### APPENDIX A Submissions and comments

We have consulted with the Department of Families, Fairness and Housing, Parks Victoria, the Department of Health and the Department of Jobs, Precincts and Regions, and we considered their views when reaching our conclusions. As required by the *Audit Act 1994*, we gave a draft copy of this report, or relevant extracts, to those agencies and asked for their submissions and comments.

Responsibility for the accuracy, fairness and balance of those comments rests solely with the agency head.

### Responses were received as follows:

Department of Health	40
Department of Jobs, Precincts and Regions	44
Department of Families, Fairness and Housing	47
Parks Victoria	50

### Response provided by the Secretary, Department of Health



Secretary

Department of Health

50 Lonsdale Street Melbourne Victoria 3000 Telephone: 1300 650 172 GPO Box 4057 Melbourne Victoria 3001 www.health.vic.gov.au DX 210081

DH Ref: BAC-BR-7082 VAGO file No: 34640

Andrew Greaves Auditor-General Victorian Auditor-General's Office

via e-mail: andrew.greaves@audit.vic.gov.au

Dear Mr Greaves

### Limited assurance review: Managing conflicts of interest in procurement

Thank you for sending us the latest iteration of the report of the limited assurance review, *Managing conflicts of interest in procurement* on 27 August 2021, which included an acquittal of the matters raised in my letter of 26 August 2021.

### My department would make the further responses:

1. (a) The challenges that staff encounter may provide context for a procurement decision that does not comply with policies or procedures. However, they do not justify non-compliance (p. 5)

### DH Response:

The example of non-compliance identified by VAGO relates to an issue of input of data into the Critical Incident Procurement policy (CIPP) database, rather than a finding of non-compliance. The latter suggests more substantive issues with CIPP processes than data input.

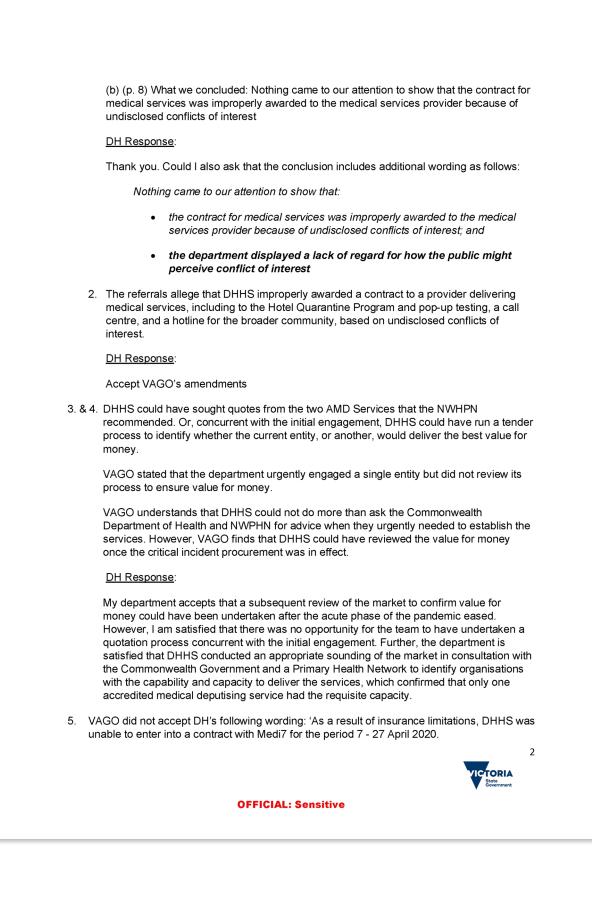
In addition, there are several points in the Overview chapter which refer to failures of 'two' agencies, neither of which apply to the Department.

### DH Response:

My preference would be that VAGO explicitly identifies which agencies are referred to with respect to procedural failures. These references could be taken from the agency report chapters.



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### Response provided by the Secretary, Department of Health-continued

DH Response:

DH accepts the wording.

The actions that the department will undertake to address the two procurement-related report recommendations are included in the Action Table at **Attachment 1**.

I and my department appreciate the diligence and patience of your team when working with the us on this review. We are committed to continued strengthening of our procurement processes and practices.

