Standard commercial framework
Overview

Performance and Management Services Prequalification Scheme

16 May 2018
Overview

• In 2017, NSW Procurement completed the Business Advisory Services (BAS) Program that defined a standard commercial framework for the Performance and Management Services (PMS) Prequalification Scheme including:
  - Engagement type definitions
  - Resource type definitions
  - Capped resource rates
  - Discount structure
  - Capped expenses
  - $250K excluding GST threshold for direct engagement

• From 8 January 2018, the standard commercial framework was applied to the top 20 suppliers with the highest expenditure across NSW Government
• By April 2018, a further 145 suppliers accepted the standard commercial framework
• The remaining PMS Scheme suppliers will have the opportunity to accept the standard commercial framework in June 2018
The BAS Program scope is a subset of the Performance and Management Services Prequalification Scheme (PMS)

Performance and Management Services Prequalification Scheme (PMS)

- Standard approach towards pre-qualification
- Ensures integrity and reduces risk
- Terms & Conditions for engagement
- Supports Government policy (e.g. Small to Medium Enterprises)

BAS Program Scope

- Commercial framework
- Benchmark on rates and resources across Government (Insights)
- Top 20 by spend - Monthly data reporting on engagement activities
- Top 5 by spend - Supplier Development Management (SDM)
BAS Program Overview

**Target**

Delivery of targeted savings using a standard commercial framework (BAS stream - Procurement Benefits Program)

**In Scope (~$320m)**
- Strategic consulting
- General consulting
- Functional consulting

**Out of Scope**
- PMS Scheme - Infrastructure and Specialised Services engagement types
- ICT Services – SCM0020
- Construction consulting – SCM1191
- Contingent Workforce – SCM0007
- Legal Services - 2015/068

**Deliverables**

- Baseline BAS spend profile
- Taxonomy aligned to industry consultant service classifications
- Standard commercial framework
- Consulting category best practices supported by tools and templates
- Supplier performance management
- Reporting and dashboards
## Engagement types – 1 to 13

The standard commercial framework applies to these engagement types only

<table>
<thead>
<tr>
<th>Engagement type</th>
<th>Scope summary</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategic Consulting</strong></td>
<td></td>
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<tr>
<td><strong>General Consulting</strong></td>
<td></td>
</tr>
<tr>
<td>3. Project Management</td>
<td>Project Management</td>
</tr>
<tr>
<td>4. Change Management</td>
<td>Change Management</td>
</tr>
<tr>
<td><strong>Functional Consulting</strong></td>
<td></td>
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<tr>
<td>6. Audit, Quality Assurance and Risk</td>
<td>Internal / External Audit, Risk Management, Probity Services</td>
</tr>
<tr>
<td>7. Taxation</td>
<td>Goods and Services Tax (GST), Other Tax Services</td>
</tr>
<tr>
<td>8. Human Resources</td>
<td>Human Capital Management, Culture, Work Health and Safety (WHS), Remuneration, Retention, Diversity</td>
</tr>
<tr>
<td>9. Procurement &amp; Supply Chain</td>
<td>Procurement / Sourcing, Category Management, Procurement Accreditation, Supply Chain</td>
</tr>
<tr>
<td>11. Actuarial Services</td>
<td>Actuarial Services</td>
</tr>
<tr>
<td>12. Transaction Services</td>
<td>Transaction Services</td>
</tr>
<tr>
<td>13. Telecommunications</td>
<td>Telecommunications Consultancy</td>
</tr>
</tbody>
</table>
The standard commercial framework *does not apply* to these engagement types

<table>
<thead>
<tr>
<th>Engagement type</th>
<th>Scope summary</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>15. Infrastructure Services</strong></td>
<td>Strategy and Planning, Risk, Major Project Procurement / Delivery and Project Management, Contracting, Communication</td>
</tr>
<tr>
<td><strong>16. High End Strategy Advice</strong></td>
<td>Highly specialised advisory services provided by internationally recognised subject matter experts to deliver ministerial or secretarial priorities. Engagements are classified as High End Strategy by exception on a project-by-project basis where a proposal does not comply with the standard commercial framework. Suppliers can not be pre-qualified for this engagement type – suitability will be assessed on a project-by-project basis. The governance process for this engagement type includes: obtaining Secretary or Cluster CFO approval before going to market for a minimum of 3 quotes, and reporting the details in the Major Suppliers’ Portal.</td>
</tr>
</tbody>
</table>
## Resource types

