



Request

REQUEST TITLE:

Request for Provision of Review Services Relating to Statutory Review of the Performance of the Auditor General of Western Australia

REQUEST NUMBER:

1/1

CLOSING TIME:

4:30 PM Monday, 30 March 2015, Perth, Western Australia

ISSUED BY:

The President of the Legislative Council for and on behalf of the State of Western Australia

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PART A – REQUEST NO 1/1

1. INTRODUCTION

1.1 BACKGROUND

The office of Auditor General for Western Australia is recognised at section 6 of the *Auditor General Act 2006* (WA) (the **Act**). The Auditor General is the Accountable Authority and Chief Executive Officer of the Office of the Auditor General (OAG), which is a public sector department established to support the Auditor General.

The Joint Standing Committee on Audit (the **Committee**) is required at section 48(1) of the Act to carry out a review of the operation and effectiveness of the Act (the **Review**).

As part of this review, the Joint Standing Committee on Audit must, under section 48(3) of the Act, appoint a suitably qualified person (the **Reviewer**) to conduct a review of the Act (the **Act Review**), and the performance of the Auditor General's functions by the Auditor General and the OAG (the **OAG Review**).

The Committee has determined that the Review will be conducted in two stages, with the OAG Review to be conducted before the Act Review.

Accordingly, the Customer seeks the services of a suitable person to be appointed by the Committee to conduct the OAG Review as outlined in further detail in Schedule 2.

The Committee has the responsibility for the selection of the Reviewer. When conducting the OAG Review, the Reviewer will be required to comply with all directions given by the Committee.

1.2 SUBMISSION OF OFFER

1.2.1 The Offer must be submitted by 4:30pm on Monday, 30 March 2015.

1.2.2 The Respondent may submit the Offer by post addressed to:

Clerk of the Legislative Council
c/- Joint Standing Committee on Audit
Parliament House
Harvest Terrace
PERTH WA 6000

1.2.3 The Respondent may submit the Offer by hand through delivery to the Reception of the Legislative Council Committee Office, Ground Floor, 18-32 Parliament Place, West Perth, with the envelope marked as above.

1.2.4 The Respondent may submit the Offer electronically by emailing to auditcte@parliament.wa.gov.au if the email, including attachments, is equal to or less than 10 megabytes.

1.2.5 Conditions regarding the submission of Offers (including late lodgement and mishandling) are contained in the Request Conditions.

1.3 OFFER VALIDITY PERIOD

The Offer Validity Period is for a period of 12 months.

1.4 INFORMATION RELATING TO THE TENDER

Information relating to the tender, including answers to any questions received will be available at the Tender Webpage (available via the Parliament website at www.parliament.wa.gov.au). Answers to questions received by potential tenderers will be posted on this website, so the information is available to all parties.

1.5 BRIEFING

A non-mandatory briefing to Respondents will be conducted at:

Date: Wednesday, 25 February 2015

Time: 9:00AM (Perth, Western Australia time)

Location: BR1, Legislative Council Committee Office, Ground Floor, 18-32 Parliament Place, Perth

The Respondent is requested to confirm its attendance by no later than 5:00pm (WST) on Monday 23 February 2015 by emailing auditcte@parliament.wa.gov.au or by contacting Mark Warner on (08) 9222 7410.

Interested parties who are unable to attend the briefing can access answers to questions asked at the briefing through the Tender Noticeboard available via the Parliament website at www.parliament.wa.gov.au

1.6 CONTACT PERSONS

Different enquiries can be best dealt with by the most appropriate contact, shown below. The Respondent must not contact any other person within the Parliament, Government or any consultant engaged in relation to this Request to discuss this Request.

CONTRACTUAL AND TECHNICAL ENQUIRIES

Name: Dr Colin Huntly

Title: Clerk Assistant (Committees)

Telephone: +0437 881 812

E-mail: auditcte@parliament.wa.gov.au

ADVICE ON DELIVERING TENDERS:

Name: Mark Warner

Title: Committee Clerk

Telephone: +61 8 9222 7410

Email: auditcte@parliament.wa.gov.au

1.7 REQUEST CONDITIONS

The "Request Conditions" are contained in Part A of the *Request Conditions and General Conditions of Contract* [August 2012] located at www.finance.wa.gov.au (select Government Procurement, then select "Goods and Services Templates, Guides and Conditions of Contract" from the Quick Links menu) and contain important provisions regarding the nature of this Request and the consequences of the Respondent submitting an Offer. The Respondent is deemed to have read and considered the Request Conditions prior to submitting an Offer.

