



## Electoral Commissioner

Susan Cardell  
Joint Committee of Public Accounts and Audit (JCPAA)  
PO Box 6021  
Parliament House  
Canberra ACT 2600

Dear Ms Cardell

***Subject: AEC submission to the inquiry based on the ANAO Report no. 19 Australian Government Procurement Contract Reporting.***

Thank you for your letter dated 14 December 2017 regarding the Joint Committee of Public Accounts and Audit inquiry based on the *ANAO Report no. 19 Australian Government Procurement Contract Reporting* (the ANAO Report).

The Australian Electoral Commission's (AEC) submission is set out below and in the attachments. The AEC's response to Part (a) is provided at **Attachment A** to this letter. The AEC's response to Part (b) is detailed below.

### **Response to Part (b)**

The AEC is continuously improving processes to enhance compliance with the Commonwealth procurement framework, including the accurate and timely reporting of contracts. The AEC has implemented a number of initiatives to enhance consistency in procurement, contracting and the associated reporting.

The AEC's procurement and contract data did not form part of the ANAO Report. The below response to Part (b) is based on the AEC's consideration of AEC contracts reported on AusTender over the past five financial years.

### **Effectiveness of Commonwealth procurement policy and guidance**

Overall, the AEC has found that the guidance provided by the Department of Finance on identifying consultancies comprehensive. The Department of Finance guidance about identifying consultancies could be strengthened to be made more relevant and accessible to officials who may not have a legal or procurement background. For example, there may be benefit in providing guidance or scenarios to assist officials in determining if 'intellectual output' is being developed under a contract.

The AEC is committed to achieving value for money in all procurement processes. Department of Finance guidance clearly outlines that achieving value for money is the core principle of the Commonwealth procurement framework. Although the Commonwealth Procurement Rules clearly outline relevant considerations in assessing value for money, there is an opportunity to strengthen guidance around demonstrating that value for money has been achieved. In addition, the AEC has found that the information and guidance provided around utilising panels to achieve value for money is limited.

### **Use of consultancy and non-consultancy services in the APS**

The AEC notes that figure 5.1 of the Report shows an overall trend of increased expenditure over the past five financial years. On reviewing the AEC's data on consultancy contracts, the highest value of commenced consultancy contracts was in the 2014-15 financial year. This aligns with the lead up to the 2016 Federal Election.

The AEC considered the ANAO's statement at para 5.7 that the data "*may suggest entities have under reported consultancy contracts*" against AEC reporting data. Our analysis of contracts the AEC entered into with four of the largest consultancy suppliers who are listed in table 5.1 of the Report (KPMG, PwC, Ernst & Young and Deloitte) found that of the 46 contracts entered into with these suppliers, 40 were reported as consultancies. This suggests that the AEC is appropriately identifying and reporting consultancy contracts.

### **Transparency of reporting Commonwealth procurement**

#### *Accuracy in reporting*

In July 2014, the AEC introduced an internal Procurement and Contract Management Register (the Register). This central procurement Register increased the transparency of contracting process across the Agency and enhanced accuracy in AusTender reporting. The Register is maintained and monitored by the central procurement advice unit within AEC and is the central source of data for AusTender reporting. Quality assurance processes are conducted to ensure data in the Register is recorded appropriately and accurately.

#### *Timeliness of reporting*

The AEC notes figure 8.2 of the Report which shows the percentage of contracts published on AusTender within the 42 day mandatory reporting requirement. In analysing AEC data, we note that in the 2012-13 financial year, 78% of contracts were reported within the mandatory reporting period. The introduction of the Register in 2014 led to significant improvement in the timeliness of reporting. In the 2016-17 financial year, 91% contracts were reported within the mandatory reporting period. The AEC has introduced additional quality assurance process to continue to enhance the timeliness of reporting.

I trust that this information assists with your inquiry. If you have any further questions regarding the information provided, please contact Paul Pirani, Chief Legal Officer at

Yours sincerely

Tom Rogers  
Electoral Commissioner  
Australian Electoral Commission

13 February 2018.

### Response to Part (a) – Data on Consultancy Services

Top 3 categories of work for which consultancies have most frequently been engaged, by number of contracts and value for each financial year from 1 July 2012 to 30 June 2017				
Financial Year	Rank	Work Categories	No. of Contracts	Total Value
2012-13	1	Internal audits	7	\$188,547.12
	2	Business intelligence consulting services	5	\$345,806.00
	3	Accounting services	2	\$104,810.00
	n/a	All other	9	\$358,614.54
	<b>Totals</b>		<b>23</b>	<b>\$997,777.66</b>
2013-14	1	Internal audits	14	\$366,888.00
	2	Business administration services	3	\$433,420.90
	3	Business intelligence consulting services	3	\$182,356.00
	n/a	All other	13	\$544,533.00
	<b>Totals</b>		<b>33</b>	<b>\$1,527,197.90</b>
2014-15	1	Internal audits	11	\$260,895.63
	2	Strategic planning consultation services	7	\$844,937.80
	3	Information technology consultation services	3	\$271,314.00
	n/a	All other	14	\$1,191,546.00
	<b>Totals</b>		<b>35</b>	<b>\$2,568,693.43</b>
2015-16	1	Market research	5	\$518,826.00
	2	Strategic planning consultation services	4	\$553,948.20
	3	Internal audits	4	\$271,547.50
	n/a	All other	9	\$498,076.00
	<b>Totals</b>		<b>22</b>	<b>\$1,842,397.70</b>
2016-17	1	Strategic planning consultation services	5	\$310,195.00
	2	Management advisory services	3	\$170,800.00
	3	Internal audits	2	\$690,065.00
	n/a	All other	5	\$867,569.30
	<b>Totals</b>		<b>15</b>	<b>\$2,038,629.30</b>

