

INDEPENDENT COMMISSION AGAINST CORRUPTION

STATEMENT IN THE MATTER OF: Operation Gerda

PLACE: University of Sydney
NAME: Richard Allen
ADDRESS: University of Sydney
OCCUPATION: Chief Procurement Officer
TELEPHONE NO: Known to ICAC
DATE: 29 January 2019

States: -

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1. This statement made by me accurately sets out the evidence which I would be prepared, if necessary, to give in Court as a witness. The statement is true to the best of my knowledge and belief, and I make it knowing that, if it is tendered in evidence, I shall be liable to prosecution if I have wilfully stated in it anything which I know to be false or do not believe to be true.
 2. I am 50 years of age.
 3. On 23 October 2018, I participated in an electronically recorded interview with Barry Davidow and Andrew Howe at the University of Sydney. During the interview I was asked questions and shown a number of documents. This statement was drafted from the digital recording and transcripts of that interviews. I have been given the opportunity to read the draft statement and make any necessary amendments prior to signing this document.

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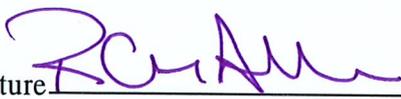
4. The objective of a tendering process is to achieve a value for money outcome for the University, where we have engaged the market to determine the most appropriate provider of goods and services. And to ensure that is at value for money for the organisation.

5. Value for money is not always the lowest price. It is a combination of price and appropriateness of the goods or services.

6. Probity is important in the tender process. Probity is ensuring that there is integrity in the way in which we undertake our activity. It can be seen as an umbrella term for things that would include transparency, fairness, equity, that we are consistent in the way that we approach procurement and the way in which we engage with our vendors. That, where people who are involved in the evaluation or selection process are clear that they do so without undue influence, and that that it is properly understood and declared and managed.

7. Tenderers and potential tenderers expect to be treated fairly. They can expect that when we say we will do something, we will do something. And that they would expect that we would have good process, which they can rely on and that the submissions that they provide are considered appropriately. I think that is what a supplier would expect.

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8. It is proposed that a statement be prepared which we will make available to all suppliers, to clearly establish the University's expectations of our suppliers. The statement will be drafted collaboratively between the Office of General Counsel and Procurement Services, aligned to University of Sydney policies and widely consulted across the University. For example, we would like to address slavery in the supply chain. A statement like this is not something that we have had before.
9. I would have signed off on the tender procurement strategy for the security contract.
10. The procurement strategy for the security contract looks like a standard procurement strategy.
11. A key focus in reviewing any Procurement Strategy would be the proposed method for engaging the market: for example, whether it was a select or open tender. In it [this example] Campus Infrastructure and Services (CIS) generally talked about the services that they were wishing to tender for. But a Procurement Strategy document is not intended to be the tender document that is issued to the market, rather it is one that covers the proposed market engagement approach.

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12. The business understands its own structure, so to some extent including information on detailed business operations would not be typical in an internal procurement strategy document. I do like to see some context that demonstrates that the business has a good understanding of how what they are procuring fits within the needs of the University. Occasionally for large scale capital procurement there may be business cases prepared by the business unit which would go into more detail about the project itself (as opposed to any proposed procurement process).
13. The risk assessment in this tender procurement strategy for the security services is a high-level statement of risk. It is not an operational risk statement. It is ensuring that the business has given consideration of various aspects of either the procurement process or technical aspects of the service that would need to consider in the evaluation. It is important that approvers considered this is as a high-level assessment; it would not be a detailed risk assessment.
14. The section dealing with procurement process risk is not about the risk of the actual goods and services, it was never intended to be a consideration of the operational risk of the function.
15. The procurement process risk of the stated market approach, in so far as it sets out an open competitive process likely to derive value for money, was low. The procurement

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risk is low as we are engaging the market in an open tender, so you are highly likely to be able to determine value for money.

16. Where the business has a degree of specialism, I cannot replicate or advise on the technical aspects. The business unit looks after the technical areas.

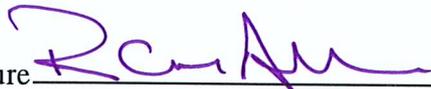
17. The Tender Board does not look at the detailed technical assessment; the Tender Board is there for a process review.

18. The Steering Committee is not a standard governance structure, it is something that, for large procurements, CIS has chosen to add.

19. It is not part of our process for me to review the RFT, ie the detail of the tender documentation. There are procurement people within the process who would do that together with the business unit. I have a representative from my team to make sure that they are giving the right coverage and the right approach for communicating that through the right formats, using the right templates and making sure that it is issued appropriately to the market.

20. The RFT sets out our requirements and sets out the information that we wish to have back from the suppliers. It has our assessment criteria at a high level.