2. SELECTION PROCESS

2.1 SELECTION PROCESS

Value for Money is a key State Supply Commission policy objective to ensure that when purchasing products and/or services, Public Authorities achieve the best possible outcome, for every dollar spent, by assessing the costs and benefits of, and the risks inherent in, an Offer, rather than simply selecting the lowest Offered Price.

In determining Value for Money, the Customer will:

- a). apply relevant State Supply Commission and Government policies to the assessment of Offers;
- b). require Offers to meet the Pre-qualification Requirements in Section 3 in Part B;
- c). assess Offers against the Compliance and Disclosure Requirements in Section 4 in Part B;
- d). assess Offers against the Qualitative Requirements in Section 5 in Part B;
- e). assess Offers against the Insurance Requirements in Section 6 in Part B; and
- f). assess the Offered Prices, which includes assessing the Offered Price and Pricing Requirements in Schedule 3.

The determination of Value for Money will require a consideration of all of the above factors and any other matters that the Customer considers relevant.

In addition, section 48(4) of the Act requires the Joint Standing Committee on Audit to consult with the Auditor General before appointing the Reviewer and determining the specifications/terms of reference to be given to the Reviewer. Accordingly, in evaluating any Offer, the Customer may in such manner as it considers appropriate seek and take into account the views of the Auditor General in respect of the Offer or in respect of any matter concerning the relevant Respondent.

2.2 STATE SUPPLY COMMISSION AND GOVERNMENT POLICIES

This Request takes into account the following State Supply Commission policies to the extent that the Customer believes them to be relevant:

- a). Value for Money;
- b). Probity and Accountability;
- c). Open and Effective Competition; and
- d). Private Sector Procuring for Public Authorities.

These policies can be viewed and downloaded at www.ssc.wa.gov.au or copies of these policies are available from the State Supply Commission (telephone (08) 6551 1500).

3. ADDITIONAL NOTES FOR RESPONDENTS

3.1 CONFLICTS OF INTEREST

Given the nature of the services outlined in Schedule 2, potential Respondents may have been engaged by the OAG to provide services to the OAG in the past, or may currently be under engagement by the OAG to provide services to the OAG. Given that the perceived independence of a Respondent appointed to undertake the OAG Review under section 48(3) of the Act is a paramount consideration, identification and consideration of conflicts of interest for Respondents (actual, potential and perceived) and a conflict management plan form an essential component of the selection process and will comprise a material term of the engagement. See Section 3 of Part B for further details.

Respondents should note that, where a successful Respondent is appointed by the Joint Standing Committee on Audit as a Reviewer to undertake the OAG Review under section 48(3) of the Act, the successful Respondent will be required to provide to the Customer, prior to appointment, the following –

- a). a declaration that the Respondent has not performed services for or been employed by the OAG for a period not less than 12 calendar months prior to the appointment date; and
- b). an enforceable undertaking that the Respondent will not perform any services for, or commence employment with, the OAG for a period not less than 12 calendar months from the date on which the Respondent provides a final report to the Committee.

In submitting an Offer, the Respondent will be deemed to acknowledge these restrictions of trade.

3.2 CONFIDENTIALITY AND PRIVILEGE

Any successful Respondent will be required to comply with strict confidentiality requirements and sign a confidentiality agreement.

The report produced pursuant to the OAG Review, and any evidence received by the Joint Standing Committee on Audit, cannot be disclosed or published by any person without the Committee's express authorisation, and the successful Respondent will be required to execute an undertaking in the form of a deed to this effect.

The Respondent should be aware that, in addition to the contractual obligations for confidentiality, information obtained in relation to the Review may be privileged and disclosing evidence without the express authorisation of the Committee or either House of Parliament may amount to contempt of Parliament.

3.3 COMMERCIAL PROFESSIONAL CONFIDENTIALITY

In completing the OAG Review, the Respondent may get access to outsourced suppliers' workpapers and methodologies. Professional integrity must be maintained and the confidentiality of competitors' methodologies must be respected. The practical interpretation of this aspect should be included in the conflict management plan (refer to Section 5).

