. At the conclusion of the entire process a final report was produced. The final report included financial and risk analyses and detail of the rationale for selection of the preferred suppliers. The report was agreed to by all committees.

2.43 The ANAO examined both reports. The ANAO also noted that suppliers excluded from the process at the first stage and those suppliers excluded from the final list were all provided with reasons for their exclusion.

2.44 The Minister for Finance accepted OGIT's recommendations resulting from the final report and announced the list of selected solutions on 13 June 1997 as:

Lead Partner	Product
BHP IT	Documentum
Computervision	TRIM and Optegra
Educom	DOCS Open and Records Manager
Ferntree (now GE Information Technology Solutions)	Objective and SIM
IBM	TRIM and VisuallInfo

ANAO opinion

2.45 The ANAO is of the opinion that reports excluding suppliers from the process provided adequate rationale for their exclusion.

Other issues

2.46 A previous audit undertaken by the ANAO drew the attention of OGIT to deficiencies in aspects of security within OGIT and of concerns about access to OGIT premises. During this audit, the ANAO observed confidential documents in an area frequented by consultants and contractors, drew the attention of OGIT to the problem and recommended a solution. OGIT

accepted that advice and resolved the immediate problem. However, the ANAO remained concerned about some aspects of security and continued to advise OGIT of its concerns. Subsequently, OGIT has commissioned a review of its security needs.

Part Three

Internet Access Services Summary

Summary of the Audit of the Internet Access Services Evaluation Background

1. As part of the Commonwealth's 'Whole of Government' approach to the provision of selected information and telecommunications services, the Office of Government Information Technology (OGIT) sought proposals for the provision of Internet access services for government agencies.

2. Following a period of consultation with industry, including a registration of interest stage and the release of a draft Request for Proposal (RFP) to industry for comment, the RFP closed for responses on 6 December 1996. On 18 June 1997 OGIT advised respondents to the RFP of the result of the evaluation. The signing of a contract was subject to completion of contract negotiations, achievement of endorsed supplier status (where the respondent was not already an endorsed supplier) and, in some cases, a resolution of price anomalies. The final list of selected suppliers was:

Company	Coverage
AAP Telecommunications Pty.Ltd	National
Access One	National and Regional ACT
HelpKey Computer Services Pty. Ltd	Regional
Highway 1 (Aust) Pty. Ltd	Regional
Mira Networking Pty. Ltd	Regional
Netway Technologies	Regional
OzEmail Pty. Ltd	National
Telstra Corporation Limited	National
Total Peripherals Pty. Ltd	National

Audit opinion

Probity, equity and fairness

3. The ANAO's audit opinion relates to the evaluation process and not to the technical judgements of OGIT. The ANAO is of the opinion that:

- the evaluation process adopted by OGIT properly reflected Commonwealth Guidelines for Open and Effective Competition and conformed with those guidelines;

- OGIT processes were adequate in ensuring that the selected solutions accorded with government policies on Australian and New Zealand industry development and affirmative action;
 - the evaluation process treated suppliers ethically and equally;
 - with the exception of the timetable, the methodology, as published in the RFP, was followed by OGIT;
 - appropriate records were maintained by OGIT on the process; and
 - decisions on the evaluation process were adequately documented
4. However, the ANAO considered that delays in the evaluation process, to the extent that a project estimated to take two months took six months, detracted from the fair treatment of all suppliers. The ANAO also expressed concern that respondents to the RFP were not being advised of the delays.

Management

5. The terms of engagement for the audit requested the ANAO to provide advice to OGIT on the integrity of the tendering and evaluation process of the Request for Proposal for Internet Access Services. However, in conducting the audit the ANAO noted a number of deficiencies in the management of the project. These relate to the length of the project and the achievement of 'value for money'. They are described in the report.

Agency response

6. OGIT agreed generally with the findings of the audit. Further it indicated that:

“OGIT understands the ANAO view that the process was unnecessarily long. However, we are of the view that the ISP panel will achieve important outcomes beyond direct savings for Agencies and the Commonwealth. These non-dollar considerations include the opportunity to rationalise the number of ISP suppliers to the Commonwealth during the first year of deregulated telecommunications, and a far greater understanding of present and future evaluation of their services. As well, the ISP sector has had the opportunity to be formally advised of the Commonwealth’s current and future needs in this area.”

