Submission No 15

## EXAMINATION OF THE AUDITOR-GENERAL'S PERFORMANCE AUDIT REPORTS OCTOBER 2016 – May 2017

**Organisation:** NSW Department of Education

**Date Received:** 11 May 2018



Mr Bruce Notley-Smith MP
Chair
Legislative Assembly
Public Accounts Committee
Parliament of New South Wales
Macquarie Street
SYDNEY NSW 2000

MT18/322

## Dear Mr Notley-Smith

I write in response to your letter of 16 April 2018, requesting the Department of Education's response to recommendations of the Auditor-General's report Contingent Workforce: Procurement and Management, tabled on 27 April 2017 (your reference: D18/07252).

The department is focused on ensuring that value for money is achieved in our practices involving the use of public funds. The department was the first NSW Government agency to adopt a vendor management solution (Contractor Central) for the management and oversight of contingent labour which has delivered significant savings.

Contingent labour is used to support short term peaks in workload; to provide specialised skills that will not be required within the ongoing workforce; and to fill short term roles while ongoing vacancies are filled. The department's contingent labour usage is published regularly at <a href="https://data.nsw.gov.au/data/dataset/">https://data.nsw.gov.au/data/dataset/</a> pregualification-scheme-contingent-workforce-financial-year-to-date-2016-17.

The department's current decision process for contingent labour use requires officers in the department to examine other recruitment options before proceeding to contingent labour. Long-term tenure is currently an item that is reviewed by the department's Executive in quarterly Contractor Central status reports which now include six monthly reviews of all long-term tenures documenting the value as economical and effective labour usage.

Dashboards on the use of contingent labour are made available to the Executive to provide oversight of usage across the department and for consultation at an Executive level. A more detailed dashboard is provided to Deputy Secretaries and Executive Directors. This facilitates consultation with appropriate hiring managers to understand their reasons for engaging contingent labour.

The department found the results of the audit effective in validating and assisting with strengthening its internal controls, further enhancing its ability to achieve value for money. The department accepted all of the report's recommendations and considers that the cost of the audit to the department was minimal. The department has no further comment or suggestions for improvement to the audit process.

Please find attached a copy of the department's response on the status of recommendations made by the Auditor-General.

Thank you for the opportunity to comment.

Yours sincerely

Mr Mark Scott AO

SECRETARY

**DEPARTMENT OF EDUCATION** 

/ May 2018

## IMPLEMENTATION OF RECOMMENDATIONS

**Department of Education** 

Contingent workforce: procurement and management

Ensure agency-wide on-boarding and off-boarding and off-boarding and off-boarding guidelines or checklists detailing the specific requirements for engaging or releasing contingent labour, including provisions of knowledge transfer provisions of knowledge transfer contingent labour, including transfer that contingent labour that contingent labour, including process that will need to be improvements recommended including process that will need to be improvements recommended including process that will need to be improvements recommended including the consideration and or contingent labour and setting and off-boarding on the imforms and is informed by workforce planning, by:    Ensure that contingent labour and process that will need to be imformed by workforce planning, by:						STATUS (completed,	RESPONSIBILITY	Г
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Ensure that contingent labour informs and is informed by workforce planning, by:  • analysing agency-wide business needs, staff capability, and skills gaps or understanding how gaps are filled by contingent workers.				improvements		This action will be		
Ensure that contingent labour informs and is informed by workforce planning, by:  • analysing agency-wide business needs, staff capability, and skills gaps • understanding how gaps are filled by contingent workers contingent workers are contingent workers are contingent workers are contingent agency workers are contingent workers are contingent labour use				recommended including		further enhanced with		
Ensure that contingent labour informs and is informed by workforce planning, by:				the consideration and		new modifications		
Ensure that contingent labour informs and is informed by workforce planning, by:  • analysing agency-wide business needs, staff capability, and skills gaps enderstanding how gaps are filled by contingent workers  • understanding how gaps are filled by contingent account the contingent business and is informed by workforce planning on the department's Contract center and software design.  Building on the department's Contractor 2018  Central solution we will continue to leverage on accurate data reports to a decision process for contingent labour use contingent labour use software design.				document results of		proposed in the		
labour Accept Building on the department's Contractor 2018  Central solution we will continue to leverage on accurate data reports to strengthen workforce planning is directly related to a workers contingent labour use				knowledge transfer.		software design.		
department's Contractor  central solution we will continue to leverage on accurate data reports to strengthen workforce gaps are workers contingent labour use  2018 The delay in completing all tasks associated with workforce planning is directly related to a whole of Government contract renewal	_:	Ensure that contingent labour	Accept	Building on the	March	Delayed	Procurement Solutions	
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continue to leverage on accurate data reports to strengthen workforce planning. Our current decision process for contingent labour use		workforce planning, by:		Central solution we will		The delay in		
accurate data reports to strengthen workforce planning. Our current decision process for contingent labour use		analysing agency-wide		continue to leverage on		completing all tasks		
strengthen workforce planning. Our current decision process for contingent labour use		business needs, staff		accurate data reports to		associated with		
planning. Our current decision process for contingent labour use		capability, and skills gaps		strengthen workforce		workforce planning is		
decision process for contingent labour use		understanding how gaps are		planning. Our current		directly related to a		
contingent labour use		filled by contingent workers		decision process for		whole of Government		
)		or other recruitment options		contingent labour use		contract renewal		

