

# SCANNED



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Dr Michael Spence  
Vice-Chancellor and Principal

31 January 2014

Our Ref: 36-2010  
Your Ref: E10-1831

Mr Robert Waldersee  
Executive Director  
Corruption Prevention  
Independent Commission Against Corruption  
Level 21, 133 Castlereagh Street  
Sydney NSW 2000

Attention: Dr Benjamin Marx (by post and email: [bmarx@icac.nsw.gov.au](mailto:bmarx@icac.nsw.gov.au))

Dear Mr Waldersee

**Implementation of corruption prevention recommendations from *Investigation into the recruitment of contractors and other staff by a University of Sydney IT manager***

Thank you for your letter and response template dated 20 December 2013 reminding me of the University's obligation to provide a progress report on implementation of the corruption prevention recommendations from Operation Citrus, which was the *Investigation into the recruitment of contractors and other staff by a University of Sydney IT Manager*.

Enclosed please find the completed response document. A copy of it has been provided to Dr Marx by e-mail.

If you require any further information please contact Jane Coulter on 9351 4892.

Yours sincerely

Michael Spence

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## 12 Month Progress Report

### Investigation into the recruitment of contractors and other staff by a University of Sydney IT Manager

#### Recommendation 1.

That, where possible, the University of Sydney should establish a single point of access for employment of IT contractors, using multiple C100 recruitment firms in competition.

#### Summary of progress

- Implementation has not yet started
- The recommendation has been implemented
- The recommendation will be implemented differently
- The recommendation is no longer relevant
- The recommendation is partially implemented

#### Action taken to implement recommendation

The following actions have been implemented to address recommendation 1:

- SydneyRecruitment now manages all external contractor/temp engagements for IT via external labour hire agencies. Contractors are sourced via the NSW Government 0007 contract. Where it is not possible to engage contract labour through the 0007 contract, engagement of suppliers is via the University's quotation, tender or exception processes as outlined in the University's Procurement Policy.  
*Note: as of 5<sup>th</sup> March 2013, the NSW Government contract "C100 - Contingent workforce" expired and was replaced by "Prequalification Scheme – Contingent Workforce (0007)".*
- The University of Sydney (*Delegations of Authority – Administrative Functions*) Rule 2010 has also been amended to include a new finance delegation, 6.4.3, whereby the authority to approve engagements of contract labour has been restricted to Head of School/Administration Unit and above.

Supporting these initiatives, the following has been implemented:

- *The Chief Information Officer mandated use of C100 / 0007 agencies for engagement of IT contractors. All engagements follow agreed HR and Procurement processes to ensure policy compliance.*
- Procedures for engaging IT contractors have transitioned to SydneyRecruitment. Processes are continuing to be refined.

#### Supporting material

- ICT contract labour hire process, located on ICT's Hiring Procedure web page.
- *The University of Sydney (Delegations of Authority – Administrative Functions) Rule 2010 - Finance Delegation 6.4.3:*

DELEGATION		APPOINTED DELEGATE	DELEGATION EXERCISE CONDITIONS				GOVERNANCE	
			Financial	Expertise	Consultation	Notification	Policy	Procedures
<b>6.4 Expenditure of funds</b>  <i>N.B. these delegations apply to transactions governed by the Procurement Policy and any other expenditure transactions not separately specified in these delegations. See also clauses 10.3.7 and 12.6</i>	<b>6.4.3</b> Approve acquisition of services of specifically identified individuals from an independent contractor or a labour hire agency	DVC	>\$500K	CPO; OGC if not using standard University terms	Where acquired for a portfolio or Faculty, relevant DVC or Dean		Procurement Policy; relevant workforce engagement policies	Procurement Procedures; relevant workforce engagement procedures
		GC; CFO	>\$200K - ≤\$500K	CPO; OGC if not using standard University terms	Where acquired for a portfolio or Faculty, relevant DVC or Dean		Procurement Policy	Procurement Procedures; relevant workforce engagement procedures
		Dean; Principal Officer	>\$100K - ≤\$200K	CPO			Procurement Policy; relevant workforce engagement policies	Procurement Procedures; relevant workforce engagement procedures
		HOS; HOA	≤\$100K				Procurement Policy; relevant workforce engagement policies	Procurement Procedures; relevant workforce engagement procedures

### Evaluation of implementation (Progress update)

- Monthly compliance reporting by Procurement to the relevant executive and governance bodies.
- Performance audit by Audit & Risk Management Unit.