PART B – CONTENT REQUIREMENT AND RESPONDENT’S OFFER

PART B SHOULD BE COMPLETED BY THE RESPONDENT AND RETURNED TO THE CUSTOMER (REFER ‘SUBMISSION OF OFFER’ REQUIREMENTS OF CLAUSE 2.1 IN THE REQUEST CONDITIONS).

1. NOTE TO RESPONDENT

In preparing its Offer, the Respondent must:

- a). Take into account the Customer Contract requirements, as explained in the Customer Contract Details. The Respondent must read these in conjunction with the General Conditions;
- b). Address each requirement in the form set out in this Part B. The Pre-qualification and Qualificative requirements in Sections 3 and 4 of this Part B should be addressed in a separate written response, taking into account the statement of requirements in Schedule 2. In relation to separate written responses, Respondents are requested to address each requirement in order and to use section headings and numbering which corresponds to this Part B;
- c). In respect of the Qualificative requirements provide full details of any claims, statements or examples;
- d). Assume that the Customer has no knowledge of the Respondent, its activities, experience or any previous work undertaken by the Respondent for the Customer or any other Public Authority; and
- e). Nominate any Offer Information that the Respondent wishes to expressly and reasonably nominate as confidential for the purposes of the Request Conditions.

2. IDENTITY OF RESPONDENT

The Respondent may be an individual, corporation or partnership. The Respondent must provide the following details:

RESPONDENT TO COMPLETE:

- | | |
|---|-------|
| (a) Name of Legal Entity | _____ |
| (b) ACN (if a company) | _____ |
| (c) ABN (if a business) | _____ |
| (d) Registered address or address of principal place of business: | _____ |
| (e) Business Name (if applicable) | _____ |
| (f) Contact Person and Title: | _____ |
| (g) Postal address: | _____ |
| (h) Email: | _____ |
| (i) Telephone: | _____ |
| (j) Preferred mode for communication: | _____ |

NB: The Offer does not require the Respondent’s signature.

3. PRE-QUALIFICATION REQUIREMENTS

The Customer will not consider any Offer that does not meet all of the following Pre-Qualification Requirements:

- a). The Respondent must be willing, if successful, to provide the following to the Customer –
 - i. a declaration that the Respondent has not performed services for or been employed by the OAG for a period not less than 12 calendar months prior to the appointment date; and
 - ii. an enforceable undertaking that the Respondent will not perform any services for, or commence employment with, the OAG for a period not less than 12 calendar months from the date on which the Respondent provides a final report to the Committee.

RESPONDENT TO COMPLETE:

Is the Respondent willing to provide, if successful, the following to the Customer –

- a). a declaration that the Respondent has not performed services for or been employed by the OAG for a period not less than 12 calendar months prior to the appointment date; and
- b). an enforceable undertaking that the Respondent will not perform any services for, or commence employment with, the OAG for a period not less than 12 calendar months from the date on which the Respondent provides a final report to the Committee?

(Yes / No)

- b). The Respondent must be capable, if successful, of complying with the confidentiality requirements under the Act, the contract of engagement and the requirements of the *Parliamentary Privileges Act 1891* and the relevant Standing Orders of the Legislative Council;

RESPONDENT TO COMPLETE:

Is the Respondent capable, if successful, of complying with the confidentiality requirements applicable under the Act and the contract of engagement and the requirements of the *Parliamentary Privileges Act 1891* and the relevant Standing Orders of the Legislative Council?

(Yes / No)

4. COMPLIANCE AND DISCLOSURE REQUIREMENTS

The Customer will, in its Value for Money assessment, consider the extent to which the Offer satisfies the following Contractual and Disclosure Requirements. The Customer reserves the right to reject any Offer that does not properly address any of the Contractual and Disclosure Requirements, and/or which contains material departures from the Customer Contract Details and/or General Conditions.

a). Compliance

i. Customer Contract

The Respondent must confirm whether it will comply with the Customer Contract (excluding the General Conditions and Schedules). If the Respondent will not comply with any clause of the Customer Contract, the Respondent must set out:

- (i) the clause it will not comply with;
- (ii) the extent of non-compliance, including the alternative clause, if any, or a description of any changes it requires to the Customer Contract; and
- (iii) the reason for non-compliance.

RESPONDENT TO COMPLETE:

Does the Respondent agree to the Customer Contract?
 (Yes / No)

If no, provide details:

ii. General Conditions / Schedules

The Respondent must confirm whether it will comply with the General Conditions and Schedules. If the Respondent will not comply with any of the General Conditions and Schedules, the Respondent must set out:

- (i) the General Conditions / Schedules it will not comply with;
- (ii) the extent of non-compliance, including the alternative clause, if any, or a description of any changes it requires to the General Conditions / Schedules; and
- (iii) the reason for non-compliance.