Evaluation Process for the Selection of Suppliers of Internet Access Services to the Commonwealth

3. Introduction

This chapter provides the background to the process for selection of suppliers for the provision of Internet access services. The audit objectives and methodology are also discussed.

The Whole-of-Government approach

3.1 Whole-of-government arrangements for the Commonwealth's telecommunication services have been in place since 1994. OGIT has affirmed that these arrangements continue to provide savings and a high level of service to departments and agencies regardless of their size. It is estimated that through these arrangements the Commonwealth saved in excess of \$10 million during 1996/97¹⁰.

3.2 The Internet is a world-wide electronic linking of computers providing electronic mail (email) services and access to information stored on the linked computers. The Internet Access Services RFP process would provide access to that network for all Commonwealth Government agencies. The RFP was intended to permit flexibility and innovation in the development of service proposals which best met the needs of government agencies. It was intended to contract on a 'whole of government' basis with pricing and grades of service that reflected the aggregate demand for Internet access services. The access services fell into two broadly defined classes:

- dial-up access services, using the Public Switched Telephone Network (PSTN) or the Integrated Services Digital Network (ISDN); and
- high speed permanent access services using suitable digital data transmission services.

3.4 In September 1996 suppliers of Internet access services were invited to register their interest in providing those services to the Commonwealth. Those suppliers which OGIT deemed suitable were then invited to submit responses to a Request for Proposals, which closed on 6 December 1996. Following the evaluation, suppliers were notified of the result on 18 June 1997.

¹⁰ OGIT Internet page, [HTTP://www.ogit.gov.au](http://www.ogit.gov.au)

Audit objective, scope and focus

3.5 OGIT sought the services of the ANAO to provide advice on the integrity of the tendering and evaluation process of the Request for Proposal for Internet Access Services. The ANAO agreed to undertake the audit and provide OGIT with an opinion on the probity of the methodology and procedures applied in the process of evaluation of responses to the RFP. The ANAO also agreed to review the formal procedures developed by OGIT and to test their operation to enable the ANAO to form an opinion, with a reasonable degree of assurance, on whether the evaluation process accorded with the Commonwealth Purchasing Guidelines for open and effective competition, and on whether there was adequate consideration for the development of Australian and New Zealand industry. The ANAO methodology provided for continual scrutiny of the evaluation process. In undertaking the audit the ANAO notified OGIT that it intended to report to the Parliament on the results of the audit.

3.6 The objectives of the audit were to:

- assist OGIT in the timely identification and correction of any deficiencies in the evaluation process;
- provide advice to the Parliament, the Government and other interested parties on the probity of the evaluation process; and
- test for adherence to legislative and other specified requirements.

3.6 The audit did not undertake any assessment of the technical information in the tenders, and did not attempt to ascertain whether OGIT's evaluation identified the most appropriate system solutions for Commonwealth requirements. In examining the process, the ANAO set out to form an opinion as to whether the evaluation gave a high degree of confidence in the selection process.

3.7 The audit commenced shortly after the closing date for submission of industry proposals on 6 December 1996 and continued in parallel with the work of the evaluation team until the final decision on the recommended solutions. The ANAO provided ongoing advice to the project manager, the OGIT Executive and the Evaluation Management Group (EMG), which was established to provide strategic management and guidance on the evaluation methodology, as the occasion demanded.

Audit criteria

3.8 As part of the audit, criteria were developed to permit the ANAO to assess OGIT's methodology and procedures developed before commencement of the evaluation, and to assess whether the evaluation team adhered to those procedures. The ANAO developed audit criteria to test whether:

- the evaluation methodology and procedures developed by OGIT reflected Commonwealth Guidelines for Open and Effective Competition;
- suppliers were treated ethically, equally and fairly;
- appropriate records were maintained;
- decisions were adequately documented; and
- the evaluation process would provide confidence that the process would select appropriate suppliers.

3.9 The ANAO also considered whether there was the potential for bias and conflict of interest.

Audit methodology

3.10 In conducting the audit the ANAO:

- examined related files and records held by OGIT and the evaluation team;
- examined the evaluation methodology and procedures;
- observed the opening of responses to the RFP;
- observed the operation of the evaluation team in scoring the responses and examined a selection of scoring sheets;
- observed the conduct of meetings between OGIT and respondents to the RFP;
- considered the transparency and fairness of the process;

- considered the commitment of the process to Australian and New Zealand industry development and affirmative action; and
- examined the interim and final reports on the evaluation and the risk analysis.

