

Financial Assessment Services

MANAGING FINANCIAL RISK TO GOVERNMENT AGENCIES

The Whole of Government Financial Assessment Services contract was established by the State Contracts Control Board in March 2008. The Contract has been extended for the period up to 23 March, 2012.

The standing offer arrangement provides users with a choice of service providers and is a major risk mitigation strategy that helps manage the high financial risk to Government agencies when awarding a contract.

Government agencies can use the financial assessment services in order to assess contractors for pre-qualification, pre-contract award and post-contract award monitoring for contracts relating to:

- Capital works
- Facilities maintenance
- Goods and services
- Information communications and technology

A financial assessment is a due diligence check that ensures that a contractor has the financial capacity to complete the work or supply the goods or services without becoming insolvent or experiencing financial distress.

In addition to the financial assessments, NSW Procurement provides expert services to agencies to assist them in managing and mitigating the financial risks that arise when contracting.

FINANCIAL ASSESSMENT SERVICE PROVIDERS 2008-2011

State Contract 702055 for Financial Assessment Services 2008-2011 has been awarded to two suppliers:

Kingsway Financial Assessments Pty Ltd
Robert Jochelson
02 8305 0607
rjochelson@kingswaygroup.com.au

Corporate Scorecard Pty Ltd
Olaf Nippierd
02 9959 3318
olaf.nippierd@corporatescorecard.com.au

These two firms comprise the panel appointed to provide financial assessment services under a standing offer agreement to NSW Government agencies, State Owned Corporations, local councils and other organisations eligible to use SCCB contracts.

Users are free to choose whichever service provider they wish from the panel.

State Contract 702055 is administered and managed by NSW Procurement, an office of the NSW Department of Services, Technology and Administration.

FURTHER INFORMATION ON THE CONTRACT FOR AGENCIES

Over the years financial assessments have been undertaken for contracts ranging from \$2 billion for major infrastructure projects down to \$13,000 for a pool-cleaning contract. In 2008-09 alone over 1500 assessments were undertaken on behalf of NSW Government Agencies, State Owned Corporations, NSW Local Councils and all other organisations eligible to use NSW SCCB contracts. At present there are over 60 NSW Government agencies as well as 80 Local Councils regularly taking advantage of this service.

All companies being assessed for financial capability are treated fairly and with equal diligence. The common financial assessment criteria apply to all contractors big or small. The service provided is flexible in that different financial assessment requirements for suppliers in varying categories can be addressed.

Utilising the most recent information available, customers receive a professional and comprehensive report on a contractor's financial capacity to undertake a project. The most common type of report is a Tender Assessment Report and also available are Prequalification Reports, Goods and Services Reports as well as company searches.

Aside from financials other information from the report such as banking details, company history, director's names, company structure, current and past projects and trade references etc. can be used as part of the submission to award the tender. Conversely the report can alert you to potential problems that may be used to justify why a contractor should not be engaged.

It should always be kept in mind, however that the financial assessment is only part of the overall risk management process and it does not, on its own, reflect the contractor's ability to deliver the project.

VALUE ADDED SERVICES

A recent Benchmarking exercise indicated that the NSW Department of Services, Technology and Administration is the national leader for financial assessment services. The contract provides a number of value added services that were recognised in the national Benchmarking exercise as 'Best Practice'.

Since 2005 there have been no insolvencies recorded during delivery for construction contractors prequalified with the Department of Services, Technology and Administration. Yet in the same period ASIC data indicates that one in four insolvencies in Australia were construction companies. This excellent outcome highlights the value of financial assessments.

As part of this contract training is available and financial risk assessment workshops are regularly held.

The training is presented in a manner that makes it easily understood by people with a non-financial background and further workshops will be held in 2010.

In addition the Department of Services, Technology and Administration is the only organisation that conducts customer surveys in order to determine user satisfaction.

Other value added services include fact sheets, user manuals and access to the financial assessors and to expert staff in NSW Procurement for clarification, explanation of issues and to ensure compliance with the NSW Government procurement policy and the policy framework.



Procurement
Government Services

A division of the Department of **Services, Technology & Administration**

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FURTHER INFORMATION

For further information or to obtain a copy of the Contract Guide, please contact the Client Support Centre.



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