



A guide for non-corporate Commonwealth entities: Consultancy and Non-Consultancy Contract Expenditure Reporting

Introduction

Sections 17AG(7) and (7A) and sections 17AGA(2) – (3) of the *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule) introduce additional reporting requirements for the annual reports of all non-corporate Commonwealth entities with respect to:

1. the number of and **expenditure** on, new and ongoing **reportable consultancy and non-consultancy contracts**; and
2. **organisations** receiving amounts under reportable consultancy contracts or reportable non consultancy contracts;

during the **reporting period** for any contract published on AusTender.

This guidance document may assist relevant entities in reporting the required information. It explains the key terms used by the PGPA Rule, offers an example of how to report the information in the annual report to meet the new requirements and provides a summary of best practice reporting. The information reported in the annual report should be consistent with what is reported on AusTender.

Terminology

Expenditure

Expenditure is calculated on an actual (cash) basis and is to be disclosed inclusive of GST.

Reportable consultancy contracts

Refers to an arrangement that is published on AusTender as a consultancy.

Reportable non-consultancy contracts

Refers to an arrangement that is published on AusTender and is not a reportable consultancy contract. This means that a contract published on AusTender as anything other than a consultancy, is a reportable non-consultancy contract for the purposes of the reporting requirements.

Organisations

Refers to those to whom the consultancy and non-consultancy contracts were awarded.

Organisations should be reported separately if they have different Australian Business Number's (ABNs). This means that subsidiaries should be reported separately to their parent entity, and organisations part of a professional service network (common with accounting and law firms) should also be reported separately. The name of the organisation should be reported consistent with how it appears on AusTender and ABNs should be reported along with the name.

Largest share

This refers to the total amounts an organisation received as part of an entity's total expenditure in the reporting period for each category of contract (i.e. consultancy contracts and non-consultancy contracts). The amounts are reported separately for each category of contract, not for the total expenditure on all contracts. When reporting, only those organisations who received the 5 largest shares should be disclosed. Where organisations receive one of the largest shares and more than 5% of expenditure, this information should only be reported once.

Reporting period

References to "the period" are taken to mean the current reporting period for which the annual report is being prepared. References to "a previous reporting period" are taken to mean all reporting periods prior to the current reporting period.

Example: Reportable contract data for 2020-21

The Department is a non-corporate Commonwealth entity. The Department's 2020-21 reportable contract data was as follows:

Consultancy contracts

- *Advisors & Sons Pty Ltd* was engaged in 2020-21 to provide expert advice to the Department. This was reported as a consultancy contract in AusTender. The Department spent \$8.0 million under the contract in 2020-21.
- *Finest Finance Ltd* was engaged in 2020-21 to provide financial advice to the Department. This was reported as a consultancy contract in AusTender. The Department spent \$1.8 million under the contract in 2020-21.
- *IT Specialists Ltd* was engaged in 2020-21 to provide strategic information technology advice to the Department. This was reported as a consultancy contract in AusTender. The Department spent \$80,000 under the contract in 2020-21.
- *Finest Finance (Evaluations) Ltd* have been engaged since 2018-19 to provide independent advice. This was reported as a consultancy contract in AusTender. The Department spent \$2.5 million under the contract in 2020-21.
- *Consultants R Us Pty Ltd* were engaged in 2020-21 to provide consulting services. This was reported as a consultancy contract in AusTender. The Department spent \$0.5 million under the contract in 2020-21.
- *Best Expert Advice Pty Ltd* was engaged in 2020-21 to undertake a due diligence review. This was reported as a consultancy contract in AusTender. The Department spent \$0.2 million under the contract in 2020-21.

Non-consultancy contracts

- *Excellent Equipment Ltd* was engaged in 2020-21 to provide office equipment. The Department spent \$2.3 million under the contract in 2020-21.
- *Skilful Training Pty Ltd* was engaged in 2020-21 to develop process documentation. The Department spent \$1.8 million under the contract in 2020-21.
- *Genius Media Ltd* was engaged in 2020-21 to provide media services to the Department. Genius Media Ltd is a subsidiary of Genius Communications Ltd. The Department spent \$0.9 million under the contract in 2020-21.
- *Finest Finance Ltd* have been engaged since 2019-20 to provide auditing services. Finest Finance is a part of a professional service network of accounting advisory firms across the world. Finest Finance (Evaluations) Ltd is also part of this network. The network members are independent firms that do not practice jointly. The Department spent \$3.0 million each year under the contract.

