



INDEPENDENT PRICING AND REGULATORY TRIBUNAL
OF NEW SOUTH WALES

Invitation to Tender
2002/2003 Operational Audit of Hunter Water Corporation
(03/171)

The Independent Pricing and Regulatory Tribunal is seeking tenders from suitably qualified auditors to conduct an independent Operational Audit of Hunter Water Corporation's compliance against the requirements of its Operating Licence for the period 1/7/2002 to 30/6/2003. See Tenders at www.ipart.nsw.gov.au.

Invitation to Tender
2002/2003 Operational Audit of Sydney Catchment Authority
(03/174)

The Tribunal is seeking tenders from suitably qualified auditors to conduct an independent Operational Audit of Sydney Catchment Authority's compliance against the requirements of its Operating Licence for the period 1/7/2002 to 30/6/2003. See Tenders at www.ipart.nsw.gov.au.

Invitation to Tender
2002/2003 Operational Audit of Sydney Water Corporation
(03/179)

The Tribunal is seeking tenders from suitably qualified auditors to conduct an independent Operational Audit of Sydney Water Corporation's compliance against the requirements of its Operating Licence for the period 1/7/2002 to 30/6/2003. See Tenders at www.ipart.nsw.gov.au.

To appear in the *Sydney Morning Herald* and *The Australian* on 7 July 2003.



INDEPENDENT PRICING AND REGULATORY TRIBUNAL
OF NEW SOUTH WALES

I N V I T A T I O N T O T E N D E R

THE SYDNEY CATCHMENT AUTHORITY
2002/03 OPERATIONAL AUDIT

1 BACKGROUND

The Independent Pricing and Regulatory Tribunal of New South Wales (the Tribunal) is seeking suitably qualified auditors to conduct an audit of the Sydney Catchment Authority's (SCA's) performance against its Operating Licence.

The SCA was established to manage water supply and protect catchments, supply bulk water and regulate activities within the catchments to improve water quality, protect public health and the environment. As such, it has primary responsibility for Sydney's bulk water supply, which is drawn from the catchments of four major river systems – the Warragamba, Upper Nepean, Woronora and Shoalhaven. These catchments extend over 16,000 square kilometres and surround the Sydney Greater Metropolitan Region.

In accordance with the Sections 25 and 26 of the *Sydney Water Catchment Management Act 1998*, the NSW Government granted an Operating Licence to the SCA. A requirement of the Operating Licence is that an annual Operational Audit be undertaken of the Authority's performance of its obligations under the Licence. A copy of the Operating Licence can be found at www.sca.nsw.gov.au. As part of its regulatory responsibilities, the Tribunal is required to conduct an annual Audit to assess the Authority's performance against the Operating Licence. Information gathered as part of the Audit is used to report on the SCA's performance and make recommendations to the Minister for the Environment.

The Environment Protection Authority, Department of Sustainable Natural Resources and NSW Health continue to regulate the SCA's activities concerning the environment, use of the water resource and public health respectively.

2 OBJECTIVES OF CONSULTANCY

The objective of the consultancy is to advise and report to the Tribunal on the SCA's performance against its Operating Licence for the period from 1 July 2002 to 30 June 2003. In undertaking this task the auditor must:

1. review and assess the level of compliance achieved by the Authority against the Operating Licence;
2. assess and report on progress by the Authority in implementing the Ministerial Requirements set out in Attachment 1;

3. identify any factors that have affected the performance for this period;
4. based upon the performance assessment, make recommendations on how the SCA can improve its performance in the future.

The auditor is required to report on the extent of compliance with the Operating Licence requirements. The audit process should take account of public submissions and the views of stakeholders including environment, social welfare and public interest groups.

The auditor will be responsible for assessing and interpreting the audit requirements and ensuring that the audit process satisfies all statutory requirements. Notwithstanding this, the audit report should reflect the emphasis of the *Sydney Water Catchment Management Act 1998* and the Operating Licence on water quality, system performance and environmental issues.

2.1 Outputs

The main outputs from this consultancy are:

1. two draft reports and a final written report addressing the consultancy objectives;
2. discussions and meetings with the Tribunal and/or the Secretariat; and
3. presentations to the Tribunal which outline the major issues and findings.

The draft reports should be provided in three bound copies, a loose leaf copy and an electronic copy in MS Word. The final written report should be provided in 12 bound copies and 1 loose-leaf copy, as well as in two electronic forms (MS Word and PDF format suitable for web publication).

The auditor should note that the final report will be tabled in the NSW Parliament and publicly released. As such the report should be clearly and logically set out and written in plain English, avoiding the use of unnecessary technical terms. On completion of the audit, the auditor's reports, working papers and advice provided to the Tribunal will become the property of the Tribunal.

2.2 Format of the Final Report

The Tribunal has a preferred format for the final report that includes:

- a summary of compliance with the requirements of the Operating Licence and Ministerial Requirements and a summary of key recommendations.
- a summary of the key audit findings providing a performance overview in the context of the SCA organisation, its legislated objectives, and its regulatory environment.
- for each section of the Licence and for any Ministerial Requirements:
 - a summary of findings,
 - a summary of requirements,
 - details of compliance,
 - a discussion of any relevant factors affecting compliance, a discussion of any other relevant issue.

Further details of the Tribunal's preferred format will be provided to the successful tenderer.

3 CONDITIONS OF TENDER

3.1 Timing

The successful tenderer must be able to meet the following work schedule.

