

12 month progress report for implementation of recommendations

Investigation into the conduct of a university manager and others in relation to false invoicing

Please complete this schedule with information about how your agency has implemented each of the ICAC's corruption prevention recommendations arising from the investigation into Operation Misto. The progress report 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 Giselle Tocher at gtocher@icac.nsw.gov.au by no later than 7 November 2016.

Recommendation 1.

That the University of Sydney implements measures to safeguard the integrity of vendor banking details when new vendors are created and invoices are processed for payment.

Summary of progress

The recommendation is being:

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

Action taken to implement recommendation

- (a) The University has investigated and piloted technology solutions (i.e. Selera Labs, Satori) that enables the detection of duplicate bank accounts in the University's Procure-to-Pay systems. In addition, the University has recently tabled a strategy/roadmap for a Procure-to-Pay Process reform program that is aimed at delivering a concept-to-closure reengineering of the Procure-to-Pay systems and processes. This includes technology enhancements, policy review and process / controls improvements and has been approved and funded by the University for implementation to commence in 2017.
- (b) Procurement Services also rolled out training on vendor maintenance for key players involved in the Procure-to-Pay process. Furthermore, experienced Procurement Services staff were assigned to oversee the vendor maintenance role, and given the necessary training and support.

Supporting material

The University has recently tabled a strategy/roadmap for a wider Procure-to-Pay Process reform program that is aimed at delivering a concept-to-closure reengineering of the Procure-to-Pay systems and processes. The whole vendor maintenance process is being fully reviewed as part of that scope, and potential wholesale changes to the process and applicable technology are within scope, and changes expected to be implemented in 2017. The 'As Is' vendor set up and change processes have been mapped out, and current issues highlighted for review/improvement. In October 2016, funding in principle was approved by the University Budget committee for investment in these changes.

Evaluation of implementation (Progress update)

- Performance audit by Audit & Risk Management Unit as part of Audit Plan, as the Procure-to-Pay Reform Program is implemented.

Responsible Position: Chief Procurement Officer, Procurement Services

Timeframes for completion: December 2017 due to the comprehensive review of the wider Procure- to-Pay system and processes

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Recommendation 2.

That the University of Sydney expands its measures to enhance its ability to detect potential order-splitting.

Summary of progress

The recommendation is being:

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

Action taken to implement recommendation

Due to the limitations of the University's current Procure-to-Pay Systems, the University investigated and piloted a technology solution with the capability of detecting order-splitting incidents in the system. As referenced above in response to Recommendation 1, the University will be implementing a broader Procure-to-Pay process reform program that will address the risks of order-splitting. The requirements for selecting a new overall technology will include the necessity to identify via appropriate reporting instances of order splitting as tested. It is anticipated that the new technology will be implemented in 2017. Lastly, the University will be implementing a travel and expense management system in February 2017 that will have the audit capabilities that detect order-splitting on lower value cash claims or credit card transactions.

Supporting material

The University has approved funding in 2016 for the full overhaul of its Procure-to-Pay processes and it is anticipated that the new processes and associated technologies will enable the University to ensure that purchase orders where appropriate are utilised. This will improve transparency to approvers prior to invoicing of committed spend. It is anticipated that by improving processes and systems that greater transparency on spend/commitments are enabled to the relevant approvers.

There are 11 key recommendations within the strategy/roadmap for the Procure-to-Pay reform program that are being addressed, one of these being: "Review and update procurement policies and procedures to provide clear guidelines on the new Procure-to=Pay

process and develop associated 'quick reference' material to guide decisions". This will encompass ensuring that where required (i.e. high risk categories), that purchase orders are raised and that credit cards are only utilised where appropriate (i.e. travel and related expenses).

Evaluation of implementation (Progress update)

The new system requirements will now be addressed in 2017, but the plan for evaluation remains the same.

