



Procurement

Standard commercial framework Overview

Performance and Management Services Prequalification Scheme

16 May 2018

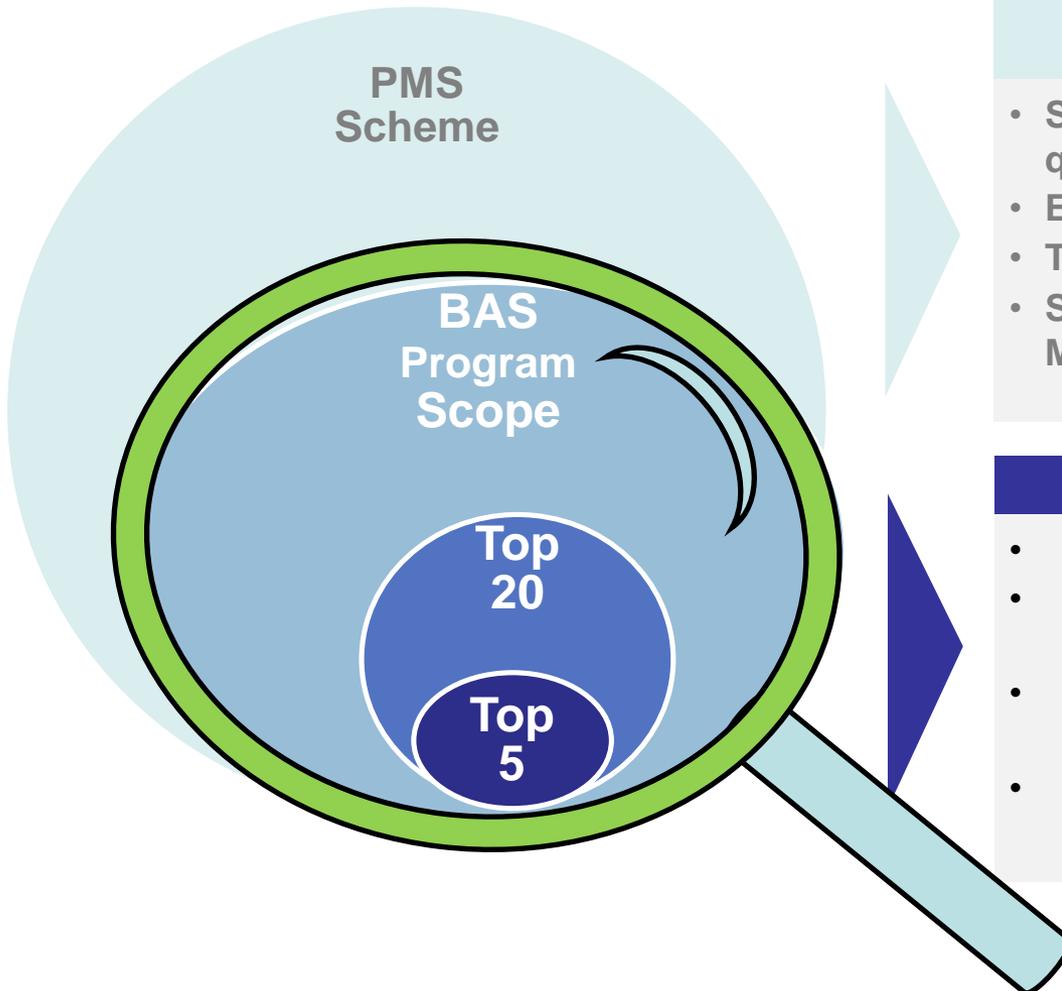
www.procurepoint.nsw.gov.au

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

Business Advisory Services (BAS) - Program Scope

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

	Engagement type	Scope summary
Strategic Consulting	1. Government & Business Strategy	Strategy Development and Planning; Strategic Business Case, Business Performance Reviews, Organisational Design / Transformation, Business Intelligence, Cost Management, Governance, Policy Review / Development
	2. Business Processes	Business Process Re-engineering, Business Process Mapping
General Consulting	3. Project Management	Project Management
	4. Change Management	Change Management
Functional Consulting	5. Financial Services	Accounting Services, Accounting Standards, Finance Process Reviews, Asset Management, Valuations, Financial/Economic Advisory Services, Forensic Advisory
	6. Audit, Quality Assurance and Risk	Internal / External Audit, Risk Management, Probity Services
	7. Taxation	Goods and Services Tax (GST), Other Tax Services
	8. Human Resources	Human Capital Management, Culture, Work Health and Safety (WHS), Remuneration, Retention, Diversity
	9. Procurement & Supply Chain	Procurement / Sourcing, Category Management, Procurement Accreditation, Supply Chain
	10. Marketing & Customer	Market Research, Customer / Customer Experience, Pricing
	11. Actuarial Services	Actuarial Services
	12. Transaction Services	Transaction Services
	13. Telecommunications	Telecommunications Consultancy

Engagement types – 14 to 16

The standard commercial framework does not apply to these engagement types

	Engagement type	Scope summary
Other Business Services	14. Specialised Services	Crisis Management, Environmental Impact Assessment, Fraud and Corruption Investigation, Training and Development, Internal Communications, External Communications, Event Management, Service Delivery
Infrastructure Services	15. Infrastructure Services	Strategy and Planning, Risk, Major Project Procurement / Delivery and Project Management, Contracting, Communication
High End Engagements	16. High End Strategy Advice	<p>Highly specialised advisory services provided by internationally recognised subject matter experts to deliver ministerial or secretarial priorities.</p> <p>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.</p> <p>Suppliers can not be pre-qualified for this engagement type – suitability will be assessed on a project-by-project basis.</p> <p>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.</p>

