

**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 <https://data.nsw.gov.au/data/dataset/prequalification-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**

11 May 2018

## IMPLEMENTATION OF RECOMMENDATIONS

Department of Education

Contingent workforce: procurement and management

RECOMMENDATION	ACCEPT OR REJECT	ACTIONS TO BE TAKEN	DUE DATE	STATUS (completed, on track, delayed) and COMMENT	RESPONSIBILITY (Section of Agency for Implementation)
<p>1. Ensure agency-wide on-boarding and off-boarding guidelines or checklists detailing the specific requirements for engaging or releasing contingent labour, including provisions of knowledge transfer</p>	<p>Accept</p>	<p>The department will review our current on-boarding and off-boarding guidelines and checklists to ensure that there is a consistent agency wide approach. The Contractor Central solution has an on-boarding and off-boarding process that will need to be modified to the improvements recommended including the consideration and document results of knowledge transfer.</p>	<p>Dec 2017</p>	<p><b>Completed</b> Off boarding and on-boarding guides have been modified to include directions to hiring managers on the considerations required for knowledge transfer  This action will be further enhanced with new modifications proposed in the software design.</p>	<p>Procurement Solutions Directorate</p>
<p>2. Ensure that contingent labour informs and is informed by workforce planning, by:</p> <ul style="list-style-type: none"> <li>• analysing agency-wide business needs, staff capability, and skills gaps</li> <li>• understanding how gaps are filled by contingent workers or other recruitment options</li> </ul>	<p>Accept</p>	<p>Building on the department's Contractor Central solution we will continue to leverage on accurate data reports to strengthen workforce planning. Our current decision process for contingent labour use</p>	<p>March 2018</p>	<p><b>Delayed</b> The delay in completing all tasks associated with workforce planning is directly related to a whole of Government contract renewal</p>	<p>Procurement Solutions Directorate</p>

RECOMMENDATION	ACCEPT OR REJECT	ACTIONS TO BE TAKEN	DUE DATE	STATUS (completed, on track, delayed) and COMMENT	RESPONSIBILITY (Section of Agency for Implementation)
<ul style="list-style-type: none"> <li>• assessing whether long-term contingent worker engagements are the most economical and effective labour option</li> <li>• evaluating whether contingent workers meet agency business needs and deliver value for money</li> </ul>		<p>requires department officers to examine other recruitment options before proceeding to contingent labour. We will review and strengthen this decision process to document evidence supporting the decision including how we demonstrate the value for money outcome.</p> <p>Information captured during the decision process will be used to help inform our skills and capability gaps. Modification to the Contractor Central decision process will be required to ensure data capture is complete.</p> <p>Long term tenure is currently an item that is reviewed by the department's Executive team in the quarterly Contractor Central status reports we will now include six monthly reviews of all long-term tenures documenting the value as</p>		<p>process for a new software solution. Contractor Central relies on a Vendor Management System (VMS) currently provided by SAP Fieldglass. Costly modifications to the system were placed on hold pending outcomes of the tender process. The tender is now complete and the contract award notice has been publicised. Work can now commence to establish the new VMS.</p> <p>All modifications to the system to enhance recommendations made by the audit report will be included in the new design. Due date for migration to the new VMS software is</p>	

RECOMMENDATION	ACCEPT OR REJECT	ACTIONS TO BE TAKEN	DUE DATE	STATUS (completed, on track, delayed) and COMMENT	RESPONSIBILITY (Section of Agency for Implementation)
		<p>economical and effective labour usage.</p> <p>At the conclusion of contingent labour engagements departmental officers have the option to complete a post engagement review of the worker, this is currently optional and we will now move to strengthen the end of engagement reporting.</p> <p>The department measures 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.</p>		<p>January 2019 to align to the whole of government end date for the current SAP Fieldglass contract.</p> <p>Current dashboard reports informing the department's Executive in use of contingent labour to support workforce planning are in place and operating effectively.</p>	

RECOMMENDATION	ACCEPT OR REJECT	ACTIONS TO BE TAKEN	DUE DATE	STATUS (completed, on track, delayed) and COMMENT	RESPONSIBILITY (Section of Agency for Implementation)
<p>3. Assess and centrally document the performance of their contingent workforce to ensure that services are delivered as contracted</p>	<p>Accept</p>	<p>The modification proposed for the department's Contractor Central solution will provide a central platform for recording all data related to contingent labour usage.</p> <p>The improvements planned for benefit reporting will address issues relating to performance of workers and documenting that services have been delivered as contracted.</p>	<p>March 2018</p>	<p><b>Delayed</b></p> <p>Software contract changes as indicated in item 2.</p> <p>Contractor Central handbooks have been modified to inform all department hiring managers of their responsibilities in ensuring contract benefits are achieved.</p>	<p>Procurement Solutions Directorate</p>
<p>4. Implement processes to ensure that hiring managers consider other recruitment options prior to engaging or re-engaging contingent workers.</p>	<p>Accept</p>	<p>The strengthening of the decision process in the Contractor Central solution will ensure that hiring managers document evidence of their recruitment options prior to proceeding to approve any new engagement or re-engagement of contingent labour resources.</p>	<p>March 2018</p>	<p><b>Delayed</b></p> <p>Changes to the software solution to mandate the decision process currently available has not been completed due to delays as described in item 2. However, a manual process is in place and is monitored for compliance by the Contractor Central team.</p>	<p>Procurement Solutions Directorate</p>