

Ref: HPW01954-2017



Department of
Housing and Public Works

Mr Peter Russo MP
Chair
Finance and Administration Committee
Queensland Parliament
Parliament House George Street
Brisbane QLD 4000

Dear Mr Russo

Thank you for your letter of 11 August 2017 regarding Auditor-General Report No. 1 of 2016-17 - Strategic Procurement.

I am pleased to accept your invitation to brief the Committee on 23 August 2017 and advise that the following departmental officers will attend:

Ms Liza Carroll, Director-General, Department of Housing and Public Works
Dr Kimberley Dripps, Assistant Director-General, Queensland Government Procurement.

In preparation for the briefing, please see **attached** tables in response to your questions.

If you need any more information or help with this matter, Dr Kimberley Dripps, Assistant Director-General, Queensland Government Procurement can be contacted on

Yours sincerely

Liza Carroll
Director-General

Implementation to date

Queensland Audit Office (QAO) – Report No. 1: 2016-17 Strategic procurement – *Summary of the recommendations implemented to date*

Recommendation	Progress and achievements to date
<p>1. We recommend that the Department of the Premier and Cabinet (DPC), Queensland Treasury and the Department of Housing and Public Works (DHPW) work together to:</p> <ul style="list-style-type: none"> confirm the role and level of authority required by the Office of the Chief Advisor – Procurement (OCA-P) to enable strategic procurement outcomes assess the merits of retaining the role within DHPW versus within a central agency. 	<ul style="list-style-type: none"> Governance arrangements following on from the Interdepartmental Committee Review of Queensland Government Procurement 2015 have been implemented and are maturing. These arrangements give significant authority to OCA-P's reform program. A Strategic Partnership between the Department of the Premier and Cabinet (DPC), Queensland Treasury (QT) and the Department of Housing and Public Works (DHPW) has been established to ensure key elements of the procurement reform program are implemented, including development of a Performance Measurement and Reporting Framework to deliver QAO's recommendation for a benefits realisation framework.
<p>2. We recommend that the OCA-P collaborates with government departments to develop a Queensland Government procurement planning guide that establishes better practice and defines the roles and responsibilities for creating category and agency procurement plans.</p>	<ul style="list-style-type: none"> High-level scoping conducted within OCA-P in late-2016. Now that the Queensland Procurement Policy and Queensland Government Procurement Strategy have been published, work to progress a procurement planning guide for categories and agency procurement plans has commenced. Development of an agency procurement planning guide is scheduled for completion by September 2017.
<p>3. We recommend that the OCA-P collaborates with government departments to develop benefits realisation framework to ensure that departments consistently establish, measure, report, and validate benefits.</p>	<ul style="list-style-type: none"> Queensland Treasury, DPC and DHPW have explored opportunities for central agencies to partner to develop an approach to monitoring and reporting on procurement benefits. The methodology will address cost and non-cost benefits. The Queensland Government Procurement Committee and departments will be consulted as part of developing a Performance Measurement and Reporting Framework.
<p>4. We recommend that the OCA-P collaborates with government departments to improve procurement capability in the public sector as part of its current program, and:</p> <ul style="list-style-type: none"> review, and agree with departments, the technical competency framework so that it includes all the skills a procurement professional needs to be effective, like data analytics and benefits realisation review and update the procurement training needs assessment so it aligns to a professional accreditation scheme implement a professional accreditation scheme for procurement staff in government to incentivise them to undertake certification and continue with professional development activities. 	<ul style="list-style-type: none"> The development of a Procurement Capability Development Strategy is progressing, with consultation taking place with agencies to confirm approach. This strategy has a broad focus that will address QAO findings and improve procurement capability across the sector (including non-procurement professionals). Draft Procurement Professional Accreditation Framework developed in consultation with agencies. Proof of concept phase almost complete. Australian Qualifications Framework (a national procurement competency standard) has been adopted to address the QAO's concerns around a technical competency framework. This framework will also inform development of the Procurement Professional Accreditation Framework. Extended whole-of-government procurement capability development offering to agencies and procurement staff across the sector for an additional 12 months (to 30 June 2018).

