

Department of Communities and Justice report on implementation of plan of action in response to *Investigation into the alleged corrupt practices of a headlease coordinator at the NSW Department of Family and Community Services (Operation Cygnet)*

Please indicate which applies:

- ✓ This is an interim report; a further report will be provided in twelve months

Report (interim)

Recommendation 1

That the NSW Department of Communities and Justice (“the DCJ”) reviews the design of its headleasing repairs process so that responsibilities for key activities are clarified and sufficiently segregated.

COMPLETE

New and revised processes and procedures have been documented and implemented. These provide clear definitions of responsibilities for staged activities and clearly defined approval processes ensuring more than one person is involved with the assessment and approval of repair requests and decisions.

All staff involved in Headlease including direct managers received training on the new operational procedures during 2019/20. Training is provided to individuals and teams working in Headleasing on an ongoing basis.

Recommendation 2

That the DCJ develops and enforces a clear and comprehensive set of policies and procedures governing the headleasing process. The policies and procedures should include:

- a. assessing and negotiating the scope of repair work
- b. recordkeeping requirements
- c. sourcing and assessing quotations
- d. extending rental payments.

COMPLETE

DCJ has implemented new and revised policies and procedures that provide clear direction on the end-to-end process for the management of Headleasing.

Clearly defined roles and responsibilities aid staff in understanding expectations against a timeline. Requests for approvals are stored and shared electronically using TRIM where visibility of actions can be reviewed and monitored.

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From April 2021 an ongoing audit program has commenced with monthly sampling of Headlease matters. The audits will be conducted and reported on by DCJ Internal Audit team.

All staff involved in Headlease (including managers and support staff) received training on the procedural changes in 2019/2020. Training covered management of Headlease properties from beginning to end, with particular attention on the process for handling repairs.

Training also covered the various responsibilities and decision delegations of staff at various levels.

Training is provided to individuals and teams working in Headleasing on an ongoing basis.

Recommendation 3

That the DCJ develops and provides guidelines to real estate agents/owners of headlease properties concerning the headleasing process, including information about each party's responsibilities regarding the repair process

COMPLETE

Headleasing Guidelines have been published on the DCJ website.

All new real estate agents/owners are provided with the Guidelines at the commencement of their relationship with DCJ.

At the time of publishing the Guidelines were also provided to all existing real estate agents/owners.

Headlease Coordinators are required to monitor that this action is undertaken on every new lease.

Recommendation 4

That the DCJ provides real estate agents/owners with a copy of its statement of business ethics.

COMPLETE

A procedural change has been implemented that requires all Headlease staff to issue the *Statement of Business Ethics* to each and every real estate agent/landlord at each new lease and lease renewal.

All existing real estate agents and landlord partners were provided the *Statement of Business Ethics*. Headlease Coordinators are required to monitor that this action is undertaken on every new lease.

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Recommendation 5

That the DCJ changes its system for repair work to provide visibility over who is undertaking repair work, at what cost, for what property, and whether the work was performed.

COMPLETE

DCJ has implemented new processes, procedures and forms that allow for the capture and recording of repair work details with staged delegated approvals.

An interim manual process has been implemented to capture increased detail for each instance where repairs are carried out on a Headlease property and staff have been trained on this process. This manual process will remain in place until the IT solution is finalised.

The pending IT solution for managing Headlease will include the capturing of all steps, quotes and invoices related to each instance of repair, allowing for automation of key headlease management activities.

Funding has been acquired to develop a new IT solution for the management of Headlease properties. Business Requirements have been finalised and project team is currently preparing for procurement activities to seek a vendor via an RFP process. The solution is expected to be deployed in 2021/22.

Recommendation 6

That the DCJ develops systems to record, monitor and analyse expenditure patterns on its headleased properties.

COMPLETE

DCJ has implemented procedural changes that ensure all repairs transactions are now processed through current IT systems allowing for the capture of detailed information on amounts and payee details.

DCJ has introduced two new reports: the Headlease Repairs Transaction report and the Headlease Management report issued to Districts monthly.

The pending IT solution for managing Headlease will include the ability to record, monitor and analyse expenditure patterns in headleased properties. The pending IT solution will allow for automation of key activities; further enhancing compliance and information management.

Recommendation 7

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That the DCJ develops a set of benchmarks, taking into account regional variations, related to the time and cost of different categories of repair work.

COMPLETE

DCJ has published a guide with staff that lists the most common repair types and benchmark pricing schedules to support Districts to compare quotes for work required.