3.11 During the course of the audit the ANAO attended meetings of the EMG. Periodic reports were provided by the ANAO to OGIT, which provided those reports to the EMG. Oral reports on matters which the ANAO considered required attention were given to OGIT and later confirmed in writing.

3.12 The audit was conducted as a performance audit under Section 48 of the Audit Act and conformed with ANAO Auditing Standards. The audit cost \$79,950 of which \$50,600 was recovered from OGIT. The additional cost beyond that recovered from OGIT is the cost of reporting to Parliament and the cost of obtaining legal advice on the report.

4. Processes Examined During the Audit

This chapter provides a brief description of the processes examined by the ANAO during the course of the audit. The audit opinion reached for each process is also given.

Overall audit opinion

4.1 Based on the analysis, the ANAO is of the opinion that, in the evaluation process, all suppliers were assessed equally and without bias. In addition, probity was observed and conflicts of interest addressed to the satisfaction of the ANAO. The ANAO considers the process provided assurance that appropriate suppliers were selected.

4.2 Although overall probity was observed, the ANAO was concerned that delays to the process detracted from the fair treatment of all suppliers. Suppliers could reasonably have expected OGIT to maintain the schedule declared in the RFP. The ANAO also noted a number of deficiencies in the management of the process. These deficiencies are discussed in this chapter.

Methodology and procedures

4.3 The published RFP included an outline of how the responses to the proposal would be evaluated. A more detailed methodology, consistent with that published, was developed to guide the evaluation team.

4.4 The evaluation process followed the published evaluation methodology. It comprised four phases:

- examination of responses to ensure compliance with the 'conditions of response' detailed in the RFP, - no response failed this stage;
- assessment as to whether prerequisite criteria, relating to financial viability and ability to provide the required services, - no response failed this stage;
- full assessment of the responses against the criteria defined in the RFP and short-listing of the highest rated responses in four defined categories; and

- further assessment including reference site contacts and company product and/or company presentations.

4.5 While conducting an evaluation of responses to a request for proposal for the human resource management and financial management information systems for the shared systems suite¹¹, OGIT had developed a SSS evaluation methodology which, in the opinion of the ANAO, was an example of better practice. The ANAO therefore expected that the detailed methodology for this process would be based on the SSS evaluation methodology. This was not the case and the methodology for this evaluation, in the opinion of the ANAO, proved to have a number of deficiencies including:

- a lack of a defined management structure for the project;
- phases of the project were not defined;
- the roles of central agencies (DAS, DIST) were not defined;
- government policies to be addressed were not defined; and
- a risk analysis was not included.

Audit opinion

4.6 The ANAO is of the opinion that the evaluation methodology could be improved, and has suggested to OGIT that future methodologies be based on the better practice approach used in the evaluation methodology developed for examination of responses to the RFPs for the Shared Systems Suite.

Conflict of interest

4.7 At the commencement of the audit, the ANAO examined the possibility of conflicts of interest. Following advice from the ANAO, the Chief Government Information Officer (CGIO) instructed people with potential conflicts of interest to stand aside from the process. The ANAO agreed with the action and observed no further involvement from those people in the process.

4.8 The attention of the ANAO was brought to other potential conflict of interest cases. In all situations OGIT accepted the advice of the ANAO and took action to ensure an actual conflict of interest did not arise.

¹¹ Australian National Audit Office 1996, Auditor-General's Report No. 14 1996-97: Evaluation Process for the Shared Systems Suite, AGPS, Canberra.

Audit opinion

4.9 The ANAO is of the opinion that OGIT moved expeditiously to address any conflict of interest or potential conflict of interest, both of its own accord and where the ANAO brought the matter to the attention of OGIT. However, the ANAO considers that, where possible, potential conflicts of interest should be identified and resolved before the RFP process begins.

Evaluation of responses

Scoring of responses

4.10 The evaluation team initially comprised four officers from Commonwealth agencies and a team leader from OGIT. A financial consultant was used to analyse the prices offered in the responses. This team was supplemented by other consultants and OGIT staff as required.