Implementation to date

Queensland Audit Office (QAO) – Report No. 1: 2016-17 Strategic procurement – *Summary of the recommendations implemented to date*

Recommendation	Progress and achievements to date
<p>5. We recommend that the OCA-P and the Department of Science, Information Technology and Innovation collaborate with government departments to develop a procurement data strategy that identifies and assesses:</p> <ul style="list-style-type: none"> • what procurement data government departments need to record • how procurement data should be categorised, ideally using a universally recognised categorisation approach • cost-benefit of options for improving existing systems to improve the quality and accessibility of procurement data form a central source. 	<ul style="list-style-type: none"> • Procurement Data Strategy drafted in collaboration with DSITI and QGCIP. • Process improvements to automate data extraction implemented. • Significant progress made on data improvements to address duplication and finance reconciliation issues identified by QAO. Third party independent assessment is planned to be undertaken to validate results. • Minimum data sets for spend analytics identified and currently with the departmental Heads of Procurement Network for review. • Work to identify minimum data requirements for whole-of-government Performance Measurement and Reporting Framework commenced. • Categories across the sector are at different phases of finalising their category structures. Structures for General Goods and Services and Information and Communication Technology categories have been approved by their relevant Category Council. • Work commenced with agencies to improve agency procurement spend data in the whole-of-government data warehouse, including mapping to consistent categorisation.
<p>6. We recommend that all departments work with category leads to develop an agency procurement plan that includes, in addition to the Queensland Procurement Policy's minimum requirements:</p> <ul style="list-style-type: none"> • spend analysis by the categories established and agreed with the OCA-P • their use of existing whole-of-government supply arrangements • agency-specific opportunities (economic, social, and environmental) to realise procurement benefits and reduce processing costs • measurable benefits targets (financial and non-financial) against realistic timeframes that departments set, but which aligned to whole-of-government category goals and objectives. 	<ul style="list-style-type: none"> • Categories that HPW is lead for have category strategies in place and are being implemented (for General Goods and Services and Building, Construction and Maintenance). • Agency procurement plans will mature as other deliverables come into place – this includes: <ul style="list-style-type: none"> – procurement planning guide (as per recommendation 2) – benefits monitoring and reporting (as per recommendation 3) – procurement data strategy (as per recommendation 5).

Queensland Audit Office (QAO) – Report No. 1: 2016-17 Strategic procurement – <i>Summary of any consultation undertaken and results of that consultation</i>	
Consultation undertaken	Decisions
CEO Leadership Board	<ul style="list-style-type: none"> Progress on implementation of Interdepartmental Committee (IDC) and Queensland Audit Office recommendations.
Queensland Government Procurement Committee (QGPC) September 2016, December 2016, February 2017, April 2017, May 2017, June 2017, August 2017	<ul style="list-style-type: none"> Regular approval of the way forward.
Heads of Procurement Network March 2017 and July 2017	<ul style="list-style-type: none"> Provided feedback and advice on procurement planning, capability, data and systems to inform submissions to the QGPC.
Department of the Premier and Cabinet and Queensland Treasury (September 2016 – ongoing)	<ul style="list-style-type: none"> Established a Strategic Partnership to address QAO Recommendation 1 (positioning and authority), Recommendation 3 (benefits) and Recommendation 6 (planning and performance).
Department of Science, Information Technology and Innovation (May 2017 - ongoing)	<ul style="list-style-type: none"> Confirmed roles and responsibilities, partnership approach, draft memorandum of understanding and building of the central data source to address QAO Recommendation 5 (data).
All Queensland Government Agencies	<ul style="list-style-type: none"> Minimum data set/key data set agency workshops (June 2017): key data sets for spend, contract and supplier management documented to address QAO Recommendations 2 (guidance), Recommendation 3 (benefits), Recommendation 5 (data) and Recommendation 6 (planning and performance). Performance Management and Reporting Co-Design Advisory Group (May 2017, June 2017): agreed framework design principles; co-designed initial suite of strategic core procurement KPIs for further advisory group discussion to address QAO Recommendations 2 – 6. Accreditation Framework (July 2016 – ongoing) Procurement Capability and Workforce Strategy (July 2017 – August 2017)