The guide notes variances in costs relevant for metro versus regional.

There will be a process in place to review these pricing schedules annually.

Recommendation 8

That the DCJ develops a system to ensure that rental payments cannot continue without senior authorisation after a headleased property is vacated. Any decision to extend rental payments should be subject to ongoing management review at set intervals.

IN PROGRESS

The pending IT solution for managing Headlease will have relevant controls in place to ensure rental payments cannot continue unless authorised by a senior delegated staff member.

Funding has been acquired to develop a new IT solution for the management of Headlease properties. Business Requirements have been finalised and project team is currently preparing for procurement activities to seek a vendor via an RFP process. The solution is expected to be deployed in 2021/22.

Recommendation 9

That the DCJ develops a comprehensive position description for headlease coordinators that reflects the key skills and capabilities required for the role.

COMPLETE

A formal role description has been developed for a Headlease Coordinator. The Coordinator role has been set at a Clerk Grade 5/6 minimum.

Some of the specific capabilities set out in the role description include:

- Thorough understanding of Headlease policies, procedures and guidelines.
- Ability to monitor budgets and financial performance.
- Be able to communicate the rights and responsibilities of tenants and landlords in property maintenance issues in accordance with Department policies and procedures.

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- Represent the Department in an honest, ethical and professional way.
- Recognise and report misconduct, illegal or inappropriate behavior.

Recommendation 10

That the DCJ develops and periodically delivers training for all staff (including managers) involved in the headleasing process to equip them with the skills and knowledge required for the role.

COMPLETE

Initial training was provided during 2019/20 to coincide with the introduction of new and revised procedures, forms and reporting.

An electronic copy of the training material was placed on the DCJ Intranet and available to all staff.

Staff also have the ability to contact CSBI for advice and guidance and policy and procedural matters.

Ongoing training and support is provided to any new staff that commence working in the Headleasing space.

Recommendation 11

That the DCJ considers proactive measures to help identify conflicts of interest and influence staff behaviour, such as requiring all headleasing staff to regularly complete declarations related to private work and conflicts of interest.

COMPLETE

All Headlease staff have been placed on the Senior Executive Private Interest Declaration (SEPID) program with 110 staff completing the Declaration in the November 2020 round.

In October 2021, the annual review of all staff working within Headlease commenced to ensure all staff have up to date SEPID declarations lodged.

The COI Policy and Procedure requires delegated officers (Director level and above) to oversee and ensure that supervisors are monitoring the implementation of any agreed strategies outlined in the employee's COI declaration.

The COI Program was launched & communicated to staff via email on 12 November 2020.

Recommendation 12

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That the DCJ reviews its policies and procedures relating to secondary employment and private work to ensure they require managers to actively monitor compliance with requirements.

COMPLETE

The annual SEUW Program rollout (Policy & Procedure, where required, completion of an application for review & and consideration e.g. approved/declined) was launched & communicated to staff via email on 12 November 2020.

Ongoing monitoring continues and there has been no reported concerns.

Recommendation 13

That the DCJ informs managers of existing employee secondary employment and private work approvals, including when reporting lines change.

COMPLETE

The SEUW Policy and Procedure requires delegated officers (Director level and above) to oversee and ensure that supervisors are monitoring the implementation of any agreed strategies outlined in the SEUW Agreement.

There have been no reported concerns.

Recommendation 14

That the DCJ reviews its internal investigations processes to ensure:

- a. allegations are investigated by officers with sufficient skills and capabilities**
- b. matters are not closed inappropriately and are followed up when referred to other areas**
- c. investigation recommendations are implemented.**

IN PROGRESS

DCJ has implemented the reviewed Conduct and Professional Standards centralised operating model, including staff being assigned to Case Manager and Investigator roles.

The new structure provides for improved case management of matters through centralised investigation, assessment, allocation and monitoring of conduct matters. Staff are assigned to Case Management and Investigator roles.

Employees who did not have the Cert IV in Government Investigations attainment were scheduled to complete the course in May 2021 – this is now complete.

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Staff Learning and Developments plans developed. Continuing to refine these based on operational needs and employee feedback undertaken as part of Performance Development discussions

Operating procedures process mapping completed, and protocols developed.

Implementation of a new DCJ Case Management System (CMS) Case Management System has commenced. This will become a central repository for all DCJ records. Expected completion date is May 2022.

Investigation status updates are provided to the Executive on a monthly basis. Further work will also be undertaken in relation to reporting as part of the CMS implementation. Operating procedures are in place to manage escalations.

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