Resource types

Standard resource type definitions apply to engagement types 1 to 13

Resource Type	Description	Years of Experience
Partner	Senior Management member	12+
Director	Management member with deep expertise	10+
Senior Manager	Senior employee with significant specialist expertise and team leadership capabilities	8+
Manager	Junior level of entity management, specialist technical and subject matter expertise; manages assignment schedules and resource allocation	6 - 8
Senior Consultant	Field leadership role, moderate level of technical and subject matter expertise; provides business system advice and consulting services	4 - 6
Consultant	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 & industry knowledge and requiring less supervision than an analyst	< 4
Analyst	Performs data gathering and analysis with strong technical skills. Low level of industry knowledge. Supervised by more senior members.	0-4

Commercial-in-Confidence information for agencies

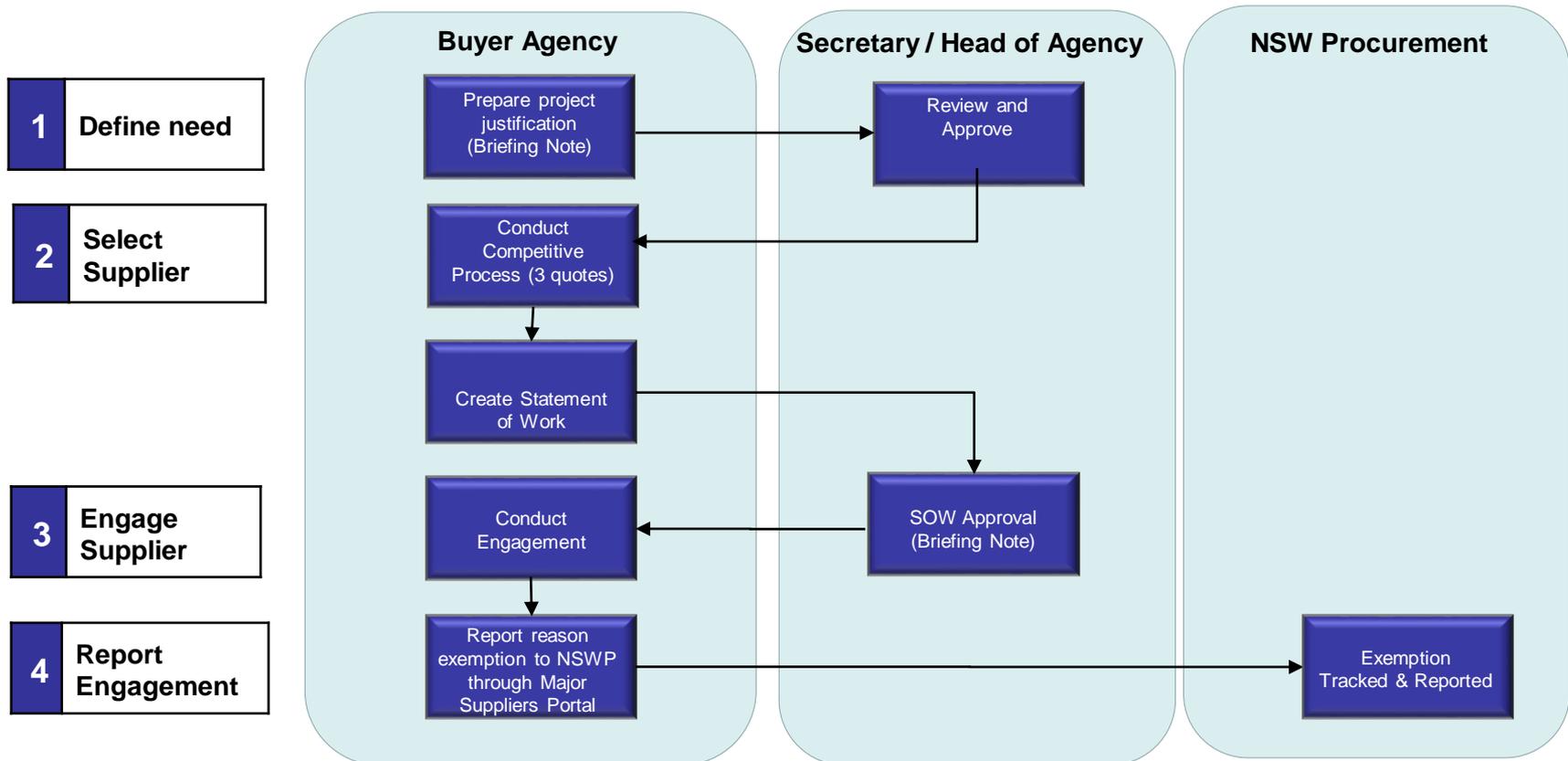
- Commercial-in-Confidence information is available to NSW Government agencies on the Major Suppliers' Portal (MSP) including:
 - Capped resource rates
 - Discount structure
 - Capped expenses
 - Resource mix targets

<https://www.majorsuppliersportal.nsw.gov.au/0010I00001hiREQ>

Exceptions Process

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



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

Compliant vs non-compliant suppliers



The list of **compliant** suppliers is on ProcurePoint:

<https://www.procurepoint.nsw.gov.au/documents/performance-and-management-services-pms-scheme-supplier-list.xlsx>

- 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

Further Information

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)