

Plan for Implementation of Recommendations

Investigation into allegations of corrupt conduct in the provision of security products and services by suppliers, installers and consultants

NSW Businesslink Pty Ltd (Businesslink)

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 Tilga. 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 by no later than Friday 20 December 2013.

Recommendation 1.

That NSW government agencies ensure that overall responsibility for identified tasks associated with the selection of security integrators is maintained in-house, including:

- **determining project budgets**
- **determining the scope of projects**
- **selecting tenderers to bid for contracts (in the case of limited and select tenders)**
- **communicating with tenderers**
- **coordinating tender evaluation panels and making recommendations**
- **evaluating tender submissions and writing selection reports.**

Summary of response

The recommendation will be:

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

Action proposed

Projects to date have been co-locations within existing offices and therefore the security scope has been to provide additional security equipment in accordance with existing system on site and the Agencies Office Accommodation Guidelines.

Project scope is discussed with the Client and Security Consultant engaged prior to producing tender documentation. The cost of the project is determined by the client and is

outlined in the Project Initiation Brief issued for each project. Once the sketch plan is approved, then a budget estimate is prepared for the complete project and included in the Stage 2 Service Proposal issued to the client prior to the calling of tenders.

Supporting material

Tenders are called by Businesslink Property Solutions in accordance with Government and Businesslink's procurement guidelines. Tender are forwarded to the Businesslink's electronic tender email by the due date i.e. Tenders @fac.nsw.gov.au.

Tenders are opened by Businesslink Strategic Sourcing with two Property Solutions staff independent to the project.

Contractors are used from a pre-select contractors list prepared in 2007. However, this list is currently being reviewed prior to preparing new EOI for new pre-qualification list of preferred security contractors. This is currently being discussed with BL Strategic Sourcing along with other preferring contractors / consultants list.

Draft flow chart is being prepared outlining the steps to selecting / engaging security consultants / contractors.

Proposed evaluation methods

Factors considered when evaluating tenders include the qualifications and experience of contractors, quality of work at previously completed project sites and the ability to respond promptly to issues. Capability of the contractors includes an evaluation of the contractors ability to work according to builder's schedules, ability to complete projects within set dates and having a clear understanding of the security specifications including the Department of Family and Community Services requirements and Office Accommodation Guidelines. The weighting factors used, particularly in relation to the tender price ensures that tenderers submit a fair and reasonable price as well as to minimise potential project variations.

In the past, the preferred security contractor has provide the evaluation of the security tenders however, this method has now ceased and this will be the responsibility of Businesslink to undertake. The selected security consultant will assist but all communications with the tenderers will be undertaken by Businesslink staff. The timeframe of this process and the preparation of the required submission for management approval are expected to be approximately 1 to 2 weeks. This process will also ensure that all conflict of interest forms are submitted.

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Recommendation 2.

That NSW government agencies embarking on new large-scale security projects adopt a rigorous product selection approach. The selection process could include:

- obtaining feedback regarding product specifications from a variety of sources, including end-users
- extensive product testing and the evaluation of test results by a panel either to inform the development of tender specifications or as part of a tender evaluation process.

Summary of response

The recommendation will be:

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

Action proposed

All security works to be implemented as part of the office accommodation project for the Department of Family and Community Services will be implemented to meet their office accommodation guidelines. The engagement of the preferred security consultant will be done via a Request For Tender process using consultants from a pre-qualification preferred list.

All documentation will be assessed prior to proceeding to tender to ensure the documents meet the brief set by the Agencies.

Supporting material

N/A

Proposed evaluation methods

As per Recommendation No 1

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Recommendation 3.

That NSW government agencies explore alternatives to relying exclusively on the advice of specialist consultants when selecting security integrators through a competitive process. Options for diluting the influence of specialist consultants include:

- identifying in-house security experts from other public sector agencies for tender evaluation panel participation
- ensuring that when consultants sit on tender evaluation panels, it is only in a technical advisory capacity
- identifying and seeking advice from agencies that have undertaken similar projects.

Summary of response

The recommendation will be:

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

Action proposed

Tenders for all new security works as part of office accommodation projects are to be managed by Businesslink Project Manager. The detailed scope of the security works to be discussed with the Client Representative and documented in accordance with the accommodation guidelines.

When tenders have closed and have been opened, the project manager along with other Property Solution staff will assist in the assessment of the tenders. The assessment panel will include the consultant to review the responses to ensure that they are fully compliant and that the equipment to be installed meets the tender requirements. Any clarifications required will be noted by the panel and the Businesslink Project Manager will issue to the relevant tenderers seeking further clarifications.

Supporting material

Draft flow chart are being prepared outlining the steps when assessing tenders etc

Proposed evaluation methods

As per Recommendation No 1

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Recommendation 4.

That NSW government agencies consider the feasibility of separating tasks between security consultants for large-scale and complex projects, in cases where specialist advice is required.

Summary of response

The recommendation will be:

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

Action proposed

At present security works conducted as part of an office accommodation project are reasonably small and non-complex projects. Consultants are invited to provide a fee proposal based on the scale of the works etc. Although, it is rare that a project of a large scale are undertaken as part of the Client Agency approved Office Accommodation programs, consideration will be given on how any large scale and complex projects are procured.