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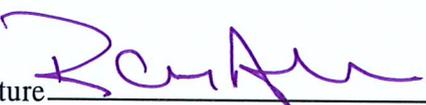
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21. Tenderers would need to know the services that we are looking for and whether they are able to provide them and that if they have the ability to provide that, that they would be assessed appropriately.
22. The Tender Evaluation Plan is a document that is agreed before the Tender Evaluation Committee opens or review tenders. That is so you do not open the tender and become unduly influenced by one or other vendors, that you do not then decide to play around with the criteria.
23. The Tender Evaluation Plan does not go to a higher level than the tender evaluation committee or the steering committee. But there would be a procurement representative on one of those areas undertaking that.
24. The RFT document would be drafted first. The evaluation plan may sometimes be done in parallel. The requirement is that the evaluation plan is done before undertaking evaluations.
25. For this particular tender I don't remember seeing the detailed Tender Evaluation Plan. In the normal course of events it would not come to me anyway.

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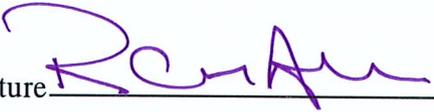
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26. Subcontracting and further subcontracting would be areas of specialism that would be better understood within CIS, as to how deep they would go into the supply chain. Philosophically it is an important thing to consider. I am not aware of the depth of understanding of supply chain within the organisation. It is not something I have been able to develop [as a capability within Procurement Services]. It would be good for the University to have a deeper understanding of supply chain.

27. The Tender Board is a group of people. It did not at the time meet regularly in person. There are a number of people who have to give their approval as part of any Tender Board Approval.

28. The Tender Board comprised of the Chair of the Tender Board, who was the Deputy CFO, a Director nominated by the CFO, myself, and historically, a person who was determined as the financial delegate for the specific acquisition (this last role was like a floating member, occasionally the role of Financial Delegate could be played by the CFO if the acquisition was within their delegation, if it was above the CFO's delegation, then after Tender Board approval the contract would also need to be approved by the Vice-Chancellor or the Finance and Audit Committee). In this case, the financial approval delegate would have been the Finance and Audit Committee. The recommendation to award the contract would have been something that the Tender Board would have approved subject to the final approval being given by the Finance and Audit Committee.

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29. The Tender Board is not giving financial approval, it does not have financial delegation, it is reviewing the process. The financial delegate is always accountable for the final approval. The financial delegate is the Finance and Audit Committee for contracts over \$10 million.
30. The documents that go into the online Tender Board tool, would typically cover the tender evaluation report, conflict of interest declarations and any probity report if one has been one commissioned. In this case there was.
31. At the time, if there were questions from approvers they were dealt with by a request to the submitter. But I have now changed that process so that the Tender Board now meets in person so that questions can be asked directly. At the time, it was submitted through the tool, I felt that this process did not allow for sufficient dialogue. The tool was rudimentary and not set up for handling the iteration of comments to multiple approvers in parallel.
32. I think that it is a reasonable expectation for suppliers for services such as cleaning or security to have in place some assurance framework that validates the work they have completed.

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33. It would be reasonable to ask how that supplier was going to ensure that the KPIs were going to be met by any subcontractors.

34. Zoe was contracted through CIS. She did not report to my area.

35. I would expect that the technical subject matter experts would adequately consider risk as part of their technical evaluation and that they would have an appreciation of operational risk.

36. The Tender Board go through whatever report is submitted by the requesting area for the approval to award. We have created, great consistency in that process with something called an Approval To Award document that is much more clearly set out and guides the Tender Board members through the aspects of the process undertaken and the recommendation. It is a summary document, but it is easier to then navigate and understand. That is something that I brought in as an improvement to that process, also changing the way in which the Tender Board meets and that the Tender Board membership has a greater appreciation of what to look for when reviewing submissions.

37. I would expect SNP staff's access to information about the tender process to be limited. This would not necessarily be articulated in the tender evaluation report but yes, there

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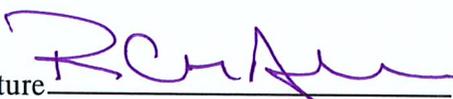
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is a fair expectation that the local area managing the process would ensure the right protocols are in place to protect confidential tender information.

38. I think that my concern from what I understand, and I am only privy to some information, is that we need to make a clear distinction between a procurement process and contract management. And I think there are areas where the University may have some lessons to learn on operational contract management, we need to grow in our maturity in this area; it is not a procurement accountability. Being able to set up a better appreciation of operational contract management and ensuring it is properly undertaken, is something that the University is increasingly understanding. It is something that CIS appreciates, so I know that they are making some strides in this area, and I am wanting to assist them, as we would also for other areas - whomever has the most appropriate role in managing contracts relevant to their operations. Contract management is best undertaken by those closest to the delivery of goods and services, so managing most contracts from a central procurement function is inefficient, and probably inappropriate. But it would be good for the University to understand how to efficiently manage its contracts and how to ensure it is getting not just value for money, but also the services it requires in an appropriate way from its contracted suppliers. I think, this issue is throwing up some lessons on operational contract management that I think the University can learn from.

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