Contract Program		
Month	Date	Activity
August	Mon 18	Start of contract
October	Mon 6	Delivery of first draft Audit Report (First milestone)
	Wed 8	Discussion of first draft with Tribunal Secretariat
November	Mon 3	Delivery of second draft Audit Report (Second milestone)
	Wed 5	Discussion of second draft with Tribunal and/or Secretariat
December	Mon 1	Delivery of final Audit Report (Third milestone)
	Wed 3	Discussion of final Audit Report with Tribunal and/or Secretariat (if required)
		End of Contract

The dates in the table for discussion of drafts and the final report are indicative and will be subject to negotiation between the Tribunal Secretariat and auditor. Weekly, formal progress updates will be required be provided to IPART in writing. Progress meetings in addition to those in the above table are expected. The detailed consultancy work plan should reflect these.

3.2 Fee

The fee quoted is to be inclusive of all costs including Goods and Services Tax, incidental expenses and disbursements. Payments will be due within 28 days of receiving an invoice as per an agreed payment schedule. The auditor may wish to outline a draft payment schedule.

A detailed breakdown of the consultancy costs is required with the proposal. The proposal should include estimates of the time required for the project, auditors to be involved in the project, their rates, and a total fee estimate. Staff costs should be clearly reconciled to the detailed work plan. Costs should allow for presentation to the Tribunal, discussion and meetings with staff of the Tribunal, and stakeholder meetings as required.

3.3 Proposal

The consultancy proposal should demonstrate an appreciation for the task as well as describe the intended approach for carrying it out. The personnel to be involved, including resumes detailing their experience should be listed. A detailed work plan is also required. Details of previous clients who can be contacted are also desirable.

3.4 Presentation

Shortlisted tenderers may be required to make a presentation on their proposal as part of the tender evaluation process.

3.5 Criteria for selection

In selecting the successful consultant the Tribunal will consider the following matters:

- in-depth understanding and expertise in the areas encompassed in the Operating Licence (bulk water supply, catchment management, environmental regulation and customer service)
- extent of knowledge about bulk water supply management and environmental regulation
- experience in similar auditing projects
- understanding of the SCA's regulatory framework
- proposed consultancy fee
- adequate resourcing and ability to provide results within the stated time frame and guaranteed availability of key staff
- proposed audit and quality assurance procedures
- demonstrated ability to enlist the agencies' cooperation whilst engendering a sense of acceptance of the relevant outcomes.

The successful tenderer will be able to put together an audit team with specific experience in each of the core auditable areas (bulk water supply, catchment management, environmental regulation and customer service) and will include in its consultancy proposal details of the audit team structure having regard to these categories. Tenderers may form a consortium with other firms or consultants to achieve the required set of skills in the areas of water science, engineering, environment and consumer issues.

3.6 Acceptance of Tender

The Tribunal reserves the right to:

- accept no tender at all;
- postpone indefinitely the acceptance of a tender;
- call for new tenders;
- appoint one or more tenderers to undertake the review; or
- approve or reject any sub-contractors the tenderer may wish to appoint.

3.7 Disclosure of information on Government Contracts

Potential tenderers should note that Government contracting guidelines may require the routine disclosure of the following information:

- details of contract (description of project to be completed or goods / services to be provided or property to be transferred; commencement date of the contract; the period of the contract);
- the full identity of the successful tenderer including details of cross ownership of relevant companies;
- the price payable by the agency and the basis for future changes in this price;
- the significant evaluation criteria and the weighting used in tender assessment; and
- provisions for re-negotiation (where applicable).

3.8 Consultancy Contract

The successful tenderer will be obliged to enter into a contract with the Tribunal prior to commencing the Audit.

The Tribunal has a consultancy contract that covers issues including, but not limited to:

- consultancy information and documentation;
- ownership of intellectual property;
- conflicts of interest;
- confidentiality; and
- insurance.

The Tribunal reserves the right to modify contract terms for the final contract as it considers appropriate. A copy of the Tribunal's draft contract is available on request.

4 PARTIES TO THE AUDIT

The party managing and commissioning the Audit is the Independent Pricing and Regulatory Tribunal of New South Wales. The primary contact is:

Bob Burford

Analyst
tel: 61-2-9290-8408
e-mail: bob_burford@ipart.nsw.gov.au

5 LODGEMENT OF TENDER

3 bound copies and 1 loose-leaf copy of the tender should be lodged in a sealed envelope marked '2002/03 SYDNEY CATCHMENT AUTHORITY OPERATIONAL AUDIT' and addressed to:

Ms Meryl McCracken
General Manager
Independent Pricing and Regulatory Tribunal of NSW

at, PO Box Q290
QVB POST OFFICE NSW 1230

or, Level 2
44 Market Street
SYDNEY NSW 2000

so that it is received by no later than 5.00 pm Sydney time, on Wednesday 23 July 2003.

ATTACHMENT 1 SUMMARY OF MINISTERIAL REQUIREMENTS

Summary of Ministerial Requirements arising from the 2002/2003 Operational Audit

Issue	Requirement
Safe yields	<i>"While I realise that the SCA will not be able to finalise projections of future safe yields from the catchments until various outstanding matters have been determined, I do wish to be informed of progress".</i>
	<i>"I require that the SCA provides both myself and the Tribunal with quarterly progress reports on this issue. The first report should be made available to me on or before 28 March 2003."</i>
Catchment management and protection	<i>"I require that the SCA provides both myself and IPART with quarterly reports on the implementation of this [Sydney Water Catchment (Environmental Protection) Regulation 2001] regulation. The report should be made available to me on or before 28 March 2003."</i>