RESPONDENT TO COMPLETE:

Does the Respondent agree to the General Conditions / Schedules?
 (Yes / No)

If no, provide details:

b). Disclosures

i. Conflict of interest

The Respondent must not have any actual conflict of interest that may impair or otherwise affect the conduct of the OAG Review;

The Respondent must identify and provide details of any perceived or potential conflict of interest. Without limiting what must be disclosed by the Respondent, the Committee considers that a potential or perceived conflict of interest may arise:

- (i) where the Respondent or Specified Personnel have, or at any time have had, a personal or professional relationship with the Auditor General or staff within the OAG;
- (ii) where the Respondent or Specified Personnel have previously undertaken work with the OAG, or work for an entity that has done so, or is currently engaged to do so in future; or
- (iii) where the Respondent or Specified Personnel have previously advised Parliamentary Committees or worked with Western Australian government agencies in relation to audits, reviews or key performance indicators.

RESPONDENT TO COMPLETE:

Does the Respondent or Specified Personnel have any actual conflict of interest?
(Yes / No)

If yes, provide details:
.....

Does the Respondent or Specified Personnel have any perceived or potential conflict of interest?
(Yes / No)

If yes, provide details:
.....

ii. Participants (including subcontractors)

RESPONDENT TO COMPLETE:

Is the Respondent acting as an agent or trustee for another person or persons?
(Yes / No)

If yes, provide details:
.....

AND

Is the Respondent acting jointly or in association with another person or persons?
(Yes / No)

If yes, provide details:
.....

AND

Has the Respondent engaged, or does the Respondent intend to engage, another person or persons as a subcontractor in connection with the supply of the Services.

(Yes / No)

If yes, provide details:

.....

iii. Criminal Convictions

The Respondent must confirm that neither the Respondent nor any person included in the Specified Personnel has been convicted of a criminal offence that is punishable by imprisonment or detention.

RESPONDENT TO COMPLETE:

Has the Respondent or any person included in the Specified Personnel been convicted of a criminal offence that is punishable by imprisonment or detention?

(Yes / No)

If yes, provide details:

.....

5. QUALITATIVE CRITERIA

The Committee may consider the following Qualitative Criteria when selecting the Reviewer.

Weightings have been noted against each Qualitative Criterion as an indication of their relative significance.

5.1 EXPERIENCE (WEIGHTING: 35%)

- a). Demonstrated skills and experience gained on projects or matters of a similar nature. A detailed description should be provided of the scope of the project and the Respondent’s role and involvement.
- b). Relevant knowledge and experience of auditing standards and modern audit methodologies and techniques for audits of financial statements and other types of assurance engagements, including performance and compliance audits.
- c). Knowledge of contemporary managerial and organisational standards and techniques.
- d). Capacity to manage potential conflicts of interest. The Respondent must include a clear conflict management plan that will address any perceived conflict of interest that might impair, or otherwise affect, the conduct of the work. Note that this conflict management plan is required even where the Respondent has not identified any actual, potential or perceived conflicts of interest, as a conflict could arise during the OAG Review.

- e). Demonstrated compliance with professional standards by the Respondent and Reviewer in relation to audit/review engagements evidenced by recent Quality Assurance review reports (past five years) issued by a professional accounting body.
- f). High professional standing within, and membership of, relevant professional bodies, such as Australian or international auditing, accounting, legal or management consulting bodies.

5.2 GOVERNMENT EXPERIENCE (WEIGHTING: 10%)

- a). An appreciation of the information requirements of the Parliament (and its Committees) as the sole client of the Auditor General.
- b). Sound understanding of the public sector and public sector auditing.
- c). Understanding of the role of the Auditor General as a statutory Officer of the Parliament and the Office of the Auditor General as an organisational unit.

5.3 METHODOLOGY (WEIGHTING: 25%)

The respondent must include a draft scope of works for the OAG Review, outlining how the work will be approached, including an outline of proposed methodology, estimated timeframes and milestones. The Reviewer should be aware that the OAG has significant audit commitments which impact on the availability of the Auditor General and his staff at certain times of the year. The methodology should identify how the review can be progressed at times when the Auditor General and relevant OAG personnel may not be readily available.