4.11 The methodology provided for each response to be evaluated and given a score by at least four of the five evaluation team members. An average score was then taken to minimise variations between team members. Where there were significant variations in scores the sensitivity of the overall score to the variations was tested. Overall ranking of responses were found to be not sensitive to those variations.

4.12 An analysis and comparison of the prices offered was included as a significant part of the scoring process.

Audit opinion

4.13 The ANAO is of the opinion that the evaluation process was conducted fairly and all suppliers treated the same in the scoring of responses.

Security and accommodation

4.14 Initially the evaluation team was not allocated permanent accommodation. The team met in any convenient vacant room at OGIT, including vacant meeting rooms, with the consequent need to transport the RFP responses from their secure storage to wherever they were needed. The ANAO was concerned at the potential for a breach of confidentiality during transport or in meeting rooms to which other people, not involved in the project, had access. Eventually a permanent room and a secure storage cabinet were allocated to the evaluation team. While there was a potential for a breach of security when using temporary accommodation, the ANAO observed no such breach.

4.15 The ANAO was also concerned that the sole OGIT fax machine was in an insecure room available to all people working or visiting OGIT. On one occasion the ANAO found that a confidential response giving details of a supplier's prices in response to the Best and Final Offer (BAFO) process had been in an open location for several days. The ANAO was not aware of any indication that this resulted in a breach of confidentiality.

Audit opinion

4.16 The initial accommodation for the evaluation was, in the ANAO's opinion, insecure. At the time of conclusion of the audit, security over documents faxed to OGIT remained, in the ANAO's opinion, unsatisfactory. However, the ANAO was not aware of any occurrence of a breach of confidentiality.

Schedule

4.17 The original timetable, provided in the RFP, indicated that the selection of the successful proposals was expected to be completed by the end of January 1997, less than two months after the RFP closed. In the event, the short-listing of potential suppliers was completed by the end of May 1997 and successful suppliers were advised in June 1997. Delays in processing of government tenders have the potential to increase costs to suppliers involved in the process and, for the successful suppliers, delay recovery of costs incurred in submitting responses.

Audit opinion

4.18 The ANAO is of the opinion that the failure to maintain the published timetable was unfair to respondents to the RFP who could have reasonably expected OGIT to maintain their published timetable. It also had the potential to cause difficulties for agencies wishing to use the panel, having to delay selection and installation of their Internet access.

4.19 The ANAO also advised OGIT of its concern that respondents to the RFP were not kept informed of delays to the project.

Contact with suppliers

4.20 Two formal meetings were held with each of the suppliers, a bilateral meeting and a supplier presentation. Contact was also maintained with suppliers via email through the Internet. The ANAO attended several of the formal meetings and examined a representative sample of email transmissions.

Bilateral meetings

4.21 Bilateral meetings were held between two officers from OGIT and supplier representatives at the supplier's premises. At these meetings suppliers were:

- advised of the need for a presentation and what was expected of the presentation;
- provided with a pro-forma to be completed as their best and final offer; and
- provided with a draft contract and asked if they had any problems with the contract.

Supplier presentations

4.22 All suppliers were invited to give a presentation in Canberra to support their case for inclusion on the panel of suppliers. All were allowed equal time to present their case.

4.23 After the bilateral discussions and before the supplier presentation two respondents withdrew. One withdrew advising that it was unable to meet the requirements to be an endorsed supplier. The other was unable to meet the timetable to provide a best and final offer and to provide a presentation, despite being given a short extension of time. OGIT advised that further extensions of time could not be granted and, after several days, wrote to the organisation assuming it had withdrawn. The ANAO concurred considering that, in terms of equity and commercial disadvantage to other suppliers, OGIT had little choice but to take this action.

Audit opinion

4.24 The ANAO is of the opinion that OGIT dealt with all suppliers fairly at bilateral and supplier presentation meetings.

Open and effective competition

4.25 The scope of the audit did not extend to the ANAO examining the Request for Information process resulting in the selection of suppliers invited to respond to the RFP. Therefore, the ANAO is not in a position to comment on that selection process. Nineteen suppliers were invited to respond to the RFP, eleven were short-listed for further consideration and nine selected for the final

suite. The ANAO formed the opinion that sufficient responses were processed through to the later stages of the evaluation to provide competition.