Standard resource type definitions apply to engagement types 1 to 13

<table>
<thead>
<tr>
<th>Resource Type</th>
<th>Description</th>
<th>Years of Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partner</td>
<td>Senior Management member</td>
<td>12+</td>
</tr>
<tr>
<td>Director</td>
<td>Management member with deep expertise</td>
<td>10+</td>
</tr>
<tr>
<td>Senior Manager</td>
<td>Senior employee with significant specialist expertise and team leadership capabilities</td>
<td>8+</td>
</tr>
<tr>
<td>Manager</td>
<td>Junior level of entity management, specialist technical and subject matter expertise; manages assignment schedules and resource allocation</td>
<td>6 - 8</td>
</tr>
<tr>
<td>Senior Consultant</td>
<td>Field leadership role, moderate level of technical and subject matter expertise; provides business system advice and consulting services</td>
<td>4 - 6</td>
</tr>
<tr>
<td>Consultant</td>
<td>Performs detailed data and systems analysis, identifies risks, gathers additional data, interprets data and provides recommendations for improvement. Higher level technical skills, broader experience base, business process &amp; industry knowledge and requiring less supervision than an analyst</td>
<td>&lt; 4</td>
</tr>
<tr>
<td>Analyst</td>
<td>Performs data gathering and analysis with strong technical skills. Low level of industry knowledge. Supervised by more senior members.</td>
<td>0-4</td>
</tr>
</tbody>
</table>
Commercial-in-Confidence information is available to NSW Government agencies on the Major Suppliers’ Portal (MSP) including:

- Capped resource rates
- Discount structure
- Capped expenses
- Resource mix targets

Approval by the Secretary, Agency Head or cluster Chief Financial Officer and portal reporting is required for any engagement that is not compliant with the standard commercial framework, for High End Strategy engagements, or with a supplier that is not compliant with the commercial framework.

### High level process for exceptions

1. **Define need**
   - Prepare project justification (Briefing Note)
2. **Select Supplier**
   - Conduct Competitive Process (3 quotes)
   - Create Statement of Work
3. **Engage Supplier**
   - Conduct Engagement
4. **Report Engagement**
   - Report reason exemption to NSWP through Major Suppliers Portal

**Secretary / Head of Agency**
- Review and Approve
- SOW Approval (Briefing Note)

**NSW Procurement**
- Exemption Tracked & Reported
Compliance with the standard commercial framework

Simpler engagement requirements apply for compliant suppliers

**Compliant suppliers**
- $250K excluding GST maximum threshold for direct engagement with customers (for engagement types 1 to 13 only)
- Nil portal reporting requirements (except for engagement type 16)

**Non-compliant suppliers**
- Each engagement must be approved by the respective Secretary, Executive Agency Head or Cluster Chief Financial Officer, and only if the work cannot be undertaken under the standard commercial framework
- Minimum 3 quotes for engagement types 1 to 13
- Each engagement must be reported on the Major Suppliers’ Portal
The list of **compliant** suppliers is on ProcurePoint:


- There are two **non-compliant** suppliers:
  - Boston Consulting Group
  - McKinsey & Company

Existing PMS Scheme Conditions apply for suppliers not classified as compliant or non-compliant with the standard commercial framework.
Key dates

8 January 2018
Standard commercial framework applies for the 20 suppliers with the highest expenditure across NSW Government

31 March 2018
Deadline for the next 150 suppliers by spend to accept the new standard commercial framework to avoid non-compliant status under the Performance and Management Services Prequalification Scheme

6 April 2018
NSW Procurement publishes an updated list of non-compliant suppliers

30 June 2018
Deadline for the remaining PMS Scheme suppliers to accept the standard commercial framework to avoid non-compliant status under the Performance and Management Services Prequalification Scheme

Early July 2018
NSW Procurement publishes full list of non-compliant suppliers
For all procurement enquiries, contact the NSW Procurement Service Centre:

Email: nswbuy@finance.nsw.gov.au

Phone: 1800 679 289 (8:30 am to 5:00 pm, Monday to Friday)