## 12 Month Progress Report

### **Investigation into the recruitment of contractors and other staff by a University of Sydney IT Manager**

#### **Recommendation 2.**

That, where access to IT contract employment is not feasibly managed through C100 firms in competition, the University of Sydney should establish the probity and competence of alternative recruitment firms independently of the views of operational university staff. Such a process should include the conducting of background checks

#### **Summary of progress**

- Implementation has not yet started
- The recommendation has been implemented
- The recommendation will be implemented differently
- The recommendation is no longer relevant
- The recommendation is partially implemented

#### **Action taken to implement recommendation**

#### **The following action has been implemented to address recommendation 2:**

IT contractors have been transitioned away from non-C100 agencies. No instances were found where a temporary labour hire need could not be fulfilled via a C100 / 0007 agencies. Analysis of spend showed 100% compliance to this for new contractors.

#### **Supporting this initiative, the following has been implemented:**

Procurement is working with Human Resources regarding the University's quotation and tender exception processes for using non- C100 / 0007 firms. Exceptions are addressed on a case-by-case basis and recommendations are made regarding use of the NSW Government's 0007 Prequalification Scheme or other NSW Government preferred supplier options, including NSW Government C2020 contract for ICT Services and NSW Government Performance and Management Services scheme.

#### **Supporting material**

Reports on ICT goods and services expenditure are regularly presented to senior management with use of non-preferred suppliers highlighted and addressed.

The below are extracts from the University's Procurement Policy regarding spend thresholds and waiver requirements.

##### 5. Quotation and tender requirements

The following quotation and tender requirements are the minimum needed. Additional quotations or undertaking a tender process should be considered where the nature of the goods or services

being acquired warrants it. Templates and guidelines to assist in obtaining the required number of quotations can be found at: [sydney.edu.au/procurement\\_services](http://sydney.edu.au/procurement_services)

<i>Value of Order Agreement Contract Life (including GST)-Standard activities</i>	<i>Value of Order Agreement Contract Life (including GST)- CIS and ICT activities</i>	<i>Requirement</i>
\$200,000 and above	\$200,000 and above	Tendering process via Procurement Services, or CIS for CIS managed tenders Tender Board approval required
\$50,000 to \$199,999	\$50,000 to \$199,999	3 written quotations
\$10,001 to \$49,999	\$10,001 to \$49,999	2 written quotations
\$10,000 and below	\$10,000 and below	Quotations optional

### **8. Quotation and Tender waivers**

The need to obtain the required number of quotations or to run a tender may be waived in exceptional circumstances:

- where it can be shown and quantified that entire bodies of research would have to be duplicated at significant financial and time costs to the university if an alternative supplier is used;
- where it can be shown that the provider of the equipment or service is a sole supplier; or
- where the specified attributes or advantages can be clearly documented and substantiate the value proposition from one supplier (these should be demonstrable and provide a compelling justification for the request).

