

# Plan 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 plans to implement each of the ICAC's corruption prevention recommendations arising from the investigation into Operation Misto. 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 Giselle Tocher at [gtocher@icac.nsw.gov.au](mailto:gtocher@icac.nsw.gov.au) by no later than 1 October 2015.*

### 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 response

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

#### Action proposed

It is proposed that the University seek to implement the recommendation, but also widen the scope to address issues when vendor banking details are *changed*, not just when created.

The University is already investigating technology that may be able to support the University in understanding if there are bank account details that are duplicated in our systems, and flagging these instances for review, which will increase the likelihood of detection of fraudulent activity. For example, multiple suppliers (including contractors) with the same banking information, or even employees with the same banking information as suppliers (the latter is not part of initial pilot). Any flags will be duly investigated by the independent Finance Services team, and any outputs reported to the appropriate governance board (Tender Board). We are currently piloting such a technology solution and await the results from a 3<sup>rd</sup> party provider.

The University also proposes that all bank account information (for new suppliers or if a supplier is changing their account details) is provided by suppliers on their letterhead paper together with their ABN number, in PDF format. In addition the supplier will need to provide a copy of a recent bank statement or letter from the bank confirming the details, for secondary verification, again in PDF. The bank account name will be required to match that of the supplier/ABN. Supplier set up requests or change requests will be able to be submitted to the University and an independent team, responsible for vendor maintenance, will ensure that the appropriate paperwork is supplied and information matches the ABN and bank details provided. While we accept that not all suppliers will

provide their bank account statements in full, the practice of requesting this and discussing the issue will be a deterrent to any fraudulent activity.

Invoices will only be paid to accounts as detailed in the master vendor record (that will be maintained as outlined in the prior paragraph). Should an invoice be requested to be paid to an alternative account, then the supplier will be requested to submit the appropriate change documentation as outlined.

## Supporting material

New procedures/guidelines will be drafted, and training provided to business areas seeking new suppliers or vendor changes in order to effectively collate this information for all suppliers. Below is a screenshot of the supplier create/change form that is currently within our ERP, Peoplesoft, that will require adapting/configuring accordingly:

Create New  Update Existing  Created By Bartlett, Jennifer Created On 30/09/2015

Supplier ID

**Company Details**

\*Name 1   
Name 2   
ABN  Search for ABN

**Supplier Address** Find | View All First 1 of 1 Last

Country AUS Australia  
Address 1   
Address 2   
Address 3   
Address 4   
City  Postal   
State   
Purchase Order Email   
Phone Type Telephone   
BUSN

**Contact Details** Find | View All First 1 of 1 Last

Email Address

**Payment Remittance Details**

Supplier Location Email Address  
000001

**Supplier Bank Accounts** Find First 1 of 1 Last

Account Name  Supplier Location 000001  
Country AUS  
Bank ID Qualifier  Search  
Bank ID / Routing Nbr  Bank Name   
Branch ID  Branch Name   
Account Number  Check Digit

**International Payments**

SWIFT/BIC   
IBAN

**Bank Address (International Only)**

**Comments and Attachments**

Comment

Supporting Documents (0)

\*Business Operation Area PSU-FS: Procurement Servs

Validate and Save Submit

Add Update/Display

## Proposed evaluation methods

- The new system (subject to successful pilot) will 'flag' automatically areas for investigation. The outputs of the investigations will be reported ongoing by the Quality, Governance and Compliance team within Procurement to the relevant executive and governance bodies, notably the Tender Board, as part of the overall compliance framework.
- Performance audit by Audit & Risk Management Unit as part of Audit Plan.

Responsible Position: Chief Procurement Officer, Procurement Services

Timeframes for completion: June 2016

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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 response

The recommendation will be:

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

#### Action proposed

It is proposed that the University investigates data analytics software to assist with verifying the accuracy and integrity of invoices that is specifically enabled to do certain checks that will flag instances of order splitting, for example, regular payments to suppliers from one business area across a short period. Any flags will be duly investigated by the independent Finance Services team, and any outputs reported to the appropriate governance board (Tender Board). We are currently piloting such a technology solution and await the results from a 3<sup>rd</sup> party provider.

In addition, it is also proposed that the University improves our guidelines for utilisation of electronic Purchase Orders for higher risk areas, as this will ensure that there is both a raiser of a requisition and a separate approver, increasing segregation of duties and therefore ensuring approvers have visibility of potential order splitting prior to the University committing funding. The University proposes to give clarity to purchasers in the University when a Purchase Order is required (ie. for what types of spend and values, on a risk based approach) as has already been instigated in the IT function. The University already has a policy that requires Purchase Orders for spend > \$10K, ensuring appropriate segregations of duty. Utilisation of order splitting technology detection will enable us to ensure that this is being adhered to, again by investigating the appropriate flags that are generated.

#### Supporting material

The University's current Procurement Policy denotes that Purchase Orders are required for commitments >\$10K. Specifically it states as follows:

*"13.1 University Purchase Order*

*University Purchase Orders are to be issued for all purchases above \$10,000 (including GST), except those acquired using the University Corporate Card and Library information resource*

*orders. In all instances where the University has entered into a contractual arrangement with a supplier, it is necessary to raise a University Purchase Order so that the commitment of expenditure is entered in the finance system. It is essential that the purchase order is issued only if the quotation and tender requirements have been met and an officer with appropriate financial delegation has approved the acquisition.”*

New guidelines will be produced that will provide a clear framework for purchasers regarding what types of spend require a purchase order (by spend and category dependant on risk). These changes will be reflected in policy and procedure changes scheduled for next year as agreed. These guidelines will obviously be communicated effectively via various communication channels and the staff intranet.

## Proposed evaluation methods

- The new system (subject to successful pilot) will ‘flag’ automatically areas for investigation. The outputs of the investigations will be reported ongoing by the Quality, Governance and Compliance team within Procurement to the relevant executive and governance bodies, notably the Tender Board, as part of the overall compliance framework.
- Compliance to purchase order requirements guidelines will be reported ongoing by the Quality, Governance and Compliance team within Procurement to the relevant executive and governance bodies, notably the Tender Board, as part of the overall compliance framework.

Responsible Position: Chief Procurement Officer, Procurement Services

Timeframes for completion:

- June 2016 (automated flagging of potential order splitting and investigations/reporting)
- Dec 2016 Policy/Procedure changes for PO requirements

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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 response

The recommendation will be:

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

#### Action proposed

The University of Sydney's current background checking processes is compliant with all mandatory aspects and many of the recommended steps outlined in the Australian Standard on Employment Screening (AS 4811-2006). Specifically, the University undertakes the following:

- 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));
- declared academic qualifications are verified for all new employees before commencement in their role (7.5.4 (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)); and
- roles with special requirements have additional pre-employment checks such as Working with Children checks and certification of immunisations (7.8).

In addition to these probity checks, the University has undertaken to implement several additional measures which are recommended in the Australian Standard before the end of 2015, namely:

- require all current and potential staff to sign a declaration 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);
- ensure reference checking covers a minimum period of five years (7.5.3 (b));
- 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)); and

- where appropriate, undertake a directorship search of the Australian Securities and Investment Commission's database to determine if an entrusted person is currently or was formerly an office-holder within an Australian company, with a view to identifying any potential conflicts of interest (7.5.3 (d)).

## Supporting material

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

## Proposed evaluation methods

- Periodic training of relevant staff on the implementation of background checks.
- Check-list of background check items for HR Service Centre Team to use to ensure compliance.
- Periodic internal audits to ensure background check standards are being adhered to.

Responsible Position: Director of Human Resources

Timeframes for completion: December 2015 / January 2016