4.26 Effective competition would be expected to result in providing additional value to the Commonwealth, usually in the form of lower prices. As discussed in paragraph 4.38, the ANAO had difficulty in identifying that such an increase in value had occurred.

Audit opinion

4.27 The ANAO is of the opinion that the process observed the Government's requirement for open and effective competition. However, circumstances meant that discounts from standard prices were not offered by the lowest cost supplier.

Australian Government policies

4.28 Before short-listing products, OGIT sought comment from Commonwealth agencies with responsibility for administering relevant government policies to ensure that suppliers of those products met the policies. During the evaluation, several of the suppliers were still to obtain endorsed supplier status. The ANAO observed that suppliers were advised of their endorsed supplier status and were informed that failure to obtain endorsed supplier status (which included Australian and New Zealand industry development policies) would exclude them from the contract. The letter advising suppliers of their success in the process also advised them, where they were not endorsed suppliers, of the need to complete the endorsed supplier process before contracts could be signed. In the event one supplier withdrew, advising that it was unable to meet the endorsed supplier requirements.

4.29 The ANAO observed that OGIT sought assurance from the Affirmative Action Agency that suppliers were not in breach of the Government's affirmative action policies.

Audit opinion

4.30 The ANAO is of the opinion that the evaluation process ensured adherence to appropriate government policies.

Best and Final Offers (BAFO)

4.31 The evaluation methodology included a 'best and final offer' process allowing those suppliers short-listed for further consideration to improve their offers if they so wished. During bilateral discussions with suppliers, held in a 'without prejudice' format, suppliers were advised that unless real value for money was obtained for the Commonwealth the RFP process could be aborted. Value would be expected to include discounts from the suppliers' street prices. A pro-forma list of services was provided to suppliers to allow them to state their prices against the various services defined. This format would allow OGIT a direct comparison between prices offered by individual suppliers. Suppliers were required to complete the pro-forma but could also make other offers if they could demonstrate the value to the Commonwealth of those offers.

4.32 In the event, while some suppliers offered lower prices, others increased prices, some significantly. As an example, one supplier increased its offer for one particular service by over 300 per cent. The supplier offering the lowest prices for most services, which were also the standard 'street' prices for that supplier, left those prices unchanged. Following the BAFO process, at supplier presentations, some suppliers indicated that they were prepared to negotiate further reductions.

Audit opinion

4.33 The ANAO is of the opinion that the BAFO process was conducted fairly and all suppliers treated the same. However, the process was of limited success in reducing prices.

Management of the process

4.34 While the audit was concerned with the probity of the process, the ANAO noted that the management of the evaluation had a number of deficiencies as detailed below. While probity, together with openness and ethical and fair treatment of suppliers does not necessarily depend on good management, those qualities are more difficult to demonstrate where management of the process is less than fully effective.

Management structure

4.35 Resolution of potential conflicts of interest resulted in the evaluation team being, for a considerable period, without adequate guidance. These difficulties combined with inexperience in the evaluation process resulted in a lack of clear direction. This situation was eventually resolved by appointing a senior executive experienced in the tendering process to direct the evaluation. The senior executive established an Evaluation Management Group (EMG).

This group included a representative from a small agency. It was established to manage the process at a strategic level, to provide guidance in relation to the evaluation methodology and to consider recommendations from the evaluation team.

Evaluation team

4.36 The evaluation team was drawn from a number of agencies volunteering staff on a part-time basis. The part-time nature of the work, together with the timing of the major work of the team over Christmas, meant that team meetings were rarely attended by all team members with the consequent difficulty in obtaining consensus and making progress on the evaluation.

The nature of the RFP

4.37 When it sought proposals for the Internet access service, OGIT's intention was to encourage suppliers to respond with innovative proposals. The RFP was, therefore, not a prescriptive description of the Commonwealth's requirements but rather a broad description of the services which service providers would be expected to perform. The lack of a definitive requirement resulted in proposals which varied in nature and were difficult to compare, adding to the delays in making progress on the project. During the process OGIT sought advice from agencies as to what services were sought and, on the advice of the ANAO, invited a representative of small agencies to participate in the evaluation management group. In seeking a best and final offer, OGIT developed a pro-forma for completion by suppliers, which allowed firmer comparisons between suppliers' charges.