5.4 REVIEWER AND SPECIFIED PERSONNEL (WEIGHTING: 30%)

The Respondent must:

- a). identify the proposed Specified Personnel together with a brief curriculum vitae for each of them;
- b). detail the availability of the proposed Specified Personnel for the Customer Contract during the Term;
- c). outline the role of the Specified Personnel and the estimated proportion of the OAG Review's total hours that they will undertake;
- d). describe the skills and industry experience of all proposed Specified Personnel, especially how their experience relates to the requirements set out in Schedule 2 – Specification / Statement of Requirements; and
- e). provide a minimum of three (3) referees. Referee details must include:
 - i. Referee's name and position;
 - ii. Entity name;
 - iii. contact telephone number;
 - iv. contact email address;
 - v. contract or project title;
 - vi. the Specified Personnel who worked on the contract; and
 - vii. the nature of the contract and similarities with this contract.

6. CUSTOMER CONTRACT INSURANCE REQUIREMENTS

The Respondent must demonstrate that it has the insurances required under Schedule 1 - Customer Contract Details.

RESPONDENT TO COMPLETE						
Does the Respondent have the insurance requirements set out in Schedule 1 – Customer Contract Details?						
(Yes / No)						
If yes, the Respondent must complete the following table:						
	Insurer	ABN	Policy No	Insured Amount	Expiry Date	Exclusions (if any)
1. Public Liability Insurance						
2. Professional Indemnity						
3. Workers' Compensation including common law liability of \$50 million						
<u>OR</u>						
If no, does the Respondent confirm that if it is awarded a contract, then it will obtain the insurance policies set out in Schedule 1 - Customer Contract Details prior to the Commencement Date?						
(Yes / No)						
If no, provide reasons:						
.....						

SCHEDULE 1 - CUSTOMER CONTRACT DETAILS

<p>1. Customer</p>	<p>The Customer is the President of the Legislative Council for and on behalf of the State of Western Australia.</p>
<p>2. The Term of the Customer Contract</p>	<p>The Term will commence on the Commencement Date and will expire when the Services have been supplied in accordance with Clause 6 of the General Conditions.</p>
<p>3. Commencement Date</p>	<p>The Customer and the Contractor will agree on the Commencement Date and the Customer will confirm the agreed Commencement Date in the Letter.</p>
<p>4. Price Variation</p>	<p>The Price is fixed for the Term.</p>
<p>5. Public Liability</p>	<p>Public liability insurance covering the legal liability of the Contractor and the Contractor's Personnel arising out of the Services for an amount of not less than \$5 million for any one occurrence and unlimited in the aggregate;</p>
<p>6. Professional Indemnity</p> <p>Extended professional Indemnity inclusions</p>	<p>Professional indemnity insurance covering the legal liability of the Contractor and the Contractor's Personnel under the Customer Contract, if awarded, arising out of any act, negligence, error or omission made or done by or on behalf of the Contractor, or any subcontractor in connection with the Contract for a sum of \$1 million for any one claim and in the annual aggregate, with a provision of one automatic reinstatement of the full sum insured in any one period of insurance.</p> <p>Professional indemnity insurance required under this clause must be extended to include:</p> <ul style="list-style-type: none"> a) fraud, dishonesty, defamation, breach of confidentiality, infringement of patent, copyright, design, trade mark or circuit layout rights; b) loss of or damage to documents and data; and c) breach of Chapters 2 and 3 of the Australian Consumer Law and the Australian Consumer Law (WA).
<p>7. Workers' Compensation</p>	<p>Workers' compensation insurance in accordance with the provisions of the <i>Workers' Compensation and Injury Management Act 1981</i> (WA), including cover for common law liability for an amount of not less than \$50 million for any one occurrence in respect of workers of the Contractor. The insurance policy must be extended to cover any claims and liability that may arise with an indemnity under section 175(2) of the <i>Workers' Compensation and Injury Management Act 1981</i>.</p>
<p>8. Contract Management Requirements</p>	<p>Customer's Representative: Joint Standing Committee on Audit</p> <p>Customer Representative's address and email details: GPO Box A11 Perth WA 6837 auditcte@parliament.wa.gov.au</p> <p>Communication During the course of the OAG Review, the Reviewer is to inform the Joint Standing Committee on Audit (the Committee) as to the progress of the OAG Review, and the extent to which agreed milestones have been met, as appropriate.</p>

It is likely communication between the Committee and the Reviewer will take the form of liaison between the Advisory Officer of the Committee and the Reviewer, and could also include briefings by the Reviewer to the Committee.

