

SUBMISSION No. 3
Review of Auditor-General's
Report Nos 24 to 31 (2011-12)

Audit report No.31 – Procurement Panels
Questions on Notice: ASIC

Question	Hansard Page or Written Q
<p>1. Recommendation 1 suggested that agencies document the basis for selecting a particular supplier to evidence value for money considerations. Has this recommendation been implemented? If not, why not? Documenting that value for money has been appropriately considered is of the utmost importance.</p>	Written
<p>A. Most of the sample procurements that were subject to the audit were conducted prior to the implementation of ASIC's procurement reforms in May 2010. These reforms had already addressed most of the issues identified by the ANAO by including a requirement for procurement staff to document the basis for selecting a particular supplier and value for money considerations. To reinforce this, ASIC's Procurement Centre (APC) has issued all staff involved in procurement a reminder of their obligations when conducting procurements using panels.</p> <p>The ANAO audit has also identified opportunities for ASIC to further improve its processes and ASIC is currently updating its procurement processes to incorporate the recommendations of the ANAO's findings as well as bringing its processes in line with the new Commonwealth Procurement Rules (CPR's).</p> <p>The updated processes (including the ANAO recommendations) will be rolled out across ASIC during July 2012 and supported with regular training for staff.</p>	
<p>2. Recommendation 3 suggested that agencies evaluate the use and effectiveness of procurement panels at an appropriate time during their lifecycle. Has an appropriate time for evaluation in the procurement panel lifecycle yet been determined? If not, why not? If so, have agencies already commenced evaluation of any panels? What were the findings of the evaluations?</p>	Written

<p>A. ASIC evaluates the effectiveness of its procurement panels prior to exercising any options to extend and prior to considering whether to renew panels on expiry. For Panels containing long initial contract periods of three years or more, the panels are reviewed at the mid point of the initial period.</p> <p>ASIC has evaluated its Legal Services Panel prior to exercising each of its two options and on each occasion the evaluation determined that the panels were meeting ASIC's needs in terms of value for money and administrative ease. The first evaluation also determined that some of the firms were not receiving orders and based on this information, ASIC provided these firms with opportunities where possible.</p> <p>ASIC evaluated its IT Contracting Services Panel prior to renewal and determined that while a small number of firms were meeting ASIC's needs, many of the firms did not have the skill sets to meet ASIC's requirements. Following this evaluation and a review of other existing cooperative arrangements, ASIC decided not to renew this panel and instead has joined the ATO's Contractor panel which was evaluated as meeting ASIC's needs and offering value for money.</p> <p>Additional improvements in the process of contract evaluation at mid-term for long contracts, and prior to all contract renewals are planned.</p>	
<p>3. What actions are you taking to ensure that officers engaged in procurement effectively demonstrate the consideration of value for money when initially establishing procurement panels?</p>	Written
<p>A. ASIC has increased the role of the central procurement unit – the ASIC Procurement Centre – in establishing procurement panels and is updating its procurement processes to address this recommendation including a need to conduct effective market research, needs analysis, review of alternative options including cooperative arrangements and the need to document value for money.</p>	
<p>4. What have you done to correct your practices on appropriately obtaining Regulation 9 approvals?</p>	Written
<p>A. As indicated in response to Q1, most of the sample procurements that were subject to the audit were conducted prior to the implementation of ASIC's procurement reforms in May 2010. As part of ASIC's current process updates ASIC is reviewing current templates and providing additional guidance on obtaining Regulation 9 approval as recommended by the ANAO. The roll out of the updated processes will commence in July 2012 and be supported with regular training for staff.</p>	
<p>5. Drawing your attention to the bullet points on pages 58 and 59 of the audit report, which highlight common deficiencies in the planning documentation of all agencies—what steps have been taken to address these deficiencies in planning and reporting?</p>	Written

<p>A. ASIC's processes that were implemented in 2010 currently include instructions to staff to assist with planning complex procurements (that also apply to establishing panels). However these instructions did not address each of the issues identified in the ANAO report and these specific considerations are being included as part of the current process updates being rolled out in July 2012.</p>	
<p>6. Standing offer notices are required to be reported on AusTender within 42 calendar days of entering into the arrangement, but ASIC only achieved this in 37 per cent of cases. ASIC advised the ANAO during the audit that it was uncertain as to why this was the case. Can you now please explain why ASIC failed to meet this deadline so often, and what steps have been taken to ensure compliance with this requirement?</p>	<p>Written</p>
<p>A. The primary reason for delays in reporting was due to protracted negotiations on some Deeds of Standing Offer and the fact that ASIC had understood that it could not report the Standing Offer arrangements until all negotiations were completed and each of the Deeds had been signed.</p> <p>We now understand that not to be correct and we have changed our procedures to report each arrangement as it is signed and the process and responsibility for reporting Standing Offer notices has been centralised in the central procurement unit – the ASIC Procurement Centre.</p>	