The table below outlines the general approvals and requirements for Quotation and Tender Waivers:

<i>Value of Order/Agreement/Contract Life (including GST)</i>	<i>Approval</i>	<i>Requirement</i>
Tender waiver above \$1 million	<ul style="list-style-type: none"> <li>• Tender Board or Chief Financial Officer</li> </ul>	<ul style="list-style-type: none"> <li>• Submission of Formal Tender waiver request by the Requisitioner through the relevant Department/Faculty Finance Director or Associate Director Finance to Procurement Services and the Tender Board</li> </ul>
Tender waiver \$200,000 to \$1 million	<ul style="list-style-type: none"> <li>• Chair of the Tender Board or Chief Procurement Officer</li> </ul>	<ul style="list-style-type: none"> <li>• Submission of Formal Tender waiver request by the Requisitioner through the relevant Department/Faculty Finance Director or Associate Director Finance to Procurement Services.</li> </ul>
Quotation waiver \$10,001 to \$199,999	<ul style="list-style-type: none"> <li>• Department/Faculty Finance Director</li> <li>• Associate Directors Finance</li> <li>• Chief Procurement Officer</li> <li>• Associate Director Procurement Services</li> </ul>	<ul style="list-style-type: none"> <li>• Submission of Formal Quotation Waiver request via the automated quote waiver tool.</li> </ul>

## Evaluation of implementation (Progress update)

- Appropriate reporting for all preferred supplier options outlined above including supplier performance reporting in conjunction with NSW Procurement who manage the performance of these suppliers.
- Procurement Services' Compliance reports to the relevant executive and governance bodies, being the Finance Leadership Group, the Tender Board, and the Finance and Audit Committee (FAC).
- On-going review by SydneyRecruitment.
- Performance audit by Audit & Risk Management Unit.

## 12 Month Progress Report

### Investigation into the recruitment of contractors and other staff by a University of Sydney IT Manager

#### Recommendation 3.

That the University of Sydney implements its proposed financial analysis framework

#### Summary of progress

- Implementation has not yet started
- The recommendation has been implemented
- The recommendation will be implemented differently
- The recommendation is no longer relevant
- The recommendation is partially implemented

#### Action taken to implement recommendation 3

The following action has been implemented to address recommendation 3:

Enhanced reporting processes implemented which include:

- early warning reports when payments to a supplier are approaching or will exceed a predetermined spend limit/the University's \$200k tender threshold;
- highlighting the material use of non-preferred suppliers; and
- identifying cases of possible order-splitting.

Identified exceptions, outcome and corrective actions reported to the Tender Board and other groups including ICT management for review and potential follow up with the applicable Faculty/Administrative Unit.

A review of the University's Procurement governance framework is also underway which includes a proposal to put in place a Procurement "Quality, Planning & Performance" function with specific procurement compliance responsibilities including development and reporting. Proposals are subject to approval.

#### Supporting material

The following compliance issues logs have been introduced:

- Purchase Order Compliance Log
  - to highlight expenditure which was invoiced without a purchase order when policy required such a step; and
  - to assist in analysing various aspects including the class code and description.
- Segregation of Users Log
  - to highlight issues in the approval of purchase orders in relation to segregation of duties; and

- to provide a tool which enables specific users/areas of the University to be identified and where we believe to have weak controls and to allow the University to put measures in place to correct areas where these have failed.

## Evaluation of implementation (Progress update)

- Regular dashboard compliance reporting occurs to relevant executive and governance bodies, including the Procurement Governance Committee and Tender Board.
- In conjunction with the relevant areas, action plans are implemented to address various types of non-compliance. These action plans may include:
  - A series of short-term quote or tender waivers whilst appropriate strategies are established,
  - Exiting of non-preferred suppliers and moving to preferred suppliers, or
  - Direct contract negotiations with embedded or sole suppliers.



## 12 Month Progress Report

### Investigation into the recruitment of contractors and other staff by a University of Sydney IT Manager

#### Recommendation 4.

That the University of Sydney's management of contract labour through recruitment suppliers be the responsibility of SydneyRecruitment or a specialist unit

#### Summary of progress

- Implementation has not yet started
- The recommendation has been implemented
- The recommendation will be implemented differently
- The recommendation is no longer relevant
- The recommendation is partially implemented

#### Action taken to implement recommendation

The following actions have been undertaken to address recommendation 4:

- SydneyRecruitment is working with Procurement Services to manage and control all University external contractor/temp engagements via external labour hire agencies. Contractors are sourced via the NSW Government 0007 contract. Where it is not possible to engage contract labour through the 0007 contract, engagement of suppliers is via the University's quotation, tender or exception processes as outlined in the University's Procurement Policy.  
*Note: as of 5<sup>th</sup> March 2013, the NSW Government contract "C100 - Contingent workforce" expired and was replaced by "Prequalification Scheme – Contingent Workforce (0007)".*
- The requirement for a contractor or temp via an external provider is now identified in the Request to Hire / Engage form which initiates the engagement procedures and requires approval by a delegated officer University of Sydney (Delegations of Authority - Administrative Functions) Rule 2010 (as amended).
- The policy framework is being strengthened to supplement existing procurement and recruitment policies and procedures to comprehensively cover all forms of workforce engagements, including of contract labour:
  1. The Recruitment and Selection policy has been amended to require:  
"All recruitment including the use of external recruitment suppliers or labour hire agencies must be managed through SydneyRecruitment".
  2. The Draft Workforce Engagements and Payments policy is undergoing stakeholder consultation. The policy will progress for approval in 2014.

#### Supporting material

- Recruitment and Selection Policy
- Draft Workforce Engagements and Payments Policy
- Request to Hire /Engage form

## Evaluation of implementation (Progress update)

- On-going review by SydneyRecruitment.
- Software upgrades with the electronic approval system will enable reporting by SydneyRecruitment to the Director of Human Resources and governance bodies.
- Performance audit by Audit & Risk Management Unit

## 12 Month Progress Report

### Investigation into the recruitment of contractors and other staff by a University of Sydney IT Manager

#### Recommendation 5.

That the relevant University of Sydney policy for non-exempt general staff selection committees requires:

- the presence of an independent member on selection committees
- members of selection committees to be more senior than the position for which they are recruiting.

#### Summary of progress

- Implementation has not yet started
- The recommendation has been implemented
- The recommendation will be implemented differently
- The recommendation is no longer relevant
- The recommendation is partially implemented

#### Action taken to implement recommendation

The following actions have been implemented to address recommendation 5:

- The Recruitment and Selection policy amended as follows:  
"4(A)(2) "The General Staff Selection Committee for all non-Exempt roles is appointed by the Head. As far as possible, members should be more senior than the position for which they are recruiting. The membership must include:

- Head or nominated staff member (Chair);
- Relevant staff member of the School/Area (normally the immediate supervisor of the position); and
- Independent;"

*"Independent member of a selection committee is defined as a person who is not from the recruiting work unit and can assess the applicants for the position impartially and objectively. An independent must be a staff member of the University and may be, for example, an expert in the field; a client affected by the work of the position; a member of the Academic Board, or staff member from a different Faculty, School or Professional Services Unit. A SydneyRecruitment representative cannot undertake the role of the independent member of a selection committee."*

Under cl 4(A)(1) All academic selection committees must include a nominee of the Academic Board  
**"Academic Board Nominee** means a member or a nominee of the Academic Board who, as a member of the selection committee, ensures that academic standards are maintained.

- To further ensure committee transparency and probity, new procedures for declaring conflicts of interests have been introduced.

The Recruitment and Selection policy has been amended as follows:

**“4(B) Academic and General Staff Selection Committees:**

Must exclude a person whose selection decision is likely to be biased because of a conflict of interest in the selection process or procedure, or there is a potential or perceived conflict of interest, (i.e. where there is a real or substantial possibility of the potential or perceived conflict of interest actually arising). This includes persons who have a family, close personal or business relationship with any applicant, other Selection Committee members, or other persons involved in the selection process. Prior to interviews committee members must read the External Interests Policy 2010 and complete a conflict of interests declaration. Members of the Selection Committee are required to avoid material conflicts of interests between their personal or private interests or duties and their duties to the University, whether these conflicts are real or perceived. Where a conflict of interest exists, it must be reported, recorded, and a plan prepared to eliminate or manage it. Refer to the External Interests Policy 2010 for definitive principles and procedures.”