The Committee is open to discussion during the process of the OAG Review for the Reviewer to make comment and suggestion for additional matters to be included, or modified or otherwise dealt with. Under the Act, the Committee has sole responsibility for the terms and conditions of the OAG Review.

Interaction with the Office of the Auditor General

During the course of the OAG Review, the Reviewer will by necessity liaise with the Auditor General and his staff. The Reviewer should be aware that the Auditor General and his staff have significant audit commitments that impact on his and his staff’s availability at certain times of the year. The Reviewer should structure the work undertaken to minimise any adverse impact on the operational performance of the OAG.

Key Performance Indicators

1. Quality of communications

That the information provided by the Reviewer is sufficiently clear, precise and documented to allow the Committee to make informed decisions. This will require the Reviewer to consult regularly with the Committee.

2. Timeliness of Report

That the timelines for milestones are met as agreed.

Milestones

The Committee will agree on specific dates for milestones to be met by the Reviewer once the Reviewer has been appointed. The Committee would expect the OAG Review to be completed (including final report being provided to the Committee) within 6 months of the Commencement Date.

As an indication, the Committee would expect the following milestones to be met:

- A proposed performance review plan identifying in detail the methodology for the performance review to be completed (including witness list, documents to be reviewed, draft timetable for scheduled meetings with OAG staff) to be submitted to the Committee within one month of the Commencement Date;
- Progress reports on the OAG Review to be received in writing one month from the Commencement Date and each month subsequent;
- Investigations and audit, including reviewing documents and interviewing staff, to take no more than 6 weeks;
- First draft preliminary report, including recommendations, to be provided to the Committee not later than 4 months following the Commencement Date.

SCHEDULE 1 - CUSTOMER CONTRACT DETAILS

<p>9. Confidential Information/ Parliamentary Privilege</p>	<p>The Customer specifies the following information to be “Confidential Information” under paragraph (b) of the definition of “Confidential Information” in clause 2.1 of the General Conditions:</p> <p style="padding-left: 40px;">All information provided to the Contractor in connection with the Customer Contract or the Services.</p> <p>Clause 25.2 of the General Conditions does not apply. The Contractor must keep the Customer’s Confidential Information confidential. The Contractor must not use or disclose to any person the Confidential Information except:</p> <ul style="list-style-type: none"> (a) where necessary for the purpose of supplying the Products and/or Services; or (b) as authorised in writing by the Committee; or (c) as required by either House of Parliament; or (d) when required (and only to the extent required) to the Contractor’s professional advisers, and the Contractor must ensure that such professional advisers sign a confidentiality agreement and are bound by the confidentiality obligations imposed on the Contractor under this clause. <p>Further, the information provided to the Contractor in connection with the Customer Contract or the Services may also be subject to parliamentary privilege. The disclosure of this material without the express authorisation of the Committee or either House of Parliament may amount to contempt of Parliament.</p>
<p>10. Agency</p>	<p>Clause 4.11 of the General Conditions does not apply.</p>
<p>11. Warranties</p>	<p>For the purposes of clause 19.5 of the General Conditions, no warranties are specified.</p>
<p>12. Quality Control</p>	<p>The Customer expects the Reviewer to have in place and maintain appropriate quality control practices and procedures, so as to demonstrate the highest level of competency and professional standards. If required by the Customer, the Respondent must provide evidence of the maintenance of their quality control practices and procedures.</p>
<p>13. Intellectual Property Owner</p>	<p>The President of the Legislative Council for and on behalf of the State of Western Australia is the owner of the Intellectual Property Rights in New Material for the purposes of clause 23 of the General Conditions.</p>
<p>14. Working Papers</p>	<p>Clause 23.7 of the General Conditions does not apply. Copyright and property in all Working Papers vest in the President of the Legislative Council for and on behalf of the State of Western Australia.</p>
<p>15. Publicity</p>	<p>For the purposes of clause 25.4 of the General Conditions, no other Public Authority is specified.</p>
<p>16. Government Policies</p>	<p>For the purposes of clause 33 of the General Conditions, no obligations relating to Government procurement policies are specified.</p>
<p>17. Auditor General</p>	<p>For the purposes of clause 37.8, the Contractor must notify the Customer if the Auditor General accesses the Contractor’s Records concerning the Customer Contract and Head Agreement.</p>
<p>18. Authorised Officer</p>	<p>For the purposes of clause 34.4 authorised officer of the Customer includes the Chair of the Joint Standing Committee on Audit.</p>