				STATUS (completed,	RESPONSIBILITY	
KECOMMENDATION	ACCEPT OR REJECT	ACTIONS TO BE TAKEN	DUE DATE	on track, delayed) and COMMENT	(Section of Agency for Implementation)	
<ul> <li>assessing whether long-term</li> </ul>		requires department		process for a new		
contingent worker		officers to examine other		software solution.		
engagements are the most		recruitment options before		Contractor Central		
economical and effective		proceeding to contingent		relies on a Vendor		
labour option		labour. We will review and		Management System		
<ul> <li>evaluating whether</li> </ul>		strengthen this decision		(VMS) currently		
contingent workers meet		process to document		provided by SAP		
agency business needs and		evidence supporting the		Fieldglass. Costly		
deliver value for money		decision including how we		modifications to the		
		demonstrate the value for		system were placed		
		money outcome.		on hold pending		
		Information captured during		outcomes of the		
		the decision process will be		tender process. The		
		used to help inform our		tender is now		
		skills and capability gaps.		complete and the		
		Modification to the		contract award notice		
		Contractor Central decision		has been publicised.		
		process will be required to		Work can now		
		ensure data capture is		commence to		
		complete.		establish the new		
		32		VMS.		
		Long term tenure is				
		currently an item that is		All modifications to		
		reviewed by the		the system to		
		department's Executive		enhance		
		team in the quarterly		recommendations		
		Contractor Central status		made by the audit		
		reports we will now include		report will be included	8	
		six monthly reviews of all		in the new design.		
		long-term tenures		Due date for		
		documenting the value as		migration to the new		
				VMS software is		

				STATUS (completed,	RESPONSIBILITY
RECOMMENDATION	ACCEPT OR	<b>ACTIONS TO BE TAKEN</b>	DNE	on track, delayed)	(Section of Agency for
	REJECT		DATE	and COMMENT	Implementation)
		economical and effective		January 2019 to align	
		labour usage.		to the whole of	
				government end date	
		At the conclusion of		for the current SAP	
		contingent labour		Fieldglass contract.	
		engagements departmental			
		officers have the option to		Current dashboard	
		complete a post		reports informing the	
		engagement review of the		department's	
		worker, this is currently		Executive in use of	
		optional and we will now		contingent labour to	
		move to strengthen the end		support workforce	
		of engagement reporting.		planning are in place	
				and operating	
		The department measures		effectively.	
		value of its contingent			
		labour in project specific			
		benefit reporting and there			
		is no consolidated benefit			
		reporting for contingent			
		labour as a standalone			
		component. Contractor			
		Central will be modified to			
		include benefit reporting			
		capability to capture			
		ongoing reporting of all			
		workers meeting business			
		needs and delivering value			
		for money.			

		L C C		<u> </u>	STATUS (completed,	RESPONSIBILITY	
	RECOMMENDATION	ACCEPT OR REJECT	ACTIONS TO BE LAKEN	DATE	on track, delayed) and COMMENT	(Section of Agency tor Implementation)	
က်	Assess and centrally document	Accept	The modification proposed	March	Delayed	Procurement Solutions	
	contingent workforce to ensure		For the department's	81.07	Coffusion contract	Directorate	
	that services are delivered as		will provide a central		changes as indicated	Ť	
	contracted		platform for recording all		in item 2.		
			data related to contingent				
			labour usage.		Contractor Central		
			The improvements aloned		nandbooks nave been		
			for benefit reporting will		department hiring		
			address issues relating to		managers of their		
			performance of workers		responsibilities in		
			and documenting that		ensuring contract		
			services have been		benefits are achieved.		
			delivered as contracted.				
4.	Implement processes to ensure	Accept	The strengthening of the	March	Delayed	Procurement Solutions	
	that hiring managers consider		decision process in the	2018		Directorate	
	other recruitment options prior		Contractor Central solution		Changes to the		
	to engaging or re-engaging		will ensure that hiring		software solution to		
	contingent workers.		managers document		mandate the decision		
			evidence of their		process currently		
			recruitment options prior to		available has not		
			proceeding to approve any		been completed due		
			new engagement or re-		to delays as		
			engagement of contingent		described in item 2.		
			labour resources.		However, a manual		
					process is in place		
					and is monitored for		
					compliance by the		
					Contractor Central		
					team.		