In addition to Selection Committee members being required to declare any conflict of interest in relation to the specific recruitment action they are participating in, the University is also implementing the External Interests Policy 2010. An external interest webpage has been developed with extensive information about identifying and managing conflicts of interests. The External Interests online declaration (DEI) form is being rolled out across the University. The rollout to continuing and fixed-term staff who are required to make a declaration under the policy commenced in August and is anticipated to be completed Semester 1 2014. Timeframes are established by agreement with Executive Supervisors. The roll out is supported by HR staff, and Information Packages including both administrative support material and broader education on conflicts of interests are provided to Faculties and Units. Briefings and regular updates are provided to senior management committees. As at 31 December 2013 3,786 staff had submitted their declarations, with a compliance rate of 96.25%. Non-compliance protocols are initiated where required. Roll out to the remaining staff who are required to submit declarations will commence in Q1 2014.

## Supporting material

Recruitment and Selection Policy

Selection Committee conflict of interest declaration form

External Interests Policy 2010

Declaration of External Interests form

Declaration of external interests - Roll out package

Conflict of Interests Wheel

## Evaluation of implementation (Progress update)

- On-going review by SydneyRecruitment
- Evaluation of Recruitment and Selection Policy in 2014 HR Policy review schedule
- Quarterly reporting by SydneyRecruitment to the Director of Human Resources.
- Performance audit by Audit & Risk Management Unit
- Declaration of External Interests roll out and evaluation reports to the Senior Executive Group; Senate HR Committee; SEG HR and Equity Committee.

## 12 Month Progress Report

### Investigation into the recruitment of contractors and other staff by a University of Sydney IT Manager

#### Recommendation 6.

That the University of Sydney ensures the authority and responsibility of SydneyRecruitment is such that it is able to influence policy compliance at critical points in the recruitment process, and that it is held accountable for the exercise of that influence

#### Summary of progress

- Implementation has not yet started
- The recommendation has been implemented
- The recommendation will be implemented differently
- The recommendation is no longer relevant
- The recommendation is partially implemented

#### Action taken to implement recommendation

The following actions have been implemented to address recommendation 6:

- Recruitment and Selection policy amended.
  1. Policy Statement: "All recruitment including the use of external recruitment suppliers or labour hire agencies must be managed through SydneyRecruitment."
  2. 4(B) Where in the opinion of a Recruitment Professional the Selection Committee is not properly constituted in accordance with this policy, the Recruitment Professional may stop the recruitment process and refer the matter to the Delegated officer, or if necessary to the Director, Human Resources, for resolution.
- Briefing material provided to Academic Board members;
- All selection Committee members required to complete a Conflict of Interest declaration
- Briefing material being finalised for independent professional staff committee members.

#### Supporting material

- Revised and updated Recruitment and Selection Policy
- Briefing material for Academic Board members
- Selection Committee Declaration of Conflict of Interest form

#### Evaluation of implementation (Progress update)

- On-going review by SydneyRecruitment and update of relevant policies.
  - Quarterly reporting by SydneyRecruitment to the Director of Human Resources.

## 12 Month Progress Report

### Investigation into the recruitment of contractors and other staff by a University of Sydney IT Manager

#### Recommendation 7.

That the University of Sydney adopts an electronic approval system as part of any major enhancement of its human resources systems.

#### Summary of progress

- Implementation has not yet started
- The recommendation has been implemented
- The recommendation will be implemented differently
- The recommendation is no longer relevant
- The recommendation is partially implemented

#### Action taken to implement recommendation

In 2014, the University is reviewing the technologies supporting its human resources processes and functions. The requirement that the University adopt an electronic approval system will be within scope of this review. Following the review, any major enhancement of the University's human resources system would potentially take place in 2015 or 2016.

#### Supporting material

Not applicable

#### Evaluation of implementation (Progress update)

Not applicable