

# **Senate Finance and Public Administration References Committee**

Inquiry into the management and assurance of integrity by consulting services (Consulting services)

## **Department of Finance**

### **Response to Question on Notice**

#### **Written Question on Notice 24**

- 1) Regarding your refresh of the MAS panel which closed in December could you:
- Explain the objective/s and/or reasons for the refresh of the MAS panel
  - Provide the total number of respondents, by category of service
  - Provide the complete list of questions asked of respondents
  - Provide your assessment criteria, weightings and process to review submissions from consultants
  - Provide details of the officials who will undertake the assessments
  - Advise of your process including dates and key milestones
  - Advise of whether/how your process will take account of any findings this inquiry might make about the fitness of certain firms and corporations to serve as preferred suppliers to the Commonwealth taxpayer.

#### **Response**

- 1)
- The Management Advisory Services (MAS) Panel is being refreshed to:
    - add new service providers (including new entrants to the market) to the MAS Panel in one or more services categories or service subcategories;
    - add any new service categories or subcategories; and
    - allow current service providers to expand their service offering under the MAS Panel.

It is considered better practice to undertake regular refreshes of panel arrangements, with the MAS Panel to be refreshed approximately every two years.
  - The Department of Finance (Finance) received 151 tenders for the MAS Panel Refresh 1 which closed on 18 December 2023. The following table (Table 1: MAS Panel tender responses) provides the number of respondents by service subcategory, noting that some providers tendered for multiple service categories.

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**Table 1: MAS Panel tender responses**

<b>Service category</b>	<b>Number of Tenders received</b>
Budgets	42
Accounting Advisory	21
Taxation	6
Technical Financial	36
Financial and Economic Analysis	90
Financial Assessments	44
Valuation Services	22
Investment Banking Services	22
Financial and Performance Audits	14
Forensic Accountancy Audits and Investigations	12
Actuarial Services	10

- c. A complete list of the questions asked of respondents is at **Appendix A** to this response.
- d. The Tender Evaluation Process comprises five stages.

**Stage 1: Initial screening for compliance**

Under Stage 1, each tender is assessed to determine if the tender has been properly submitted, complies with the conditions for participation and minimum content and format requirements and whether the respondent has agreed to the terms and conditions of the Head Agreement (or equivalent).

Tenders that are not compliant with the requirements may be excluded from the evaluation process.

**Stage 2: Detailed evaluation**

Under Stage 2, the Tender Evaluation Team assess each tender against two evaluation criterion:

- the extent to which the respondent demonstrates its capability and capacity to provide the offered services to the Australian Government; and
- the extent to which the respondent demonstrates its experience within the last 5 years providing the offered services to the Australian Government, other governments and/or large corporate organisations, which will take into account the:
  - i. examples provided by the respondent to demonstrate its experience and how the experience relates to the definition of MAS; and
  - ii. referee endorsements submitted for the respondent and the extent to how these support the respondent's claimed experience.

Neither criterion is weighted.

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### **Stage 3: Financial analysis**

Under Stage 3, consideration is given to the fees submitted by each respondent, including any omissions or apparent errors in the pricing and the results of any relevant verification activities conducted by Finance. Stage 3 may include a comparative analysis of respondent's fees.

At the conclusion of stage 3, a rating is applied to each tender for each service subcategory offered.

### **Stage 4: Value for money assessment**

Under Stage 4, the Tender Evaluation Team will conduct a value for money assessment of each tender, considering each respondent's:

- assessment from Stage 2 and Stage 3 of the evaluation process, which includes an assessment of risk;
- the results of any Verification Activities (if relevant);
- the level of compliance with Commonwealth legislation and policy;
- economic benefits to the Australian economy;
- in addition to those risks identified in the Stage 2 and Stage 3 evaluation process, any other risks to the Government the Tender Evaluation Team identifies; and
- any other matter that Finance or the Tender Evaluation Team considers relevant and allowed to be considered under the Request for Tender (RFT).

None of the elements considered in Stage 4 are weighted.

### **Stage 5: Final determination**

During Stage 5, a final determination is made based on the outcomes of the value for money assessment. During this stage, the Tender Evaluation Team may give consideration to the number of service providers selected for the Panel according to the expected requirements under each service category.

This stage results in a determination regarding the successful, preferred and unsuccessful tenders.

- e. The Tender Evaluation Teams are currently being finalised based on the number of tenders received and the related work effort required to evaluate them.

While the exact participants cannot be confirmed, members nominated by Commonwealth agencies that frequently utilise the relevant service category being assessed.