SCHEDULE 2 - SPECIFICATIONS / STATEMENT OF REQUIREMENTS

1. STATEMENT OF REQUIREMENTS

- 1.1 The Joint Standing Committee on Audit (the Committee) is required, at section 48(1) of the Act, to carry out a review of the operation and effectiveness of the Act (the **Review**).
- 1.2 As part of this review, the Joint Standing Committee on Audit must, under section 48(3) of the Act, appoint a suitably qualified person (the **Reviewer**) to conduct a review of the Act (the **Act Review**), and the performance of the Auditor General's functions by the Auditor General and the OAG (the **OAG Review**).
- 1.3 The Committee has determined that the Review will be conducted in two stages, with the OAG Review to be conducted before the Act Review.
- 1.4 The purpose of the OAG Review is to assess and provide recommendations about the operation and effectiveness of the performance of the Auditor General's functions by the Auditor General and the Office of the Auditor General (OAG) since 1 February 2007, when the Act commenced. **This tender request relates to the OAG Review only.**
- 1.5 While the Act Review is a separate process, it is expected that where the OAG Review identifies problems relating to the performance of the Auditor General or the OAG caused by the provisions of the Act, the relevant sections and issues caused will be identified in the report. It is expected that the Reviewer appointed to conduct the OAG Review will be available to the Committee as required to facilitate the Act Review. Provision for this facility should be specifically included in the Offer, including relevant fees and charges.
- 1.6 As required in section 48(6) of the Act, the Reviewer must give the Auditor General the opportunity to make submissions in relation to any findings, and these submissions must be included in the report presented to the Committee.
- 1.7 In addition to any specific concerns of the Committee, the Reviewer should take into account the objectives of the Act as outlined in the relevant Explanatory Memorandum¹ and Second Reading Speech:²
- Protecting the independence of the Auditor General and his Office;
 - Strengthening the Auditor General's relationship with Parliament;
 - Updating contemporary audit practice and expectations, including increasing the Auditor General's discretion to select appropriate auditing procedures and extending his jurisdiction to commercial entities carrying out functions of agencies;
 - Introducing new accountabilities for the Auditor General, such as including the response of audited entities in reports to Parliament.

¹ [www.parliament.wa.gov.au/Parliament/bills.nsf/B495B5627E01EF59482570B30043E907/\\$File/EM%2B-%2BBill099.pdf](http://www.parliament.wa.gov.au/Parliament/bills.nsf/B495B5627E01EF59482570B30043E907/$File/EM%2B-%2BBill099.pdf)

² [www.parliament.wa.gov.au/Hansard/hansard.nsf/0/77582c2d5c219f37c8257571000db5bb/\\$FILE/A37%20S1%2020060629%20p4589b-4591a.pdf](http://www.parliament.wa.gov.au/Hansard/hansard.nsf/0/77582c2d5c219f37c8257571000db5bb/$FILE/A37%20S1%2020060629%20p4589b-4591a.pdf)

- 1.8 The expectation is that the Reviewer will be available to undertake the review soon after appointment. The Reviewer should be aware that the Auditor General has significant audit commitments which impact on his availability at certain times of the year. The methodology should identify how the review can be progressed at times when the Auditor General and the OAG may not be available.

1.9 PROPOSED TIMELINES AND KEY DELIVERABLES

The Committee will agree on specific dates for milestones to be met by the Reviewer once the Reviewer has been appointed. The Committee expects the Reviewer to complete a preliminary report with draft findings for consultation with the Auditor-General within three (3) months, a draft report provided to the Committee within four (4) months, and a final report provided to the Committee within six (6) months of the Commencement Date.

As an indication, the Committee would expect the following milestones to be met:

- a proposed performance review plan identifying in detail the methodology for the performance review to be completed (including witness list, documents to be reviewed, draft timetable for scheduled meetings with OAG staff) to be submitted within one month of the Commencement Date;
- progress reports on the OAG Review to be received in writing one month from the Commencement Date and each month subsequent;
- provision of a summary of findings to the Auditor General pursuant to section 48(6) of the Act within three (3) months of the Commencement Date;
- provision of a draft report, including recommendations, to the Committee not later than four (4) months following the Commencement Date and
- provision of a final report to the Committee not later than six (6) months of the Commencement Date.

