

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 Health

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 Bill Kokkaris by no later than Friday 20 December 2013.

Recommendation 7.

That NSW Health adopts a range of audit activities to ensure compliance with the requirements of its *Purchasing and Supply Manual*, including the formalisation of pre-qualification arrangements for contractors and obtaining the requisite number of quotations.

Summary of response

The recommendation will be:

<check one>

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

Action proposed

<explain what action will be taken to implement the recommendation

or, if the recommendation will not be implemented, the reason why the recommendation will not be implemented>

Background

Prequalification arrangements for contractors are established or formalised under whole-of-government contracts, whole-of-NSW Health contracts or whole-of-government prequalification schemes.

Their application to NSW Health, including applicable quotations, is dealt with in the "Goods and Services Procurement Policy Manual" issued in May 2010 (replacing in part the "Purchasing and Supply Manual for Public Health Organisations") and the

“Goods and Services Procurement Policy” (Policy Directive PD2013_023) issued in August 2013.

The Ministry of Health has developed a Procurement Portal for NSW Health that includes NSW Health procurement policies, procurement procedures and other relevant procedures to conduct procurement activities. This includes a procurement checklist to assist staff to follow the correct procurement process, ensure that risk has been appropriately managed and to assist in audit activities: Policy Directive PD2013_023. Staff members undertaking a procurement activity are to complete the checklist to ensure all steps in the procurement process are identified and completed, including the requisite number of quotations.

For purchases at or above \$250,000, NSW Health requires the development of a procurement plan following an assessment of procurement risks, with mitigation/treatment actions forming the basis of the strategy recorded in the plan: Policy Directive PD2013_023. The assessment of risks is to be conducted in accordance to NSW Health’s risk matrix and recorded in a project risk register: Policy Directive PD2013_023.

As noted in Chapter 8 (Corruption Prevention) of the ICAC Report, the procurement processes for Local Health Districts [for complex procurements over \$250,000] are managed through HealthShare NSW (formerly known as Health Support Services). The benefit from this process includes centralising elements of the procurement process, providing greater transparency and providing control over procurement activities.

In addition, the Ministry of Health (Procurement Advisory Services) provides advice and support to Local Health Districts in the conduct of their complex clinical services procurements.

As also noted in Chapter 8 of the ICAC Report, NSW Health has conducted workshops about the role of HealthShare NSW and has organised TAFE contract management and procurement risk management courses for Local Health Districts.

Action Proposed

HealthShare NSW (non-Ministry matters) and the Ministry (Procurement Advisory Services) will continue to conduct internal courses, or organise for the conduct of external courses, dealing with procurement and procurement risk workshops. This includes training with ICAC for NSW Health staff with responsibility for procurement and TAFE contract management and procurement risk management courses.

HealthShare NSW and the Ministry will also continue to audit their procurement processes as part of their audit plans.

The NSW Health Procurement Governance Committee (through the Ministry’s Procurement Advisory Services) will write to NSW Health agencies and bodies to require the submission of all audit findings and management responses relating to procurement for the purpose of ensuring visibility and oversight of procurement issues.

The NSW Health Audit Working Party (HAWP), which is responsible for developing internal audit programs, including a purchasing program, will be asked to review the audit purchasing program to ensure consistency with the new NSW Health procurement manual and policies and having regard to the ICAC recommendations.

The Northern Sydney and Central Coast Local Health Districts will include audit of their procurement activities as part of their audit plans for 2014/2015.

The Ministry of Health will advise the Chief Executives of Local Health Districts and Health Networks of the relevant outcomes of the ICAC investigation for their appropriate consideration.

Supporting material

<describe any material that will be produced in support of the implementation – for example policy documents, new procedures, training material, audit plans etc >

- **NSW Health Goods and Services Procurement Policy Manual issued May 2013 (TAB A)**
- **NSW Health Goods and Services Procurement Policy issued 7 August 2013 (Policy Directive PD2013_023) (TAB B)**
- **NSW Health Checklist – Steps in the Procurement Process for Goods and Services including ICT (TAB C)**

Proposed evaluation methods

<describe methods proposed to evaluate the effectiveness of the implementation – for example by staff survey, independent review, performance audit, etc>

<identify the section or division to undertake the evaluation, timeframes for completion and report dates to management>

- **HealthShare NSW and the Ministry of Health to provide details of ongoing procurement training courses.**
- **HealthShare NSW and the Ministry of Health to confirm that procurement activities are conducted as part of their audit plans.**
- **The NSW Health Procurement Governance Committee (through the Ministry of Health's Procurement Advisory Services) to advise on the number of audit findings relating to procurement advised to it and any action taken.**
- **HAWP to review its internal audit program for purchasing.**
- **Central Coast and Northern Sydney Local Health Districts to audit their procurement activities as part of their audit plans for 2014/2015.**
- **Local Health Districts and Health Networks are alerted to the ICAC report for their consideration.**

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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:

<check one>

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

Action proposed

<explain what action will be taken to implement the recommendation or, if the recommendation will not be implemented, the reason why the recommendation will not be implemented>

Background

NSW Health has a number of policies dealing with gifts, benefits and conflicts of interest:

- (a) NSW Health Code of Conduct Policy Directive PD2012_018 which requires NSW Health staff to avoid situations which may give rise to pecuniary or other conflicts of interest and, should any conflicts or possible perceptions of such conflicts arise, declare them immediately to their manager.
- (b) Goods and Services Procurement Policy Manual which requires a procurement process commensurate with the estimated value and level of risk, including the declaration and management of conflicts of interest.
- (c) Goods and Services Procurement Policy Directive PD2013_023 which provides a form for members in a tender evaluation to declare that they have no conflict of interest.
- (d) Conflicts of Interest and Gifts and Benefits Policy Directive PD2010_010 which sets out the NSW Health position in relation to conflicts of interest and gifts and

- benefits and includes attached individual procedure documents “Managing Conflicts of Interest Procedures” and “Gifts and Benefits Procedures”; and
- (e) HealthShare NSW Business Ethics Policy HS/2012_10 sets out the HealthShare NSW principles relating to standards of integrity and ethical conduct that are consistent with the policies, guidance and directions issued by the NSW Ministry of Health, including dealing with gifts and benefits.
 - (f) Northern Sydney Central Coast Area Health Service “Conditions of Entry for Company Representatives: Clinical Products Support Document for Company Representatives”.
 - (g) Northern Sydney Central Coast “Business Ethics: Clinical Products Support Document for Company Representatives”.
 - (h) Northern Sydney Central Coast “Conditions of Entry for Company Representatives: Clinical Products Support Document for Company Representatives”
 - (i) Central Coast Local Health District “Business Ethics: Clinical Products Support Document for Company Representatives”.

Actions Proposed

As part of its procurement process, NSW Health will continue to ensure that an appropriate probity plan includes undertakings of confidentiality and declarations of conflict of interest.

In accordance with the actions proposed under Recommendation 8, NSW Health will continue to ensure that these issues are dealt with in the purchasing and procurement training courses.

Northern Sydney and Central Coast Local Health Districts will continue to conduct corruption prevention training dealing with, amongst other things, gifts and benefits in accordance with the Policy Directives and its own statements.

Supporting material

<describe any material that will be produced in support of the implementation – for example policy documents, new procedures, training material, audit plans etc >

- NSW Health Conflicts of Interest and Gifts and Benefits Policy Directive PD2010_010 (TAB D)
- NSW Health Code of Conduct Policy Directive PD2012_018 (TAB E)
- HealthShare NSW Business Ethics Policy 2012_10 (TAB F)
- Northern Sydney Central Coast Conditions of Entry for Company Representatives: Clinical Products Support Document for Company Representatives (TAB G)
- Northern Sydney Central Coast Business Ethics: Clinical Products Support Document for Company Representatives (TAB H)
- Central Coast Local Health District Business Ethics: Clinical Products Support Document for Company Representatives (TAB I)

Proposed evaluation methods

<describe methods proposed to evaluate the effectiveness of the implementation – for example by staff survey, independent review, performance audit, etc>

<identify the section or division to undertake the evaluation, timeframes for completion and report dates to management>

- The Ministry of Health (through NSW Health Procurement Governance Committee) to assume responsibility for ensuring visibility and reporting of procurement issues with the aim of overseeing the operation and effectiveness of procurement policies.

- **The Ministry of Health and HealthShare NSW will continue to encourage and monitor attendance at procurement training courses.**
- **The Ministry of Health and HealthShare NSW will continue to audit tendering and procurement as part of their audit plans.**
- **The Northern Sydney and Central Coast Local Health Districts will audit their procurement activities as part of their audit plans for 2014/2015.**
- **In accordance with its ongoing fraud and corruption prevention activities, the Northern Sydney and Central Coast Local Health Districts will continue to conduct corruption prevention training dealing with, amongst other things, gifts and benefits.**

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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:

<check one>

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

Action proposed

Background

In accordance with the NSW Health Goods and Services Procurement Policy Manual and the Goods and Services Policy:

- (a) NSW Health entities must ensure that processes are adopted to identify, declare and address any actual or perceived conflict of interest throughout the procurement process. All NSW Health staff, including consultants and contractors, must disclose in writing to their immediate superior or other appropriate senior officer, any financial or other interest held by them immediately upon becoming aware that a potential conflict between personal interest and official duty, whether real or apparent, has arisen or is likely to arise.
- (b) Where the risk and complexity associated with a procurement process is considered high, the responsible officer has the option of appointing a probity auditor and/or probity advisor to provide independent assessment and/or advice throughout the procurement process.
- (c) All intended purchases over \$250,000 or that are high risk require a procurement plan based on an assessment of risk.

Actions Proposed

NSW Health staff will continue to be encouraged or (for procurement staff) required to attend corruption prevention workshops.

As part of its ongoing corruption prevention activities, the Northern Sydney and Central Coast Local Health Districts will continue to conduct corruption prevention training dealing with, amongst other things, conflicts of interest.

Supporting material

<describe any material that will be produced in support of the implementation – for example policy documents, new procedures, training material, audit plans etc >

- **NSW Health Goods and Services Procurement Policy Manual (TAB A)**
- **NSW Health Goods and Services Procurement Policy Directive (TAB B)**
- **NSW Health Conflicts of Interest and Gifts and Benefits Policy Directive (TAB D)**
- **NSW Health Code of Conduct Policy Directive (TAB E)**

Proposed evaluation methods

<describe methods proposed to evaluate the effectiveness of the implementation – for example by staff survey, independent review, performance audit, etc>

<identify the section or division to undertake the evaluation, timeframes for completion and report dates to management>

See response to Recommendations 7 and 9.