Liaising with Businesslink Strategic Sourcing to update preferred consultants list for security works. This will include details of experience and knowledge of undertaking large scale and complex projects. This will enable a range of consultants that can be invited to submit fee proposals for a range of security works.

Supporting material

N/A

Proposed evaluation methods

N/A

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Recommendation 5.

That NSW government agencies adopt a broad approach to the due diligence enquiries that are conducted as part of a security procurement process, including:

- the scrutiny of low bids
- consideration of previous performance
- seeking referee reports beyond those nominated by the tenderer
- the verification of case studies provided by tenderers
- conducting criminal record checks on successful applicants
- seeking information from established information networks.

Summary of response

The recommendation will be:

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

Action proposed

Assessments of tenders for security works involving security consultants and contractors will be conducted internally by a nominated panel. This panel is proposed to consist of the Project Manager, along with other representatives from Property Solutions and Strategic Sourcing and will address the items listed in the recommendation.

Liaising with Businesslink Strategic Sourcing to set up processes to reflect the above recommendation.

Supporting material

N/A

Proposed evaluation methods

N/A

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Recommendation 6.

That NSW government agencies adopt a preference for open tender methodologies (including staged processes that involve open expressions of interest) for new security installation projects above \$250,000 in value. For contracts up to \$250,000 in value, a minimum of three written quotes should be obtained, unless exceptional circumstances exist and are documented or the contract is worth \$30,000 or less.

This recommendation does not apply where whole-of-government or multi-agency arrangements are in place. It also does not apply where the agency has a pre-qualification scheme in place or where existing warrantee or integration issues preclude open competition.

Summary of response

The recommendation will be:

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

Action proposed

Businesslink has undated its Procurement Business Rules in regards to the selecting suppliers of goods and services, with the first reference made to NSW Government Contract Suppliers and Businesslink Supply Contracts.

Where goods or services are not in Contract, requests for quotations and tenders will be issued in accordance with Government Procurement guidelines.

Supporting material

All new security works are unlikely to be over \$150k however, despite the value the procurement of the new security works will be in accordance with Businesslink's Procurement Business Rules.

Proposed evaluation methods

Evaluation of these works will be in accordance with Recommendation No 1.

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Recommendation 8.

That NSW government agencies improve their project management systems by:

- clarifying project roles and responsibilities
- developing in-depth project scopes and plans, as appropriate, to the size and complexity of a project
- specifying and ensuring compliance with contract terms and conditions
- introducing tight inventory controls
- close monitoring of project budgets and project expenditure
- establishing processes to verify and approve variations, including the use of quantity surveyors.

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 existing processes have been amended where the Businesslink Project Manager is taking greater control of the projects, especially the procurement of consultants, sub-consultants, contractors and furniture suppliers. This process has been outlined in the Request for Tender documentation when seeking proposal for the engagement of Consultants.

All engagements are implemented by Businesslink, including the calling of tenders, assessing tenders and obtaining in house approvals prior to the engagement of third party suppliers. Official purchase orders are issued for all engagements in accordance with approved budgets authorised by client agency.

All documentation are prepared in accordance with the Agency Office Accommodation Guidelines and are reviewed prior to finalising documents to ensure scope and plans meet the requirements of the project.

The Contract Administration is conducted by the Businesslink Project Manager for all projects expect where building costs exceed \$1.0M. An accredited Construction Authority are engaged in accordance with Government Guidelines.

The assessment of variations and progress claims are undertaken by the Project Manager and where required, clarifications are sought from the consultants / sub consultants prior to approving variations or progress payments. Subject to the costs of the building works, advice is also sought where Quantity Surveyors are engaged by BL to assist in these assessments.

Supporting material

Attached are copies of the following:

- Amended Request for Fee Proposal outlining the amended scope for the Consultants
- Project Budget Summary sheets used to monitor project controls against the approved budget

Proposed evaluation methods

N/A

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Recommendation 9.

That NSW government agencies ban employees directly involved in procurement activities from accepting any gifts, benefits and hospitality from potential contractors and consultants and existing contractors and consultants.

Summary of response

The recommendation will be:

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

Action proposed

Businesslink currently have a policy that strongly committed to ensuring that the policies and decisions of NSW Government, to safeguard the integrity of the public sector, are implemented within Businesslink.

Supporting material

Copy of Businesslink Gifts and Benefits Policy

Proposed evaluation methods

N/A

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Recommendation 10.

That NSW government agencies be proactive in explaining the obligations on contractors and consultants to declare conflicts of interest, including those arising from either a pecuniary or non-pecuniary relationship.

Summary of response

The recommendation will be:

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

Action proposed

Appropriate clauses and Conflict of Interest Forms are being included in Contracts to ensure contractors and consultants declare any potential conflict of interests.

Supporting material

Copy of amended Contract and Conflict of Interest form.

Proposed evaluation methods

N/A

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Recommendation 11.

That NSW government agencies ensure compliance with the Department of Premier and Cabinet's *Guidelines for the Engagement and Use of Consultants (C2004-17)* when engaging and using consultants.

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 procurement of external consultants are implemented in accordance with Government Procurement Guidelines. The existing Businesslink Consultancy Agreement that have been used in the past is currently being amended to ensure it is compliance with the Guidelines for the Engagement and Use of Consultants (C2004-17).

Supporting material

Refer to attached draft Consultant Engagement Agreement. Currently being amended to ensure compliance with C2004-17

Proposed evaluation methods

N/A