

Senate Finance and Public Administration Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Finance and Administration Portfolio

Department of Human Services and agencies

Supplementary Budget Estimates 2005-2006, 1 November 2005

Question: HS29

Outcome 1, Output Group 1.1

Topic: Medicare Australia – Order for Departmental and Agency Contracts

Hansard Page/Written Question on Notice: Written

SENATOR MURRAY asked on 1/11/2005:

1. What guidance is provided to staff with responsibilities for contract negotiations specifically about the requirements of the Senate Order? If relevant guidance is not provided, please explain why this is the case.
2. What training and awareness sessions are provided, either in-house or through other training providers (eg. DOFA, APS Commission or private firms) in respect of the Order? Please provide a list of the dates, the identity of the training providers and the content of the training that staff attended in 2005. If training and awareness sessions are not provided, please explain why this is the case.
3. Has the department/agency revised its procurement guidelines to incorporate the new Commonwealth Procurement Guidelines that took effect from 1 January 2005, particularly with respect to the confidentiality elements contained in those guidelines? If so, when did this occur and can a copy be provided? If not, what is the cause of the delay and when will the revision occur?
4. ANAO audits for the last three years have revealed a consistently low level of compliance across most agencies with DOFA confidentiality criteria (February 2003) for determining whether commercial information should be protected as confidential. The ANAO's latest report on the Order (No.11 2005-2006, September 2005) states that departments and agencies need to give higher priority with this important requirement of the Senate Order.
 - What specific measures have been or will be taken to address this problem, give it higher priority and raise compliance levels?
 - What guidance and training are provided to staff about the confidentiality criteria and the four tests employed to determine whether information should be protected?
 - What internal auditing or checking is performed to test compliance in this area? If none is performed, why not and is the agency considering the adoption of internal controls and checks?
5. What problems, if any, has the agency and/or relevant staff experienced in complying with the Senate Order? What is the nature and cause of any problems? What measures have been, or could be, adopted to address these concerns?

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Answer:

1. Medicare Australia became subject to the requirements of the Senate Order from 1 October 2005. Medicare Australia revised its procurement guidelines as part of its transition to being a prescribed agency governed by the Financial Management and Accountability Act 1997 on 1 October 2005. During the transition process the proforma Request For Tender documentation was amended to address the treatment of confidential information, complying with the Senate Order. Staff engaging in procurement activity relevant to the Senate Order must use this proforma in the development of procurement documentation. The procurement guidelines are being further revised to ensure they provide comprehensive guidance to staff in relation to the Senate Order.

Medicare has implemented processes to address the reporting aspects of the Senate Order.

2. As part of the transition process, all staff engaged in procurement and management activities were given a presentation on the *Financial Management and Accountability Act 1997*. During these sessions staff were made aware of the reporting requirements of the Commonwealth Procurement Guidelines including the Senate Order. This training took place during September 2005.
3. Medicare Australia revised its procurement guidelines as part of its transition to being a prescribed agency governed by the Financial Management and Accountability Act 1997 on 1 October 2005. As a part of that process the proforma Request For Tender documentation has been amended to address the treatment of confidential information and the requirements to publish under the Senate Order. A copy of the relevant section of the revised documentation is attached.
4. Medicare Australia was required to comply with the Commonwealth Authorities and Companies Act 1997 until 30 September 2005 and therefore not required to comply with the Senate Order.
5. As Medicare Australia has only recently become subject to the requirements of the Senate Order and there is insufficient experience to comment on the application of the Senate Order.

MEDICARE AUSTRALIA Procurement Guidelines

When using the term *value for money* in purchasing it means all the things that are important or relevant to the purchase, how submissions are evaluated, and how a choice is made.

As can be seen from the complex set of relationships in the example above, price is never the only criterion, and a decision should never be made only on price.

4.7 Short-listing

Short-listing can be a useful way to reduce the effort needed to finalise a submission evaluation. It can enable more attention to detail in the short-listed submissions than would otherwise be possible. It is neither appropriate, nor necessary, to short-list for all purchases. The decision will be based on the requirements of each particular project.

The intention to short-list during the evaluation should be incorporated into the evaluation methodology.

4.7.1 Evaluate All Submissions

All submissions that are lodged and satisfy the mandatory requirements must be fully evaluated. This means that all submissions must be evaluated by the SEC against all the advertised evaluation criteria before a short-list is developed.

4.7.2 Benchmarks

A method of selecting a suitable benchmark is to use an existing standard or level of service that the Medicare Australia wishes to improve, or use the experience of another organisation in a similar area. Benchmarks provide a rational basis for comparison and are a useful tool to help achieve continuous improvement.

4.7.3 Short-list Evaluation

Once a short-list has been decided, there should be a plan as to how the evaluation will proceed. Some activities for the evaluation team in relation to the short-listed submissions may include:

- Re-reading and re-appraising the submission documents;
- Detailed discussions with referees;
- Site visits;
- Viewing demonstrations or presentations.

Usually the evaluation team will use any new or more detailed information that alters their understanding of the submissions to modify the evaluation ratings already given against the evaluation criteria. Any rating adjustments of this kind should be documented.

It is not possible at this stage to introduce new criteria. To do so would require all potential suppliers (including those not on the short-list) be given the opportunity to respond to the new criteria.

4.8 Confidential Information

The RFT documentation states that Potential Suppliers are to include in their Submissions any request that information is to be treated as confidential following the award of an agreement, specifying the information and giving reasons why it is necessary to keep the information confidential.

The SEC is to determine whether it agrees to keep this information confidential. The terms of any agreement on confidentiality will form part of the agreement awarded at the completion of the procurement process. Details of the confidentiality of information are to be detailed in the Submission Evaluation Report.