

Plan for Implementation of Recommendations

Operation Jarah

Recommendation 1

That, in the short term, Ausgrid tightens processes within the existing system for contract cable laying work orders to reduce existing corruption opportunities. In this regard, Ausgrid should focus on processes for approving variations, tightening the scope and budget for work order contracts and reducing opportunities for individual officers to control key tasks, including the selection of contractors

Summary of response

The recommendation will be:

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

Action proposed

Complete a review of Contract Cable Laying (CCL) work order processes to identify opportunities for corruption risks, and to reduce those risks, in the following processes:

- Approving variations under CCL work orders
- Defining the scope of work orders
- Preparing budgets for work orders, and
- Selecting contractors

Implement changes to tighten CCL work order processes to reduce existing corruption opportunities in a staged manner over 12 months from 1 July 2015.

Supporting material

- A report that maps CCL work order processes (approving variations, scoping work and preparing budgets for work orders and selecting contractors), identifies corruption risks associated with those CCL work order processes, and opportunities to reduce those risks.

Proposed evaluation methods

- Management review and sign off on a treatment action plan arising from the review of CCL work order processes.
- Independent review of any changes to CCL work order processes.

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Recommendation 2

That Ausgrid improves its data management and retention systems. Data capture should, as a minimum, be able to provide Ausgrid with the capability to establish unusual expenditure patterns, improve the accuracy of estimates for work orders, capture information on environmental and site conditions to inform project design and budgeting, and help establish cost benchmarks.

Summary of response

The recommendation will be:

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

Action proposed

Complete a review of the data management and retention system and identify opportunities for improvement, including accuracy of estimates for work orders, capturing of site based information to inform project design and budgeting, and establishing cost benchmarks.

Review requirements to identify unusual expenditure patterns and to improve the accuracy of estimates of work orders.

Implement changes to the data management and retention system in a staged manner over 12 months from 1 July 2015.

Supporting material

- A report that maps the review of the data management and retention system and identifies opportunities for improvement.

Proposed evaluation methods

- Management review and sign off on a treatment action plan for data management and retention systems.
- Independent review of any changes to data management and retention systems.

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Recommendation 3

That Ausgrid considers and adopts the optimum contracting model to deliver contract cable laying work. Central to this consideration should be the alignment of Ausgrid and contractor motivations, Ausgrid's current operating environment, and the efficiency and effectiveness of any such contracting model.

Summary of response

The recommendation will be:

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

Action proposed

Consider options for the optimum contracting model to deliver contract cable laying work. This review will be completed by 31 August 2016 and assess:

- Ausgrid and contractor motivations and their alignment
- Ausgrid's current operating environment (in the context of the work being done as part of Recommendations 1 and 2)
- Alternative methods of contracting, and
- The efficiency and effectiveness of proposed contracting models.

This review will take into account an optimal balance of the cost of risk and operational efficiency and effectiveness.

The recommendations of the review will be assessed by management and where accepted, the optimal delivery model will be implemented.

Supporting material

- Report proposing options considered and a recommended optimum contracting model approved by senior management.
- NSW government procurement guidelines.
- ICAC guidelines for procurement.

Proposed evaluation methods

- Independent review of the optimum contracting model.
- Management review and sign off on a treatment action plan identifying options and recommendations.