- f. The MAS Refresh Phase 1 opened on AusTender on 16 November 2023 and closed on 18 December 2023.

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It is expected the evaluation will be finalised by June 2024 with services commencing from July 2024.

- g. The RFT allows for any risks inherent in a response to be considered during the evaluation process. This would extend to any relevant risks identified through the inquiry, provided they are made available to Finance before the evaluation process is concluded.



## Appendix A – Complete List of Questions Asked of Respondents

Section	Question
Supplier Status	Are you a current supplier on the MAS Panel?
	Confirm you understand that current MAS Panellists cannot resubmit a tender for the Service Subcategory/ies they are already approved to provide.
	As the Respondent is an existing Service Provider on the Panel and intending to submit a tender in response to this RFT, please confirm you agree to enter into a Deed of Variation to update your Head Agreement to reflect the terms and conditions of the version of the Head of Agreement at Attachment C? OR As the Respondent is not an existing Service Provider on the Panel, do you agree with the terms and conditions of the Head of Agreement at Attachment C?
About the Respondent	What type of legal entity is the Respondent?
	What year was the Respondent's organisation formed?
	Is the Respondent an Indigenous enterprise?
	Is the Respondent registered for GST?
	In July 2023, the Department of the Treasury implemented a new Policy where Respondents are required to disclose their country of tax residency (including their ultimate parent entity's country of tax residence). Provide the Respondent's country of tax residency.
	Provide the ultimate parent entity's country of tax residency.
	The Respondent is required to provide details of its Code of Conduct Policy and processes, in particular regarding ethical standards. This may be attached as a separate document.
Minimum Content and Format Requirements	It is a Minimum Content and Format Requirement of this RFT (refer paragraph 8.2 of the RFT) that the Respondent submits with its Tender a: - Satisfactory Statement of Tax Record (STR) for the Respondent that is Valid at the Closing Time; or - receipt demonstrating that an STR has been requested from the Australian Taxation Office for the Respondent and the Respondent must provide a Valid and Satisfactory STR to Finance within four (4) business days from the Closing Time. Indicate which document/s you will be providing.
	Attach your Valid and Satisfactory Statement(s) of Tax Record. OR Attach your receipt(s) demonstrating that an STR has been requested from the Australian Taxation Office for the Respondent. By attaching a receipt, the Respondent confirms it will provide a Valid and Satisfactory STR to Finance within four (4) business days from the Closing Time.
Commonwealth Policy Requirements	Are there any court or alternative dispute resolution proceedings that are taking place, pending or threatened, (either in Australia or outside of Australia) in relation to the Respondent, that will or have the potential to materially impact adversely upon: - the Respondent's capacity to perform and fulfil its obligations if it enters into a Head Agreement, or a Head Agreement is varied, as a result of the

	<p>RFT process;</p> <ul style="list-style-type: none"> <li>- the Respondent's reputation;</li> <li>- the Commonwealth's reputation; and/or</li> <li>- that otherwise may be of concern to the Commonwealth?</li> </ul> <p>If Yes, provide details in the response box below.</p>
	<p>Is the Respondent:</p> <ul style="list-style-type: none"> <li>- under any investigation or the subject of any court proceedings in relation to a possible or actual breach of any legislation;</li> </ul> <p>in breach, or has been found within the past 2 years to have been in breach, of any legislation; or</p> <ul style="list-style-type: none"> <li>- the subject of any previous contraventions of the anti-competitive provisions of the Competition and Consumer Act 2010 (Cth), or equivalent laws in Australia or outside of Australia that the Respondent, including its Board of Directors, Related Bodies Corporate, management and/or proposed personnel are aware of?</li> </ul> <p>If Yes, provide details in the response box below.</p>
	<p>The Respondent is required to indicate whether or not the Respondent, its Related Bodies Corporate, or officers of either:</p> <ul style="list-style-type: none"> <li>- have been found in the past 3 years to have committed a material breach;</li> </ul> <p>or</p> <ul style="list-style-type: none"> <li>- are currently in material breach, of any law, regulation or code that would be relevant to any resultant Head Agreement, or variation to a Head Agreement, including those in relation to employment or workplace relations (including regulations relating to ethical employment practices), work, health and safety (WHS) or the environment.</li> </ul> <p>If Yes, provide in the response box below, details of any previous or current breaches and the actions that have been taken to remedy any such material breach (including policies in place) to respond to each such breach.</p>
	<p>Are there any adverse comments or findings made by a court, commission, tribunal, or other statutory or professional body:</p> <ul style="list-style-type: none"> <li>- regarding the conduct or performance of the Respondent, its Personnel, agents or Subcontractors that could materially impact or could be reasonably perceived to materially impact on the Respondent's professional capacity, capability, fitness or reputation; or</li> </ul> <p>impact on the professional capacity or capability of its Personnel to deliver the Services (if selected as a Successful Respondent)?</p> <p>If Yes, provide details in the response box below.</p>
	<p>Are there any significant matters, including the commencement of legal or regulatory action, disciplinary action by an independent person or disciplinary action internal to the Respondent, involving the Respondent or its Personnel, agents or Subcontractors that may have a material adverse impact on:</p> <ul style="list-style-type: none"> <li>- the Respondent's compliance with Australian Government policy or legislation; or</li> <li>- Finance's or an Agency's compliance with Australian Government policy or legislation; or</li> <li>- the Commonwealth's reputation; or</li> <li>- the professional capacity or capability of the Respondent or its Personnel</li> </ul>



