

Spend Categorisation Tool



BACKGROUND

General Ledger data is collected from over 150 NSW Government Agencies

\$30 billion in annual spend data

More than 2 million transactions per quarter

The rule-based system in place utilises over a million mapping rules; difficult and time-consuming to maintain

OUR SOLUTION

Uses AI to classify semi-structured and unstructured information into categories based on taxonomy

Can learn mapping rules from previously categorised spend data and apply insights to new raw data

Self-learning: accuracy will improve over time with use

Accuracy for Whole of Government spend data has exceeded proposed 90% benchmark

Use AI to remove use of 'other' category (~10-15% of total) and replacing these uncategorised invoices with correct classification

IMPACT

Greater transparency of government spending

Demonstrates spending patterns through categorisation at a point in time, or over months or years

Allows elimination of silos where different departments purchase same assets. Encourages interdepartmental collaboration and economies of scale

Identification of areas where resources are over or under-utilised

QUESTION

The DAC has been engaged to develop an automated and robust Spend Categorisation Tool to replace this process

This includes Successful completion of 'proof of concept' with random sample

Currently undergoing acceptance testing, understanding how the model may be operationalised

"The DAC has engaged really motivated scholars and used cutting-edge technology to deliver an outstanding result."

Amol Chavan, NSW Procurement

WHAT NEXT?

Improve accuracy to greater than 95%

Use tool for classifying whole of government spend data from multiple perspectives

Potential to commercialise the model into a solution that would be offered to other agencies across government, and even the private sector