- *Assistants-On-Call Pty Ltd* have been engaged since 2019-20 to provide short-term backfilling of administrative staff, when ongoing employees go on leave. The Department spent \$1.5 million under the contract in 2020-21.
- *Genius Communications Ltd* have been engaged since 2019-20 to provide media services for the Department's ongoing business. The Department spent \$4.0 million under the contract in 2020-21.
- *Skilful Training Pty Ltd* have been engaged on an ongoing basis since 2019-20 to provide training each year to the incoming graduates to the Department. The training is provided to the graduates at the Department's premises. The Department spent \$0.2 million under the contract in 2020-21.
- The Department leases its office space from *Property Holdings Pty Ltd*. This contract was entered into in 2018-19 for a five year term. The Department spent \$0.5 million under the contract in 2020-21.

Example: Reporting Tables

The following tables set out the correct way for the Department to report the consultancy and non-consultancy contract data. A data template following this structure will be released for entities to follow when disclosing information in the annual report.

The first table for both categories of contract outlines the number of and expenditure on such contracts, and provides the total of those columns.

The second table for both categories of contract provides information on those organisations who received the 5 largest shares of an entity's expenditure on such contracts, and those organisations who received 5% or more of an entity's expenditure on such contracts. Reporting this information in the same table avoids duplication as there will be overlap.

The calculations for this data can be found at Appendix A.

Expenditure on reportable consultancy contracts

Reportable consultancy contracts 2020-21	Number	Expenditure \$	Amended PGPA Rule requirement
New contracts entered into during the reporting period	5	\$10,580,000	17AG(7)(a)(i) & 17AG(7)(a)(ii)
Ongoing contracts entered into during a previous reporting period	1	\$2,500,000	17AG(7)(a)(iii) & 17AG(7)(a)(iv)
Total	6	\$13,080,000	-

Organisations receiving a share of reportable consultancy contract expenditure 2020-21	Expenditure \$	New PGPA Rule requirement
Advisors & Sons Pty Ltd	\$8,000,000	17AGA(2)(b)
Finest Finance (Evaluations) Ltd	\$2,500,000	
Finest Finance Ltd	\$1,800,000	
Consultants R Us Pty Ltd	\$500,000	
Best Expert Advice Pty Ltd	\$200,000	

During 2020-21, five new reportable consultancy contracts were entered into involving total actual expenditure of \$10.58 million. In addition, one ongoing reportable consultancy contract was active during the period, involving total actual expenditure of \$2.5 million.

Annual reports contain information about actual expenditure on reportable consultancy contracts. Information on the value of reportable consultancy contracts is available on the AusTender website.

Decisions to engage consultants during 2020-21 were made in accordance with the PGPA Act and related regulations including the Commonwealth Procurement Rules and relevant internal policies.

The Department selects consultants through the use of panel arrangements or by making an open approach to market.

The Department engages consultants when it requires specialist expertise on policy design, financial viability, and information technology strategic planning. Independent evaluations on the Department's outcomes are also required.

Amended PGPA Rule requirement
17AG(7)(b)
17AG(7)(d)

Current PGPA Rule requirement
17AG(7)(c)(i)
17AG(7)(c)(ii)
17AG(7)(c)(iii)

Expenditure on reportable non-consultancy contracts

Reportable non-consultancy contracts 2020-21	Number	Expenditure \$	New PGPA Rule requirement
New contracts entered into during the reporting period	3	\$5,000,000	17AG(7A)(a)(i) & 17AG(7A)(a)(ii)
Ongoing contracts entered into during a previous reporting period	5	\$9,200,000	17AG(7A)(a)(iii) & 17AG(7A)(a)(iv)
Total	8	\$14,200,000	-

Organisations receiving a share of reportable non-consultancy contract expenditure 2020-21	Expenditure \$	New PGPA Rule requirement
Genius Communications Ltd	\$4,000,000	17AGA(3)(a)(i)
Finest Finance Pty Ltd	\$3,000,000	
Excellent Equipment Pty Ltd	\$2,300,000	
Skilful Training Pty Ltd	\$2,000,000	
Assistants-On-Call Pty Ltd	\$1,500,000	
Genius Media Ltd	\$900,000	17AGA(3)(a)(ii)

Annual reports contain information about actual expenditure on reportable non-consultancy contracts. Information on the reportable non-consultancy contracts' value is available on the AusTender website.