	to deliver the Services (if selected as a Successful Respondent)? If Yes, provide details in the response box below.
	The Respondent is to include brief examples to demonstrate how its organisation provides an economic benefit to the Australian economy.
	Is the Respondent a 'relevant employer' under the <i>Workplace Gender Equality Act 2012</i> (Cth)?
	The Respondent has attached its current letter of compliance from the Workplace Gender Equality Agency. By selecting No, the Respondent confirms it will provide a letter of compliance from the Workplace Gender Equality Agency prior to execution of the Head Agreement, if selected as a Successful Respondent.
Head Agreement Details	The Service Provider's Representative will represent the Service Provider and is the primary contact for Finance under the Head Agreement. Provide the full name of the Service Provider's Representative. What is their position title? Provide their contact number. Provide their email address.
	The Service Provider's Senior Executive has authority to deal with Finance in relation to important or significant matters (as determined by Finance including, for example, the resolution of disputes) and any other matters requested by Finance in relation to the Head Agreement. Provide the full name of the Service Provider's Senior Executive. What is their position title? Provide their contact number. Provide their email address.
	The Service Provider's Agency Contact will be the key contact for the Service Provider and will receive requests for quotation and work orders from Agencies. Provide the full name of the Service Provider's Agency Contact. What is their position title? Provide their contact number. Provide their first email address. Provide a second email address.
	Provide the full name of the person in which notices should be addressed to. What is their position title? What is the physical address where notices should be addressed. What is the contact persons email address.
Confidential Information	Is the Respondent requesting that any information in its Tender be treated as confidential information if it enters into a Head Agreement, or a Head Agreement if varied, with Finance? If Yes, you are confirming that, in your opinion, the request for confidential information meets the criteria described under Finance's Confidentiality throughout the Procurement Cycle policy.
	The Respondent is to specify what information generated in the performance of the Services under the Head Agreement it seeks to have kept confidential, including: - where the information is contained in its Tender;

	<ul style="list-style-type: none"> <li>- the nature of the information; and</li> <li>- the period of confidentiality.</li> </ul>
	The Respondent is to indicate the reasons why this information should remain confidential.
Conflict of Interest	Does the Respondent have processes in place to identify and manage Conflicts of Interest?
	Does the Respondent have any actual or perceived Conflict(s) of Interest which could affect the performance of its obligations, if the Respondent was to enter into a Head Agreement, or a Head Agreement is varied, with Finance?
	If Yes, provide details of the actual or perceived Conflict(s) of Interest and how your organisations proposes to manage this conflict.
Offered Services	The Respondent is to indicate which Service Subcategory/ies it is offering to provide (Offered Services).
Subcategory <sup>1</sup>	What year did your organisation commence providing advisory services in the Service Subcategory?
	How many full-time equivalent (FTE) personnel (not including subcontractors) are in your organisation with the relevant skills and experience to provide advisory services in the Service Subcategory?
	Provide a summary of the relevant skills, qualifications, professional recognition and experience these personnel have to provide advisory services in the Service Subcategory.
	Relevant to the Service Subcategory, the Respondent is required to provide: <ul style="list-style-type: none"> <li>- the number of advisory engagements (up to 10) it has had within the last 5 years;</li> <li>- the type of advisory engagement (Australian Government, State/Territory Governments and/or large corporate entities etc.);</li> <li>- a brief description of each advisory engagement.</li> </ul>
	The Respondent is required to provide additional details about 2 engagements that relate to the Service Subcategory.
	These engagements should be within the last 5 years and demonstrate the Respondents experience in providing advisory services (that is relevant to the Service Subcategory) to the Australian Government, other governments and/or large corporate entities.