Value to the Commonwealth

4.38 A major rationale for OGIT undertaking this project was to provide value to the Commonwealth over and above what agencies would be likely to obtain individually, and to allow small agencies to obtain discounts usually only available to major users of services. Value would include such matters as service, support and reliability. However, it was expected that the major value would be in the form of reduced prices.

4.39 In the event, OGIT could not advise suppliers of the likely total business available from the Commonwealth. Nor could OGIT guarantee any business as suppliers would be placed on a panel from which agencies would select, and it may result in no agency seeking the services of a particular supplier. A further reduction in the attractiveness of the business was the limited twelve month length of the contract. The contract could, at OGIT's discretion, be extended for a further twelve months. While some suppliers did reduce prices, Telstra,

arguably the major supplier of Internet access, offered its standard prices. As mentioned earlier, in practice these were the lowest prices for many services. A further difficulty for service providers was the imminent (1 July 1997) deregulation of the telecommunications marketplace which had the potential to destabilise prices. The ANAO therefore concluded that, while some value was added by OGIT restricting the Commonwealth market for Internet access services, unless further price negotiations were successful, it would be difficult to justify the effort and costs involved. An open, common use contract, may have served the purpose. Nevertheless, under the current arrangements, the risk to the Commonwealth is limited as the contract is for only twelve months. OGIT has the opportunity to approach the deregulated telecommunications marketplace with a firmer understanding of the Commonwealth's requirements in twelve months.

Audit opinion

4.40 The ANAO is of the opinion that many of the management problems with the process arose from an inadequate analysis of the needs of the Commonwealth and an inadequate evaluation methodology.

Evaluation report and risk analysis

4.41 At the conclusion of the initial evaluation process and preliminary analysis of the potential risks which may arise for each supplier, a report was produced detailing the rationale behind the selection of those systems preferred for further evaluation. At the end of the whole process a further report, including a final risk analysis, was completed. The ANAO examined both reports.

4.42 On 18 June 1997 OGIT advised suppliers of their success. However, the signing of a contract was subject to completion of contract negotiations, achievement of endorsed supplier status (where not already an endorsed supplier) and, in some cases, a resolution of price anomalies. The final list of selected suppliers was:

Processes Examined During the Audit Process

Company	Coverage
AAP Telecommunications Pty.Ltd	National
Access One	National and Regional ACT
HelpKey Computer Services Pty. Ltd	Regional
Highway 1 (Aust) Pty. Ltd	Regional
Mira Networking Pty. Ltd	Regional
Netway Technologies	Regional
OzEmail Pty. Ltd	National
Telstra Corporation Limited	National
Total Peripherals Pty. Ltd	National

Audit opinion

4.43 The ANAO is of the opinion that the two risk assessment reports referred to in paragraph 4.41 and produced during the evaluation accurately reflected the processes undertaken and the risks analysed, and provided a sufficient rationale for the selection of the preferred suppliers.

Canberra ACT
18 December 1997

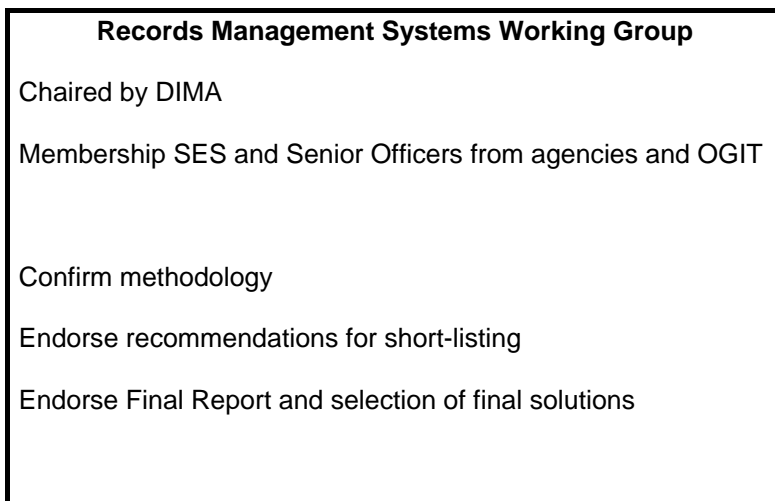
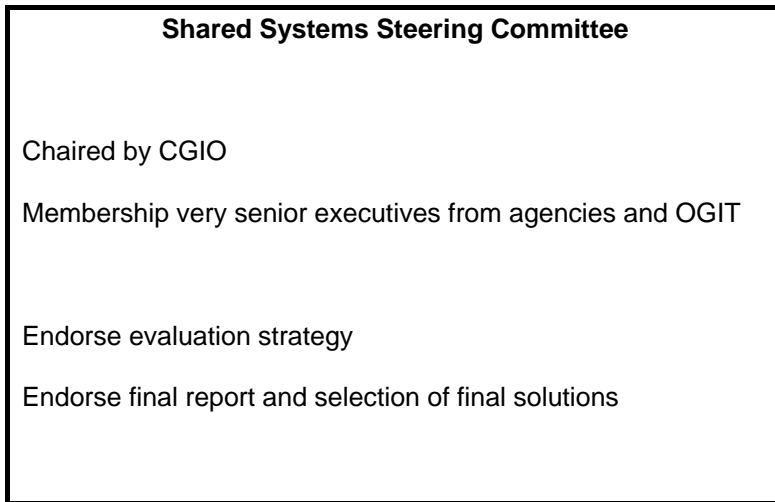
P. J. Barrett
Auditor-General

