

Plan for Implementation of Recommendations

Investigation into the conduct of a University of New England (UNE) procurement officer and UNE contractors

Please complete this schedule with information about how your agency plans to implement each of the ICAC's corruption prevention recommendations arising from the investigation into Operation Crusader. The implementation plan should include details of the actions, timeframes and how your agency proposes to evaluate the effectiveness of the implementation of each recommendation. Please provide the name of a contact person in your agency from whom we can seek more detail if needed. This document should be returned to the ICAC in writing and electronically to meady@icac.nsw.gov.au by no later than 30 November 2012.

Recommendation 1.

That the management team of Facilities Management Services (FMS) at the University of New England (UNE) enforces a zero tolerance on gifts and benefits from suppliers to FMS.

Summary of response

The recommendation will be:

<check one>

- Implemented as described in the report
- Implemented in an alternative way
- Partially implemented
- Not implemented

Action proposed

UNE will address the inadequacy of training of staff in relation to the Code of Conduct, the Gifts and Benefits Policy, the conflict of Interest Policy, The Fraud and Corruption Prevention Policy, The Public Interests Disclosures Policy and Employment of Close Relatives Policy. UNE will take the following actions to address the Recommendation:

- 1) The Gifts and Benefits policy will be amended forthwith to prohibit FMS staff from receiving gifts and benefits as apposed to the current policy which requires full disclosure of them.
- 2) All FMS staff will be required to attend refresher training on these policies.
- 3) UNE will review the Policies mentioned above so they are more specific and to articulate more clearly the obligations of the University's employees as public officials.
- 4) Online training material for staff in relation to these policies will be improved.
- 5) Induction programs for all new employees will be compulsory and will include training on these policies and will include specific examples of issues that staff may face, in order to emphasize the situations where staff could be in breach of these policies, rather than referring them to or taking them through these policies, such training will include both online and face to face component.

- 6) Annual refresher courses will be conducted on these policies and will form part of the UNE's performance planning and review process.

Supporting material

The Following supporting material will be provided:

- 1) Reviewed Policies as discussed above.
- 2) Access to the online training material once improvements are made.
- 3) Confirmation that all FMS staff has received refresher training.

Proposed evaluation methods

The implementation will be evaluated by confirming the review of the policies described above, by confirming the online training is made available and confirmation that FMS staff has receive training.

A survey of FMS staff will conducted after the training is completed to determine how effective the training was and if improvements on delivery need to be made.

The section responsible to undertake this evaluation will be Human Resources and the time frame for delivery and reports back to management will be:

- 1) Reviewed policy by June 2013.
- 2) Online training to be available by June 2013.
- 3) FMS training to be completed by June 2013.
- 4) Survey of FMS staff will be conducted and report received from Human Resources by July 2013.

Progress as at 23 November 2013

The progress of the six actions proposed above is:

- 1) The Gifts and Benefits policy was amended and approved 18/2/2013, copy attached for your reference.
- 2) FMS staff have received two training sessions, covering the following policies:
 - a. Code of Conduct
 - b. Gifts and Benefits
 - c. Conflict of Interest
 - d. Fraud and Corruption Prevention
 - e. Public Interest Disclosures
 - f. Employment of Close Relatives

The training was completed in May 2013 and a survey of FMS staff was conducted to determine if the training was effective. The feedback from the FMS staff was the training was effective and they now have a clear understanding of the six policies. Copies of the feedback responses are available on request.

- 3) Five of the policies (Gifts and Benefits Policy, Conflict of Interest Policy, Fraud and Corruption Prevention Policy, Public Interest Disclosures Policy and Employment of Close Relatives Policy) have been reviewed and updated, copies attached for your reference.

The Code of Conduct is currently embedded in a workplace agreement and cannot be changed unilaterally by the University. In any case, changes to the Code of Conduct are not required as the relevant issues have been addressed in the other five policies.

- 4) Online training for all of the six policies mentioned above has been completed.
- 5) Induction is now compulsory and includes both online and face to face content. This training covers the six policies mentioned above.
- 6) The University is currently rolling out a new performance planning system. Staff will be required to complete an annual refresher on the six policies mentioned above and this refresher will be compulsory for all staff. This will be linked to the staff member's annual performance review and will also be compulsory. It is anticipated that this system will be operational by the end of June 2014.

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Recommendation 2.

That UNE ensures that all foreseeable expenditures be included in the project budget and the use of contingency funds triggers management approval.

Summary of response

The recommendation will be:

<check one>

- Implemented as described in the report
- Implemented in an alternative way
- Partially implemented
- Not implemented

Action proposed

UNE will implement a management system under which expenditure of contingency funds for projects requires approval by the relevant manager. The approval system will ensure the approving authority is separated from any involvement with University projects.

Supporting material

UNE will provide procedures on the new system once they are completed.

Proposed evaluation methods

The responsible party for the evaluation of this recommendation will be Chief Financial Officer and will provide a report to UNE management on the effectiveness of this control and provide advice on any amendments required. The time frame for delivery will be:

- 1) New procedure to be developed and implemented by Mar 2013.
- 2) Review of new procedure by Dec 2013.

Progress as at 23 November 2013

The action item for this recommendation has been operationalised but not yet embedded in University policy.

At an operational level Facilities Management Service Directorate has already implemented interim procedures to control the use of contingency funds on projects. All approvals for

signoff of all payments on projects, including the use of contingency funds will require signoff by a senior manager that is not actively involved in managing the project.

