

## Inner West Council

The Commission has made seven corruption prevention recommendations to Inner West Council (IWC) as follows:

### Recommendation 1

That IWC reviews its management of supplier panels to ensure that:

- panels address business needs
- panelled suppliers are skilled and experienced
- the operation and membership of panels is periodically reviewed.

### Recommendation 2

That IWC ensures independent scrutiny of supplier bids for non-tendered procurements over a minimum threshold.

### Recommendation 3

That IWC introduces a risk-based framework in relation to supplier due diligence and verification of supplier claims.

### Recommendation 4

That IWC introduces, on a risk basis, screening of employees for directorships of external businesses, including potential associations with suppliers or other stakeholders.

### Recommendation 5

That IWC ensures appropriate scrutiny of variation requests to ensure they do not undermine procurement or project outcomes or processes.

### Recommendation 6

That IWC revises its cost-estimation and budgeting processes for projects to ensure that:

- robust cost estimates are developed prior to procurement processes commencing
- adequate market analysis is conducted where suppliers that are not on approved panels are being considered.

### Recommendation 7

That IWC conducts an audit(s) into changes made in response to this investigation to obtain assurance that these changes have appropriately enhanced IWC's ability to control

corruption risks. This should include both changes that IWC has proactively made, and changes made in response to the Commission's recommendations.

## **Transport for NSW**

The Commission has made seven corruption prevention recommendations to Transport for NSW (TfNSW) as follows:

### **Recommendation 8**

That TfNSW revises its processes for reviewing package breakdowns and price verification for projects conducted under the managing contractor framework, to ensure that the risk of inflated target budget estimates is adequately managed. This should include consideration of:

- the robustness of estimation processes
- the management of relevant risks associated with project variations.

### **Recommendation 9**

That TfNSW conducts a detailed risk assessment regarding information security related to projects utilising the managing contractor framework and identifies and implements controls to enhance the security of project information.

### **Recommendation 10**

That TfNSW ensures that suppliers engaged under the managing contractor framework abide by procurement-related contractual clauses by:

- assigning responsibilities and accountabilities
- adopting appropriate assurance mechanisms
- proportionately responding to compliance failures.

### **Recommendation 11**

That TfNSW's infrastructure and place division ensures that project risk registers reflect fraud and corruption risks, and that project risk workshops consider corruption risks.

### **Recommendation 12**

That TfNSW advises managing contractors of specific corruption risks that they should be managing, and updates the managing contractor framework to require:

- that these specific corruption risks be formally managed; this should be separate to any general requirements to manage corruption risk
- evidence of compliance.

### **Recommendation 13**

That TfNSW's infrastructure and place division develops a tailored corruption awareness course for its staff that addresses corruption risks in its projects. This course should:

- consist of tailored training to be undertaken by anyone making, or with oversight of, project commercial decisions

- use this investigation, Operation Hector, as an example
- include material that creates awareness of corruption risks and myths
- discuss the reporting obligations that apply to these staff.

#### **Recommendation 14**

That, as part of program planning, TfNSW develops guidance for project teams and individuals involved in managing construction projects that:

- identifies key corruption risks and controls related to the adopted contracting model(s)
- identifies non-negotiable and other important corruption control requirements to be met
- requires responsibilities and accountabilities associated with these corruption control requirements be assigned.

#### **Recommendation 15**

That TfNSW enhances its governance and assurance processes surrounding the managing contractor framework to ensure that:

- an appropriately diverse suite of assurance activities is conducted
- governance committees are informed of issues identified by frontline staff and/or assurance activities.

#### **Recommendation 16**

That TfNSW reviews its mechanisms to prevent, detect and respond to false employment applications and résumé fraud to ensure that they adequately manage these risks.

#### **NSW Government**

In addition, one whole-of-government recommendation has been made to reduce the risk that a supplier involved in corrupt conduct is subsequently engaged by a public authority:

#### **Recommendation 17**

That the NSW Government considers a debarment scheme to assist public authorities to identify suppliers that have had previous issues with misconduct or breaches of relevant requirements.