

# Audit Reports Summaries

## Audit Report No. 23 1995-96

### Summary

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## Department of Employment, Education, Training and Youth Affairs

### PROCUREMENT OF TRAINING SERVICES

#### Performance Audit

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#### Background

The Department of Employment, Education, Training and Youth Affairs (DEETYA) administers a number of labour market programs to assist long-term unemployed and disadvantaged jobseekers acquire sufficient skills to enhance their employment prospects. An essential feature of these programs is training which may be directed at skills enhancement and/or redressing barriers to employment.

Training services purchased fall into two broad categories:

- specially contracted courses for a number of participants; and
- individual places purchased in established courses.

For both contracted and established courses the Department follows tendering guidelines which define the tender process. The guidelines require open and effective competition and the selected tender to provide the best value for money. They also define the factors to be considered when assessing value for money and the tender process to be followed.

The audit examined whether training services purchased by the Department for labour market programs provided value for money.

#### Audit Methodology

The ANAO examined the tendering procedures for a number of labour market programs. These were JOBTRAIN, Special Intervention Program and privately procured Accredited Training for Youth courses. Audit field work involved:

- a questionnaire survey sent to all DEETYA Area offices;
- visits to nine Areas in New South Wales, Victoria and South Australia and twenty-nine CES offices; and
- the review of the documentation relating to the purchase of 300 contracted and established courses.

## **Audit Findings and Recommendations**

At the time the audit field work was undertaken the ANAO found that there was not a framework in place which would allow the Department to assess whether it was achieving value for money. However, since that time the Department has made a significant effort to establish an appropriate framework by:

- the provision of detailed advice on weightings for key factors in determining value for money;
- using standing offers to provide assurance of work with the aim of stimulating increased competition;
- establishing consultative committees in all Areas to advise the CES on employment opportunities stemming from the growth in various industries, regions and enterprises;
- standardising the processes for assessing training needs;
- taking action to improve the tender selection process in order to streamline and standardise arrangements; and
- simplifying the contractual documentation.

As well, the ANAO also noted a number of areas of good practice across the Department. In particular:

- some Area offices had identified useful quantitative and qualitative assessment mechanisms for identifying training needs for contracted courses;
- the undertaking of detailed research and labour market assessments when the outcomes of established courses were questionable; and
- some Area offices had established formal monitoring and evaluation programs for both established and contracted courses.

The areas that the ANAO also found that needed further improvement were:

- quality assurance of the purchase decision process to ensure decisions are supported by appropriate documentary evidence;
- tender specification documents; and
- post-course evaluations.

The ANAO has made three recommendations relating to these areas. These recommendations are aimed at further improving the value for money provided by training courses procured.

## **Conclusion**

In all cases where public service agencies purchase goods and services, they are required to have an open and effective tendering system and ensure that they obtain the best value for money. Therefore, although the findings of this report are based on an examination of a specific area within DEETYA, the issues are also relevant to other areas of the Department and to the public sector as a whole.

## **Departmental response**

The Department has agreed with the three recommendations and has made a significant effort to establish an appropriate framework for training course procurement by, for example, identifying and implementing better practices and establishing specific course and provider criteria.

The Department also advised that the framework is supported by extensively revised guidelines. Consistency and quality assurance have been fostered by the provision of standard documentation, the streamlining and standardisation of tendering procedures, and simplified contracts.