New PGPA Rule requirement
17AG(7A)(b)

Best Practice Approaches

To assist entities in meeting reporting requirements, Finance has collated best practice approaches based on previous reporting. It is important to note that these are not required by the PGPA Rule but will assist in the analysis of the information provided:

When reporting the largest share of the total expenditure for consultancy or non-consultancy contracts, entities may include:

- an additional column indicating what proportion of the overall expenditure that particular share is, and
- an additional row indicating the total expenditure of the largest shares combined and the proportion of the overall expenditure that total is.

For example:

Total reportable consultancy contract expenditure in 2020-21 = \$13,080,000

Organisations receiving a share of reportable consultancy contract expenditure 2020-21	Expenditure \$	Proportion of 2020-21 total spend (%)
Advisors & Sons Pty Ltd	\$8,000,000	61
Finest Finance (Evaluations) Ltd	\$2,500,000	19
Finest Finance Ltd	\$1,800,000	13.8
Consultants R Us Pty Ltd	\$500,000	3.8
Best Expert Advice Pty Ltd	\$200,000	1.5
Total of the Largest Shares	\$13,000,000	99.4

Total reportable non-consultancy contract expenditure in 2020-21 = \$14,200,000

Organisations receiving a share of reportable non-consultancy contract expenditure 2020-21	Expenditure \$	Proportion of 2020-21 total spend (%)
Genius Communications Ltd	\$4,000,000	28.2
Finest Finance Pty Ltd	\$3,000,000	21
Excellent Equipment Pty Ltd	\$2,300,000	16.2
Skilful Training Pty Ltd	\$2,000,000	14.1
Assistants-On-Call Pty Ltd	\$1,500,000	10.6
Genius Media Ltd	\$900,000	6.3
Total of the Largest Shares	\$13,700,000	96.5

Appendix A: Calculations

This table is an example of calculating which organisations should be reported in an annual report to satisfy the requirements in sections 17AGA(2) and 17AGA(3) (i.e. organisations that received shares of the consultancy and non-consultancy reporting expenditure).

This table is not required for reporting; it is for illustrative purposes only.

	Reportable consultancy contract expenditure	Reportable non-consultancy contract expenditure
	\$	\$
Finest Finance (Evaluations) Ltd	\$2,500,000	
Finest Finance Ltd	\$1,800,000	\$3,000,000
Consultants R Us Pty Ltd	\$500,000	
Best Expert Advice Pty Ltd	\$200,000	
Assistants-On-Call Pty Ltd		\$1,500,000
Genius Communications Ltd		\$4,000,000
Skilful Training Pty Ltd		\$2,000,000
Advisors & Sons Pty Ltd	\$8,000,000	
IT Specialists Ltd	\$80,000	
Excellent Equipment Ltd		\$2,300,000
Genius Media Ltd		\$900,000
Property Holdings Pty Ltd		\$500,000
Total expenditure	\$13,080,000	\$14,200,000
5% of total expenditure	\$654,000	\$710,000

Reportable consultancy contracts

In this example, Department A has 6 new and ongoing consultancy contracts in the 2020-21 reporting period. To meet its reporting requirements under section 17AGA(2), Department A would need to report the organisations that received the 5 largest shares AND all those organisations that received at least 5% of the total expenditure on consultancy contracts. The completed reporting table is on page 5.

Consultants R Us Pty Ltd and Best Expert Advice Pty Ltd are reported because they are one of the organisations that received the 5 largest shares, even if they did not receive at least 5% of the total expenditure on reportable consultancy contracts. IT Specialists Ltd is not reported because it does not meet either criteria.

Reportable non-consultancy contracts

In this example, Department A had 8 new and ongoing non-consultancy contracts in the 2020-21 reporting period. To meet its reporting requirements under section 17AGA(3), Department A would need to report the organisations that received the 5 largest shares AND all those organisations that received at least 5% of the total expenditure on non-consultancy contracts. The completed reporting table is on page 6.

Property Holdings Pty Ltd is not reported in the annual report because it is not one of the organisations that received the 5 largest shares and it did not receive at least 5% of the total expenditure on non-consultancy contracts.