*Note: where there was an equal ranking of work categories based on the count of contracts, the one with the large value was ranked higher.*

*Data was correct at the time it was extracted from the AEC AusTender database on 2 January 2018.*

*Data was extracted based on the financial year the contract was commenced.*



### AEC Response to Part (a): Non-consultancy Services

Top 3 categories of work for which non-consultancies have most frequently been engaged, by number of contracts and value for each financial year from 1 July 2012 to 30 June 2017				
Financial Year	Rank	Work Categories	No. of Contracts	Total Value
2012-13	1	ICT Contractor Services	61	\$8,003,346.16
	2	Temporary Personnel	2	\$197,200.00
	3	Labour Hire	1	\$63,492.00
	n/a	Other	1	\$13,867.85
	<b>Totals</b>		<b>65</b>	<b>\$8,277,906.01</b>
2013-14	1	ICT Contractor Services	49	\$6,290,359.97
	2	Labour Hire	10	\$2,808,631.80
	3	Temporary Personnel	6	\$284,073.21
	n/a	n/a	-	-
	<b>Totals</b>		<b>65</b>	<b>\$9,383,064.98</b>
2014-15	1	ICT Contractor Services	50	\$6,056,098.56
	2	Labour Hire	14	\$1,011,668.66
	3	Temporary Personnel	3	\$138,225.85
	n/a	Other	3	\$55,651.60
	<b>Totals</b>		<b>70</b>	<b>\$7,261,644.67</b>
2015-16	1	ICT Contractor Services	131	\$14,437,407.50
	2	Labour Hire	34	\$21,182,164.69
	3	Temporary Personnel	6	\$904,253.80
	n/a	Other	2	\$30,883.19
	<b>Totals</b>		<b>173</b>	<b>\$36,554,709.18</b>
2016-17	1	ICT Contractor Services	54	\$6,655,116.54
	2	Labour Hire	5	\$610,088.97
	3	Recruitment Services	3	\$36,122.02
	n/a	Other	2	\$586,097.00
	<b>Totals</b>		<b>64</b>	<b>\$7,887,424.53</b>

Data was correct at the time it was extracted from the AEC AusTender database on 2 January 2018.

Data was extracted based on the financial year the contract was commenced.

**AEC Response to Part (a): On-hire labour contractors**

<b>Top 3 categories of work for which on-hire labour contractors have most frequently been engaged, by number of contracts and value for each financial year from 1 July 2012 to 30 June 2017</b>				
<b>Financial Year</b>	<b>Rank</b>	<b>Work Categories</b>	<b>No. of Contracts</b>	<b>Total Value</b>
<b>2012-13</b>	<b>1</b>	ICT contractor	1	\$63,492.00
	<b>2</b>	-	-	-
	<b>3</b>	-	-	-
	<b>n/a</b>	-	-	-
	<b>Totals</b>		<b>1</b>	<b>\$63,492.00</b>
<b>2013-14</b>	<b>1</b>	Election Workforce	7	\$2,735,631.80
	<b>2</b>	Accounting Services	2	\$59,000.00
	<b>3</b>	Unknown	1	\$14,000.00
	<b>n/a</b>	-	-	-
	<b>Totals</b>		<b>10</b>	<b>\$2,808,631.80</b>
<b>2014-15</b>	<b>1</b>	Election Workforce	3	\$591,007.24
	<b>2</b>	Logistics Officer	2	\$55,768.57
	<b>3</b>	Accounting Services	2	\$107,000.00
	<b>n/a</b>	All other	7	\$257,892.85
	<b>Totals</b>		<b>14</b>	<b>\$1,011,668.66</b>
<b>2015-16</b>	<b>1</b>	Election Workforce	24	\$20,649,189.70
	<b>2</b>	Project Manager	2	\$127,400.00
	<b>3</b>	Recruitment Services	2	\$24,102.49
	<b>n/a</b>	All other	6	\$381,472.50
	<b>Totals</b>		<b>34</b>	<b>\$21,182,164.69</b>
<b>2016-17</b>	<b>1</b>	Executive Assistant	2	\$80,000.00
	<b>2</b>	eLearning Developers	1	\$390,000.00
	<b>3</b>	Project Manager	1	\$102,088.97
	<b>n/a</b>	All other	1	\$38,000.00
	<b>Totals</b>		<b>5</b>	<b>\$610,088.97</b>

*Data was correct at the time it was extracted from the AEC AusTender database on 2 January 2018.*

*Data was extracted based on the financial year the contract was commenced*