Appendices

Appendix 1

Model of the Records Management System Evaluation Structure and Responsibilities¹²

Committees, advisers, audit and legal



¹² Based on the OGIT RMS Evaluation Methodology.

<p>ANAO</p> <p>Audit of process Probity</p>
<p>Legal forum</p> <p>Advice</p>
<p>Consultants</p> <p>Advice</p>

Provide
advice to



Shared Systems Evaluation Management Group

AS BPR Branch - OGIT	Member of RMSWG
Evaluation Team Project Manager	DAS
DIST	Consultants (as required)

Receive short-list recommendations from evaluation team

- Proof of concept report
- Short-list report
- Reference and test sites, and vendor presentations
- Evaluate reports from all components of the evaluation
- Conduct risk assessment - Australian Industry Development, platform coverage, scalability, integrated solutions, contractual issues

Overall assessment and ranking

- Recommend number of solutions
- Finalise recommendations and the Final Report

Debrief suppliers

Responsibilities of EMG and evaluation team

Risk Assessment	Criteria Evaluation	Financial Evaluation	Australian Industry Development
Platform coverage Scalability Conformance with business model Australian Industry Development Interfaces Integrated solution	Initial scoring of evaluation criteria Recommend proof of concept list Recommend short-list <ul style="list-style-type: none"> • Reference and test sites • Vendor presentations • Second iteration scoring Final report on individual solution assessments, scoring and ranking	Develop costing models, populate models, compare life cycle costing, NPV Comparative analysis Ranking and report	Scoring of ANZ SME and AID in Australia Recommendations Ranking and report
Contractual Review Terms and conditions <ul style="list-style-type: none"> • Supplier comments 		Affirmative Action Establish status of suppliers	

Appendix 2

Performance Audits in the Finance Portfolio

Set out below are the titles of the reports of the main performance audits by the ANAO in the Finance Portfolio tabled in the Parliament in the past three years.

Audit Report No.21 1993-94
Australian Government Credit Card
- its debits and credits

Audit Report No.22 1993-94
Cash Management in Commonwealth Government Departments

Audit Report No.32 1993-94
Accrual Reporting: Are Agencies Ready?

Audit Report No.41 1993-94
The Australian Government Credit Card - Some Aspects of its Use

Audit Report No.10 1994-95
Cash Management in Commonwealth Government Departments

Audit Report No.11 1994-95
ANL - Valuation Issues

Audit Report No.2 1995-96
Matters Relating to the Proposed Sale of ANL Ltd.

Audit Report No.10 1995-96
Sale of the Moomba to Sydney Gas Pipeline

Audit Report No.14 1995-96
The Sale of CSL:Commonwealth

Blood Product Funding and Regulation

Audit Report No.6 1996-97
Commonwealth Guarantees, Indemnities and Letters of Comfort

Audit Report No14 1996-97
Evaluation Process for the Shared Systems Suite

Audit Report No 9 1997-98
Management of Telecommunications Services in Selected Agencies

Audit Report No13 1997-98
Third Tranche sale of the Commonwealth Bank of Austra

