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Subsidence Advisory NSW

Sensitive

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Ms Giselle Tocher
Executive Director, Corruption Prevention, ICAC
GPO Box 500
SYDNEY NSW 2000



Dear Ms Tocher

RE: Investigation into the conduct of a Mine Subsidence Board District Manager

I am writing in response to the Independent Commission Against Corruption's (ICAC) letter on the implementation of corruption prevention recommendations made in the report: *Investigation into the conduct of a Mine Subsidence Board District Manager (Operation Tunic)* dated 28 July 2016.

Subsidence Advisory NSW (formerly the Mine Subsidence Board) has implemented the seven corruption prevention recommendations made in ICAC's Report. An overview of the actions taken to implement each of these recommendations is provided below.

Recommendation 1

That the MSB strengthens its organisational capability to fulfil its obligations, including:

- securing the optimum staffing levels and staff with appropriate skills
- formalising service level agreements
- generating meaningful data for the purposes of analysis and reporting to the MSB
- improving internal and external auditing arrangements
- tightening the accounts payable system.

1.1 Summary of progress

- Implemented as described in report
- Implemented in an alternate way
- Partially implemented
- Not implemented

1.2 Action taken to implement recommendation

I can confirm that staff have been recruited with appropriate skills. I can also confirm that new management roles have been established to ensure appropriate oversight of procurement and district operations. Delegations have also been revised.

Formal service level agreements with the Department of Finance, Services & Innovation (DFSI) were given effect when SANSW transferred to DFSI in July 2015. There has been substantial improvement integrating SANSW into DFSI and using DFSI's central service providers.

SANSW now requires a code of conduct to be signed before each evaluation commences, improving probity throughout the process.

Recommendation 4

That the MSB agrees a threshold of delegated approvals and/or price for the whole-of-job remedial repairs, so that when the original scope and variations increase beyond a percentage of the agreed delegation or price, the matter is escalated for management review and approval.

4.1 Summary of progress

- Implemented as described in report
- Implemented in an alternate way
- Partially implemented
- Not implemented

4.2 Action taken to implement recommendation

Delegations for SANSW have been revised and clarified with all employees. Distinctions have been made on SANSW specific delegations rather than DFSI delegations. Where possible there is consistency of delegation levels in line with DFSI delegations manual.

The SANSW Contract Management Procedure stipulates process and variation percentage. All variations are reviewed and approved by the CEO.

Recommendation 5

That the MSB includes benchmarking as a method of better practice to verify the estimated costs of remedial work.

5.1 Summary of progress

- Implemented as described in report
- Implemented in an alternate way
- Partially implemented
- Not implemented

5.2 Action taken to implement recommendation

SANSW has implemented the use of an estimating system and a more rigorous scoping process for construction works. Cost estimates are to be sought from the online industry costing solutions or independent Quantity Surveyors prior to tendering. Detailed and itemised estimates benchmarked to specific trade categories are now required for all claims. The estimate will be completed as part of the procurement planning process and requires management approval.

Recommendation 6

That the MSB routinely assesses the risk of contractor favouritism and takes steps to minimise those risks.

6.1 Summary of progress

- Implemented as described in report
- Implemented in an alternate way
- Partially implemented
- Not implemented

6.2 Action taken to implement recommendation

SANSW has implemented a process for the identification, registration and management of conflicts of interest for all employees including temporary staff. All SANSW employees can contribute to