The University's procurement governance committee, otherwise known as the Tender Board, have been reviewing a new procurement compliance reporting framework, which was implemented in the first quarter of 2016. One of the objectives of the framework is to investigate incidents of order splitting. The proposed action is to conduct quarterly spot audits on a random sample of vendors to identify the following types of purchasing transactions:

Payments made via ERP (ie through Peoplesoft): Review invoices that have been paid to the same vendor under the same cost centre during a three month time frame prior to the audit period. Investigate for evidence where orders have been split to avoid dollar thresholds for approval e.g. multiple invoices of same values around the same time period.

Payments made via corporate credit card: Review for evidence of order-splitting. Investigate for consecutive spend against same supplier/dates to assess evidence of order splitting and also investigate that no similar payments made via PeopleSoft to ensure no duplications.

This audit methodology has been proposed and endorsed by the Tender Board, and is anticipated to be initiated on a quarterly basis from 2017.

Responsible Position: Chief Procurement Officer, Procurement Services

Timeframes for completion:

- March 2017 (changed from June 2016) flagging of potential order-splitting and investigations/reporting
- October 2017 (changed from December 2016) Procurement Policy/Procedures on Purchase Order requirements will be refreshed, in line with the Procure-to-Pay Reforms Program

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Recommendation 3.

That the University of Newcastle, the University of Sydney and Macquarie University ensure that employment screening checks are performed on preferred applicants in line with the Australian Standard on Employment Screening (AS 4811-2006).

Summary of progress

The recommendation is being:

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

Action taken to implement recommendation

In accordance with the Australian Standard on Employment Screening (AS 4811-2006), the University of Sydney has implemented the following recommended employment screening checks:

- a 100 point identification formula is required for all new employees (7.5.2 (a));
- curriculum vitae of all new employees are checked for unexplained gaps and anomalies as part of the recruitment and selection process (7.5.3 (a));
- appropriate reference checking is undertaken with previous employers for all prospective employees before any offer of employment is made by contacting referees nominated by the candidate (7.5.4 (b));
- roles with special requirements have additional pre-employment checks such as Working with Children checks and certification of immunisations (7.8).
- potential staff to sign a declaration as part of the employment contract that they will notify the University should there be a significant change in their circumstances, such as being charged with a criminal offence, bankruptcy etc. (7.4);
- a new *Employment material change* clause has been inserted within letters of offers of employment for professional and academic offers for 2017:

You agree to advise the University, in a timely way, of any material change in your circumstances which impacts, or has the potential to impact, your employment at the University or its reputation, including but not limited to:

- (a) *being charged with an indictable offence; or*
- (b) *any incident or issue connected with your involvement in any external activity.*

Due to the volume of recruitment activity, the University has slightly altered its approach to the recommendations of verified qualification checks and address history for entrusted continuing and fixed term roles. The individual must continue to provide certified true copies of original documents as part of the 100 point checklist as well as certified true copies of original documents of the highest declared academic qualification.

In addition, as part of the Human Resources Talent Acquisition Program which aims to strengthen recruitment practices, the University is implementing measures which are recommended in the Australian Standard Employment Screening Framework:

- apply an all jurisdictions Criminal History Check via Crimtrac for appropriate entrusted roles before any offer of employment is made and exclude candidates whose criminal history has a relevant baring on the inherent requirements of the position in question (7.5.3 (c))

The University is also currently rolling out face to face Recruitment and Selection training across the University which aims to develop capability and create awareness of better practice recruitment and in the process of developing online recruitment training that will serve all including remote campuses, and an online Recruitment Selection Committee training module is currently in development.

Supporting material

- Recruitment and Selection Policy
- Australian Standard on Employment Screening (AS 4811-2006)

Evaluation of implementation (Progress update)

- Periodic training of relevant staff.
- Performance audit by Audit & Risk Management Unit as part of Audit Plan

Responsible Position: Director, Human Resources

Timeframes for completion: June 2017