

28 September 2011

MEDIA RELEASE

AUDITOR-GENERAL'S REPORT

Prequalification Scheme for Consultants

There have been tangible improvements in the time it takes NSW Government agencies to engage consultants through the Government's Prequalification Scheme.

The Scheme was introduced in February 2008 to improve agencies' procurement of consultants. More than 300 service providers have been prequalified and over \$300 million worth of consultancy services have been provided.

"While the processes for engaging consultants have improved, the Government does not know if it is getting value for money from the more than \$300 million worth of consultancy work provided through the Scheme", Mr Achterstraat said.

"The necessary competitive tension to achieve value for money is not being created", Mr Achterstraat said. "Nearly 30 per cent of the engagements I reviewed that cost over \$150,000 proceeded with only one or two proposals," he added.

"The rule to invite rather than obtain three proposals from consultants for work over \$150,000 must be reviewed", Mr Achterstraat said.

Ideally agencies should know what assignments each consultant has won, for what services, what their rates are and how well they have performed. Agencies should then be free to contact other agencies before engaging a consultant. All this is not happening.

"The Department of Finance and Services and the Department of Premier and Cabinet are unable to assess the performance of consultants as agencies generally do not report on the performance of consultants they have engaged", Mr Achterstraat said. "My review showed that only five per cent of the required reports were prepared by agencies", he added.

Since the Scheme commenced in February 2008 not one consultant has been removed or suspended. The Department of Finance and Services and the Department of Premier and Cabinet extended the Scheme in February 2010 without reviewing the performance of the consultants on the Scheme or the overall performance of the Scheme.

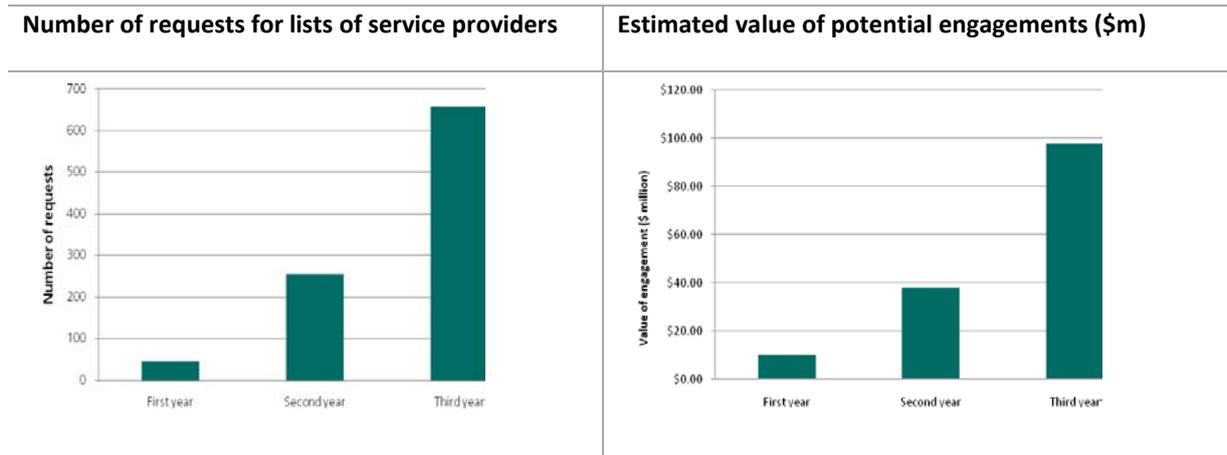
"An independent person should be appointed on the panel that prequalifies consultants", Mr Achterstraat recommended. "At the moment the panel is made up of staff from the Department of Finance and Services, Treasury and the Department of Premier and Cabinet who are likely to engage consultants", he added.

"The Prequalification Scheme cannot continue to operate in its current form", Mr Achterstraat said. "The Department of Finance and Services and the Department of Premier and Cabinet need to be clearer about the Scheme's rules, provide far better information about consultants' performance and be more active in overseeing the Scheme to ensure that agencies and the taxpayer are getting value for money", Mr Achterstraat said.