<sup>1</sup> This section was duplicated for each subcategory and respondents were required to answer all questions for all subcategories offered.



	<p>The following questions relate to Demonstrated Experience - Example 1. <sup>2</sup></p> <p>Provide the name of the entity that the services were provided to.  Provide the project title.  Select the type of entity this is.  When were the services provided? i.e. March - May 2022  Were the services provided solely by your organisation?  If <i>No</i>, what was your organisation's role in the delivery of the services?  What was the approximate value (GST inclusive) of the engagement?  Was your organisation engaged to provide professional, independent and expert advice/services or were the services provided under the direct supervision of the entity?  Provide a detailed description of the work undertaken for the project.</p> <p>The Respondent is required to provide contact details for a Referee relating to Demonstrated Experience - Example 1, outlined above, for the Service Subcategory.</p>
	Provide your Fees for the Service Subcategory.
	Do you have any personnel relevant to the Service Subcategory that meet the definition of Expert Personnel in the Head Agreement?
	Indicate how many Expert Personnel are in your organisation who would be providing services under the Service Subcategory.
	What is the proposed maximum hourly rate (GST inclusive) for the Expert Personnel?
Discounts	Please outline any percentage discounts you will offer for the order value ranges listed below.
Respondents Declaration	<p>Please download the supporting document titled Respondent's Declaration and provide confirmation. Once you have provided confirmation that you've read the document, click Save &amp; Next to continue.  The following questions relate to the execution of the Respondent's Declaration.</p>
	Confirm that you have the authority to make this Declaration on behalf of the Respondent.
	Please attached a digital copy of your signature to accompany this Declaration

<sup>2</sup> Duplicated for the second example

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### **Department of Finance**

### **Response to Question on Notice**

#### **Written Question on Notice 25**

Regarding the submissions in response to your MAS refresh, could you please provide each full submission by the following firms and companies:

- a. KPMG
- b. Deloitte
- c. EY
- d. PwC
- e. Scyne Advisory
- f. McKinsey & Company
- g. Boston Consulting Group

#### **Response**

In accordance with the *Australian Government Guidelines for Official Witnesses before a Parliamentary Committee and Related Matters – February 2015* (the Guidelines), it would be inappropriate for Finance to disclose the requested tender submissions. The submissions may contain details of commercial strategies, pricing structures, intellectual property and other information which would be of significant commercial value. Disclosure of this information could disadvantage a contractor and advantage their competitors in future tender processes. The Guidelines specify that information regarding the content of individual tender submissions would not normally be disclosed.

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## **Department of Finance**

### **Response to Question on Notice**

#### **Written Question on Notice 26**

Has your department interacted with any of the named firms (in question 25) during the response period or the six month period before its release to the market? If so, could you please provide relevant details including:

- a. The date
- b. The purpose
- c. Attendees, their title and organisation
- d. Any records or notes of those discussions
- e. Whether the interaction was professional or social in nature.

#### **Response**

In the six months prior to the approach to market for the Management Advisory Services (MAS) refresh Request for Tender (RFT), Finance released a public consultation paper via AusTender which only KPMG and Ernst and Young (EY) provided responses to. The Department of Finance (Finance) provided a standard reply email to both KPMG and EY acknowledging their email and thanking them for their response.

As part of the MAS refresh RFT, Finance published five addenda, addressed questions received from potential tenderers, and provided access to a pre-recorded industry briefing and notification of the opportunity for potential tenderers to request a preliminary review of their Statement of Tax Record (STR). Of the named firms (refer Written Question on Notice 25), Deloitte was the only one to request a preliminary STR review. Finance provided a standard reply email to Deloitte advising the outcome of the review.

Separate to the MAS refresh process, Finance has engaged with PricewaterhouseCoopers (PwC) and Scyne Advisory Pty Ltd (Scyne) on the examination of the governance structures, ethics and culture of both businesses. Finance will continue to engage with PwC while the examination is underway and with Scyne as part of Finance's ongoing monitoring requirements.

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A significant application of resources would be required to identify any other interactions Finance may have had with the listed firms as they are current service providers under the MAS Panel. As a result, Finance has focussed its response to any interaction with the listed firms as it relates to the MAS refresh process and to novation work undertaken with PwC and Scyne.