



**ASIC**

Australian Securities & Investments Commission

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## EXECUTIVE MINUTE

on

### JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT

#### REPORT NO. 431

#### Review of Auditor-General's Reports Nos. 24 to 32 (2011-12)

#### *General comments*

*The ANAO's Audit on ASIC's establishment and use of panels sampled procurements conducted mainly through the period of 2008 to 2010 and prior to ASIC implementing its new procurement framework in May 2010. A number of the ANAO's finding had already been addressed in the new procurement framework. Notwithstanding this, the ANAO's audit has identified opportunities for further improvement which have been incorporated in the recent update of ASIC's procurement framework, policies and processes.*

#### *Response to the recommendation*

#### **Recommendation 1, paragraph 3.86**

**That the Department of Foreign Affairs and Trade, the Department of Broadband, Communications and the Digital Economy, and the Australian Securities and Investments Commission determine and report to the Committee how they are implementing ANAO Recommendation 3, including the timelines for procurement panel evaluations.**

**Agency name** – Australian Securities and Investments Commission

*ANAO Recommendation 3 stated "To assess whether procurement panels are providing the anticipated business benefits and to inform prospective procurement arrangements, the ANAO recommends agencies evaluate the use and effectiveness of panels at an appropriate time during their lifecycle."*

ASIC agreed with the ANAO's recommendation and the actions taken to implement the recommendation are outlined below.

ASIC has implemented a *Procurement Guideline for Contract Management of Panels* that addresses the ANAO's audit findings.

The key obligations in the *Procurement Guideline* in relation to evaluation of panel arrangements are:

- Panel arrangements are to be evaluated on a regular basis to ensure they are delivering the expected benefits and that they continue to offer value for money;
- Exercising an option to extend a panel arrangement must consider whether it would continue to provide value for money;
- Panel arrangements with an initial contract period of three years or less must have a formal evaluation at least six months prior to expiry of the contract;
- Panel arrangements with an initial term of four years or more, must have a formal evaluation at mid-point and again at least six months prior to expiration;
- The evaluation should include but not be limited to the following considerations:
  - Is the original criteria / business need for which the panel was established still relevant?
  - Has the planned usage been achieved?
  - Is the current mix of suppliers appropriate?
  - Have the expected administrative efficiencies been achieved?
  - Has the nature of the market changed?
  - Does the panel provide overall value for money? and
  - Are there other coordinated or cooperative arrangements in place that are either mandated or that deliver better value for money?
- If a panel is no longer meeting agency needs other alternate procurement methods should be considered to achieve the desired outcomes.

Regarding panel review lifecycles, a maximum interval of 24 months prior to exercising any option was considered optimal to monitor the effectiveness of the panel while not imposing excessive administrative effort on agencies and suppliers.

ASIC's review of panels since the ANAO audit has resulted in a number of panels being discontinued (e.g. recruitment panel, Governance and IT contractor panel). In some instances ASIC has chosen to piggyback other agency panels that were assessed as offering better value for money.

Compliance with the *Procurement Guideline for Contract Management of Panels* will be assessed as part of ASIC's internal audit program.



**GREG MEDCRAFT**  
CHAIRMAN