The Committee's Feedback on Deliverables

The Committee may provide feedback on the deliverables once they are provided to the Committee, and may request alterations.

2. SPECIFICATIONS

Without limiting the scope of the Report, the following matters should be considered and assessed as part of the OAG Review:

- 2.1 Assess the effectiveness, quality and timeliness of the Auditor General's reports and communications to Parliament, including:
- identifying Parliamentary needs and expectations;
 - assessing how effectively reports and communications meet these needs; and
 - identifying any improvements that could be made, including briefly identifying any legislative impediments to such improvements, if relevant.

- 2.2 Assess the work of the OAG in providing a reasonable level of scrutiny into the efficient and effective expenditure of public money, including:
- whether the process used to select targets for performance audits is in accordance with best practice to maximise public sector accountability; and
 - whether Parliamentary expectations on the Auditor General are reasonable. If there is an expectation gap between what Parliament expects and the Auditor General's functions and powers, identify how this gap can be closed.
- 2.3 Assess whether the audits undertaken by the Auditor General provide value for money in contributing to improved public accountability, and identify any improvements which could be made, including:
- whether the Auditor General provides value for money financial audit services in comparison with the services and fees of similar organisations;
 - whether the Auditor General's review of agencies' key performance indicators (KPIs) is effective in ensuring agencies have relevant and representative KPIs; and
 - the quality, effectiveness and timeliness of communications with audited entities.
- 2.4 Assess the impact of any exercise of the power to audit certain accounts of commercial activities of entities where they are carrying out the functions of an agency (follow the money audits), including:
- whether this audit power has increased the public accountability of commercial entities in relation to how they spend public money and perform agency functions; and
 - any improvements that could be made to increase accountability of commercial entities and not-for-profit organisations that are receiving public funds for providing public services.
- 2.5 Assess whether audit and review methodologies, practices and procedures reflect best practice and are appropriate for the legislated audit and examination functions of the OAG, including:
- the compliance with auditing standards;
 - the Auditor General's use of section 28 of the Act and the choice of methodologies appropriate to a public service context, considering public accountability and Parliamentary requirements;
 - the sufficiency and appropriateness of audit evidence that supports all conclusions and opinions;
 - the adequacy of the process used for selecting external audit contractors; and
 - the adequacy and effectiveness of the system of quality control.

- 2.6 Assess how the OAG captures feedback and lessons learnt from its operations and ensures continuous improvement, including:
- the effectiveness of the peer review audits both within the OAG and by auditors from other jurisdictions;
 - reviewing how the OAG responds to feedback from the public, audited entities and Parliament, including an assessment of any complaint handling system; and
 - identifying any cases where the OAG did not detect any significant issues in audited entities, how the OAG responded when it became aware of the issue and any improvements required.
- 2.7 Other matters that the Committee refers to the Reviewer in relation to the performance of the Auditor General’s functions.
- 2.8 The expectation is that the Reviewer will be available to undertake the review soon after appointment. The Reviewer should be aware that the Auditor General has significant audit commitments which impact on his availability at certain times of the year. The methodology should identify how the review can be progressed at times when the Auditor General and the OAG may not be available.

SCHEDULE 3 – PRICING

The Customer will, in its Value for Money assessment, consider the extent to which the Offer satisfies the following Offered Price and Pricing Requirements. The Customer reserves the right to reject any Offer that does not properly address and satisfy any of the Offered Price and Pricing Requirements.

1. OFFERED PRICE AND PRICE SCHEDULE

- 1.1 The Respondent must include in the Offer the Offered Price and proposed Price Schedule.
 - 1.2 The Respondent must state the basis of its Offered Price as a lump sum in Australian Dollars.
 - 1.3 The Offered Price will be deemed to include the cost of complying with this Request (including the Customer Contract Details) and the General Conditions and the cost of complying with all matters and things necessary or relevant for the due and proper performance of the Customer Contract. Any charge not stated as being additional to the Offered Price will not be payable by the Customer.
 - 1.4 If the Offered Price is consideration for a taxable supply under the GST Act, the Offered Price will be deemed to be inclusive of all GST applicable to the taxable supply at the rate in force for the time being.
 - 1.5 The final agreed Price Schedule will correlate to the reporting Milestones agreed in consultation with the Committee.
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