

**INDEPENDENT COMMISSION AGAINST CORRUPTION**

**STATEMENT IN THE MATTER OF: Operation Gerda**

**PLACE: University of Sydney**

**NAME: Wayne Andrews**

**ADDRESS: The University of Sydney, NSW 2006**


**OCCUPATION: Chief Financial Officer**

**DATE: 12 July 2018**

**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 53 years of age.
  
3. I am the Chief Financial Officer at the University of Sydney. I have been in the position since 2 March 2016. I was formerly the Chief Operating Officer at Brinks Security more than 20 years ago. I was responsible for the Asia Pacific area in this role.
  
4. I am responsible for all financial matters for the University from the balance sheet through to the financial operations, statutory financial reporting, internal

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management reporting, budget preparation, budget planning and forecasting, procurement, including accounts payables.

5. The Chief Procurement Officer reports to me.
6. The residential colleges are not part of the University. They are independent entities.
7. Conceptually the expense for the payments to SNP Security would be recorded under the Campus Infrastructure Services cost centre – this is known as a responsibility code. To the best of my knowledge this is where the expense lands and ends unless there is some form of additional variable service provided. For example extra hours for an event or specific requirement
8. The University does have a University Economic Model, UEM, which in substance is an allocation of central costs to business units but is not an explicit direct cost recovery from faculties or other business units, it is an income statement signal of the cost of overheads.
9. The invoices from SNP Security go to the accounts payable team currently resident in CIS but reporting through Finance at the University. The normal course of events is that the appropriate authorities would accompany the invoices acknowledging that the services had been received and that they are due for payment.

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10. The University does not have a great deal of consistency in its accounts payable processes and this is something I have been working on since I became the CFO. The ideal process is that when services are sought to be procured a requisition should be created and approved by someone who has the appropriate delegation of authority. This would result in a purchase order being created. The purchase order would then be placed with the vendor who provides the services. The services would then be receipted. The supplier would issue an invoice and those various documents would be matched, and the invoice would be paid. That happens with some services at the University. What also happens is that those requisitions are often not created in advance of the service being procured and there is a process of vouching to provide sufficient evidence that the services have been procured with the appropriate authority before they are paid. In these cases it is after the event, which is not the perfect process. We are implementing a process to change that practice.

11. The University uses the People Soft application software.

12. For a contract like the SNP contract, I would expect the variable invoices to be supported by time sheets or something equivalent to a time sheet. I would expect the time sheets to be signed off by somebody who is knowledgeable enough to be aware that the services were provided. The invoices should then be approved by an employee with the financial delegation to approve that level of expense.

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13. On the standing invoices, I would expect that there would be some sort of standing purchase order in the system.
14. I am prepared to acknowledge that the University is not at best practice yet in relation to invoice payment processes.
15. If a contract is more than \$10 million in value it goes to our Finance and Audit Committee, which has unlimited financial authority for the University.
16. If a supplier were relying on contractors to fulfil their obligations, I would be interested in how they did that and possibly examine the use of subcontractors however the University's primary concern would be the obligation of the primary contracting party and service levels to which they subscribe. What that might be would depend upon the context, for example most of the University's capital works are undertaken via a prime and subcontractor model.
17. If the University were to award a contract for \$25 million over five years, the proposal would go to the Tender Evaluation Board. I am a member of this Board. The Board looks at the process and satisfies itself that value had been achieved and that there was the right sort of probity in place regarding the process. The Board recommends the contract for signature to the Finance and Audit Committee who has the financial authority to approve a \$25 million contract. As part of this process the Tender Evaluation Board summarises the procurement method and states why it is appropriate for the Committee to approve that contract. The

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Committee would probably authorise me and the Vice-Chancellor to sign the contract.

18. Our delegation of authority are unclear regarding whether one looks at the total value of the contract over its life, or whether the approval threshold is set at the annual or transactional value. This lack of clarity may result in different interpretations. This question has presented itself a few times over the couple of years that I have been at the University. I have received clarity and satisfied myself with General Counsel that the delegations concern the cumulative value of the contract.

19. At the beginning of a procurement process, a go-to-market strategy document is completed. This document considers a number of factors, including the available suppliers in the market, whether suppliers are known by the University and the evaluation approach that will be taken if a competitive selection process is adopted. This is now a standard document with a standard format. If you were to examine some of our recent purchases, you would find that document in place provided the procurement area had been involved in the selection of the supplier.

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