Significant progress has been made towards adopting refreshed procurement policy and procedures and the documents are currently out for final consultation. The policy and procedures will control the use of contingency funds and ensure approvals are sought from persons independent of the project in question. It is anticipated that the procurement policy will be completed by the end of December 2013 and procedures to operationalise the policy will be adopted shortly after. A review of the effectiveness of the policy and its procedures will be conducted by June 2014.

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Recommendation 3.

That UNE examines models that exist for select and single-invite tendering and adapts the most suitable model to its needs.

Summary of response

The recommendation will be:

<check one>

- Implemented as described in the report
- Implemented in an alternative way
- Partially implemented
- Not implemented

Action proposed

UNE has recruited a Director of Procurement and established a new Central Procurement Group. The Director of Procurement has commenced in Nov 2012. The Director of Procurement will develop procedures to define and control the use of select tendering. This procedure will be completed by Sep 2013.

Supporting material

Procedures will be provide when completed

Proposed evaluation methods

The proposed evaluation method will be a review of the procurement processes of the University. This will be completed by Dec 2013. The responsible party for this review will be the Chief Financial Officer.

Progress as at 23 November 2013

Significant progress has been made towards the completion of the procurement policy and procedures and it is anticipated that the policy will be complete by the end of December 2013. The procedures will follow shortly after the policy has been finalised. A review of the effectiveness of the policy and its procedures will be conducted by June 2014.

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Recommendation 4.

That UNE re-designs its procurement processes by taking into account opportunities for corruption, and formalises the processes in policy.

Summary of response

The recommendation will be:

<check one>

- Implemented as described in the report
- Implemented in an alternative way
- Partially implemented
- Not implemented

Action proposed

UNE will take the following action to address this recommendation:

- 1) UNE will structure procurement processes to ensure that no one individual has sole responsibility for multiple stages in the procurement of goods and services. Also UNE will functionally separate the various stages of the procurement process.
- 2) Ensure that the procurement process for goods and services is functionally separate, and provide clear documentation outlining the roles and responsibilities of staff engaged on procurement.
- 3) Ensure that there is appropriate guidance for more complex procurements such as professional services (consultants), minor or major construction, leasing, land or property. This may entail a secondary set of procurement guidelines so that in a practical sense it is clear to those involved what the expectations in respect of more complex matters involves.
- 4) Ensure that information relating to procurement and contracts are clearly documented and recorded in TRIM records management system.
- 5) Utilize appropriate software to indentify and isolate each of the steps in the procurement process including appropriate decision makers and separation of their responsibilities.

Supporting material

UNE will provide the following material:

- 1) UNE will map procurement processes in this area by June 2013
- 2) New procedures and guidelines to be formulated by Sep 2013
- 3) Procurement operating guidelines to be completed by Sep 2013
- 4) New procedures to be formulated and training in TRIM provided by Sep 2013

Proposed evaluation methods

The implementation will be evaluated in the following ways:

- 1) Production of a full process map of procurement services at UNE by June 2013.
- 2) Completion of the relevant policy and procedure documents by Sep 2013.
- 3) Completion of relevant TRIM training by Sep 2013.
- 4) Audit program to be developed of procurement processes by Sep 2013.
- 5) External review of procurement processes at UNE by Dec 2014.

The Section responsible for the evaluation will be Chief Financial Officer.

Progress as at 23 November 2013

The progress of the six actions proposed above is:

- 1) UNE has structurally separated the various stages of procurement by creating a Strategic Procurement Group which is functionally separate from Finance. By separating procurement and finance end to end control of a procurement process has been eliminated.
- 2) As stated above procurement at UNE is now structurally separate. The procurement policy and procedures are being developed and this will provide a clear map of responsibilities of staff that are involved in the procurement process. Although this item is not yet complete, it is anticipated that the policy will be complete by the end of December 2013, with procedures to follow shortly after the policy has been finalised.

Action items 3-5

These action items are dependent on the procurement policies and procedures being finalised, and are therefore not complete at this time. Significant progress has been made towards the completion of the procurement policy and procedures and it is anticipated that the policy will be complete by the end of December 2013. The procedures will follow shortly after the policy has been finalised.

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Recommendation 5.

That UNE acts promptly to fill temporary gaps in audit and procurement capability by outsourcing while permanent positions are vacant.

Summary of response

The recommendation will be:

<check one>

- Implemented as described in the report
- Implemented in an alternative way
- Partially implemented
- Not implemented

Action proposed

UNE has recently filled three positions in the Risk and Audit Directorate, those being:

- 1) Director of Risk and Audit – commenced June 2012.
- 2) Associate Director of Risk and Audit – commenced Oct 2012.
- 3) Principal Internal Auditor – commenced Oct 2012.

The Risk and Audit Directorate now has a full compliment of staff.

In regards to the Procurement area, UNE has recently completed a workplace change and has established a Central Procurement Group. The recruitment for this group is currently under way with the following timelines planned:

- 1) Director of Procurement, recruited and has commenced.
- 2) Two new category managers positions have gone out to advertisement. Expected commencement date to be Jan 2013.

Supporting material

Confirmation from UNE that staff in Central Procurement Group is recruited and unit is operational.

Proposed evaluation methods

Staff for the Risk and Audit Directorate are in place and operational. Two category managers for the Central Procurement Group will be in place and operational by Jan 2013.

Should these positions fall vacant in the future, the University will take immediate action to recruit to the vacant positions or investigate the use of consultants to fill gaps while positions are filled.

Progress as at 23 November 2013

All action items from this recommendation are completed. UNE now has a fully functional Audit and Risk Directorate and Strategic Procurement Directorate.