Further information

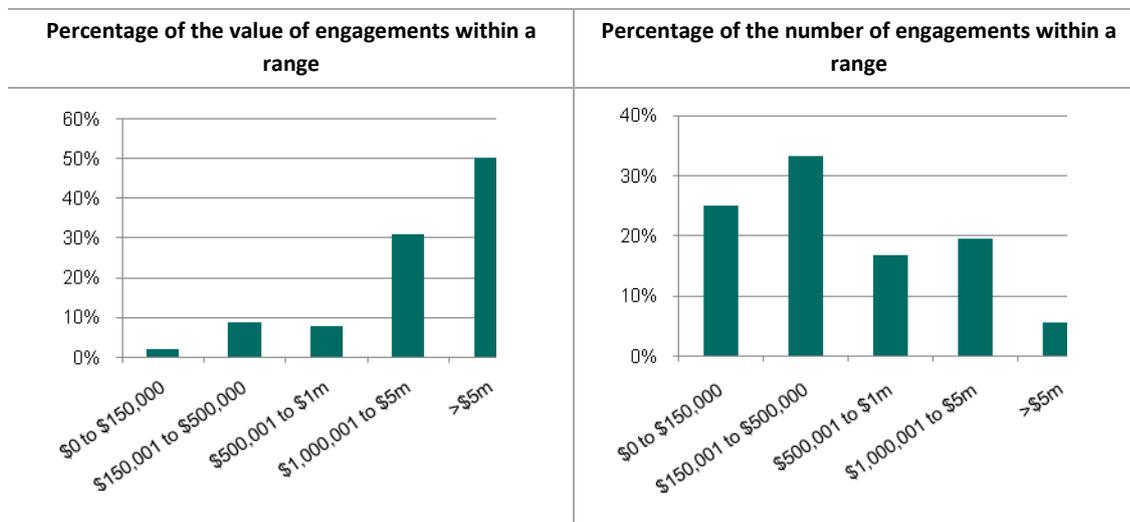
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SCHEME USAGE FROM FEBRUARY 2008 TO FEBRUARY 2011



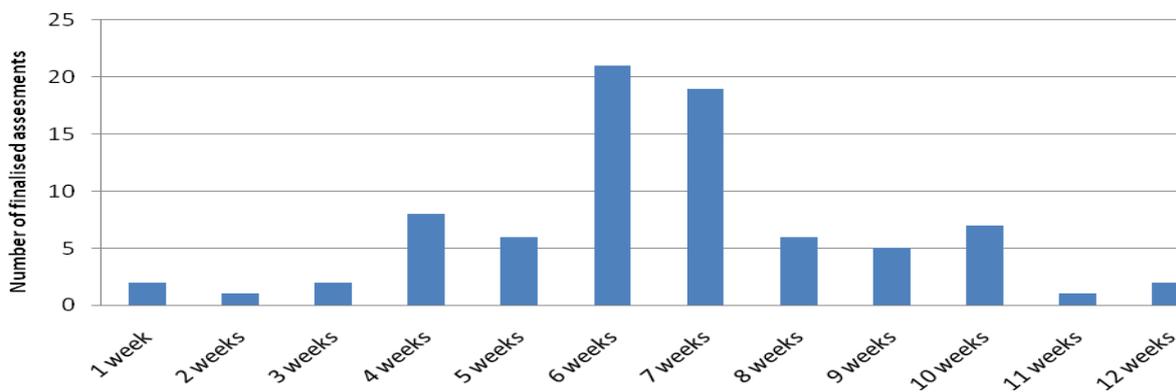
Source: Department of Finance and Services

Distribution of the sample of engagements by number and value



Source: Audit Office of New South Wales

Assessment turnaround times for 80 compliant applications



Source: Department of Finance and Services