Yours sincerely



Professor Euan M Wallace AM Secretary

30/08/2021



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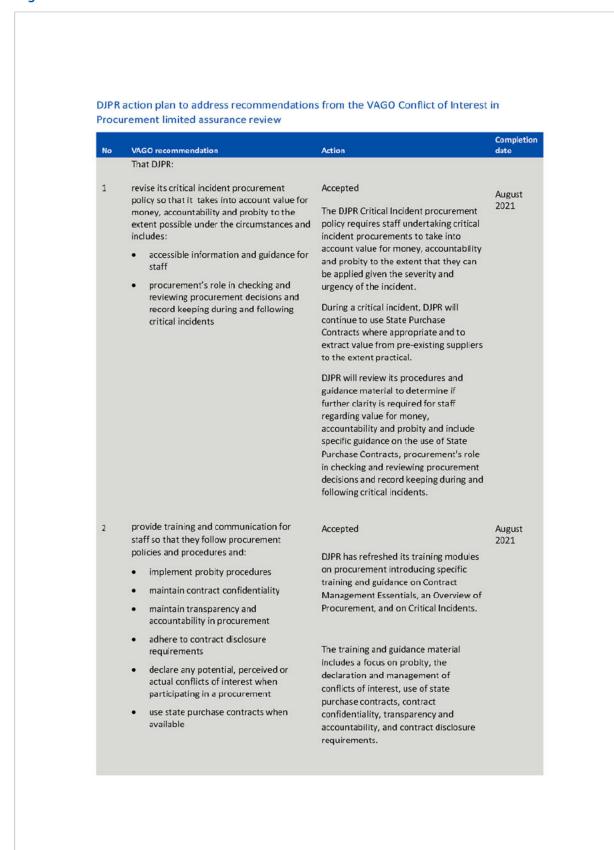
Department of Health action table to address recommendations from *Procurement for the Hotel Quarantine Program* 

VAGO recommendation	Department al response	Action	Completion date
<ul> <li>DH to revise its critical incident procurement policy so that it ensures value for money, accountability and probity, and includes:</li> <li>accessible information and guidance for staff; and</li> <li>procurement's role in ensuring procurement decisions and record</li> </ul>	Accept	The department to revise its Critical Incident Procurement policy.	30 Sep 2021
procedures. DH to provide training and communications for staff so that they	Accept	The department to develop a training and communications	28 Feb 2022
<ul> <li>take into account value for money, accountability, and probity in procurement</li> <li>consistently adopt mandatory and minimum recordkeeping</li> <li>maintain transparency and accountability in procurement</li> <li>adhere to contract disclosure requirements; and</li> <li>declare any potential, perceived or</li> </ul>		strategy for staff to enable them to follow both standard procurement procedures and the critical incident procurement policy.	
	<ul> <li>DH to revise its critical incident procurement policy so that it ensures value for money, accountability and probity, and includes:</li> <li>accessible information and guidance for staff; and</li> <li>procurement's role in ensuring procurement decisions and record keeping comply with policies and procedures.</li> <li>DH to provide training and communications for staff so that they follow procurement procedures and:</li> <li>take into account value for money, accountability, and probity in procurement</li> <li>consistently adopt mandatory and minimum recordkeeping</li> <li>maintain transparency and accountability in procurement</li> <li>adhere to contract disclosure requirements; and</li> <li>declare any potential, perceived or</li> </ul>	VAGO recommendation     al response       DH to revise its critical incident procurement policy so that it ensures value for money, accountability and probity, and includes:     Accept       • accessible information and guidance for staff; and     ensuring procurement's role in ensuring procurement decisions and record keeping comply with policies and procedures.     Accept       DH to provide training and communications for staff so that they follow procurement procedures and:     Accept       • take into account value for money, accountability, and probity in procurement     Accept       • consistently adopt mandatory and minimum recordkeeping     maintain transparency and accountability in procurement       • adhere to contract disclosure requirements; and     ecceived or	VAGO recommendational responseActionDH to revise its critical incident procurement policy so that it ensures value for money, accountability and probity, and includes:AcceptThe department to revise its Critical Incident Procurement policy.• accessible information and guidance for staff; andprocurement's role in ensuring procurement decisions and record keeping comply with policies and procedures.AcceptThe department to revise its Critical Incident Procurement policy.DH to provide training and communications for staff so that they follow procurement procedures and:AcceptThe department to develop a training and communications strategy for staff to enable them to follow both standard procurement• take into account value for money, accountability, and probity in procurementAcceptThe department to develop a training and communications strategy for staff to enable them to follow both standard procurement• consistently adopt mandatory and minimum recordkeepingmaintain transparency and accountability in procurementprocurement procurement procurement procurements; and

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### Response provided by the Secretary, Department of Jobs, Precincts and Regions





### Response provided by the Secretary, Department of Jobs, Precincts and Regions—continued

No	VAGO recommendation	Action	Completion date
3	provide guidance and procedures for staff working remotely to:	Accepted	Aug 2021
	<ul> <li>seek approval (signatures)</li> </ul>	DJPR published guidance material for	
	witness signature	staff regarding the execution and witnessing of contracts when working	
	<ul> <li>ensure records of approval are maintained.</li> </ul>	remotely in April 2020. DJPR has refreshed this material to include the latest information on electronic signatures and maintaining records of approval.	

### Response provided by the Secretary, Department of Families, Fairness and Housing



Department of Families, Fairness and Housing

50 Lonsdale Street Melbourne Victoria 3000 Telephone: 1300 475 170 GPO Box 1774 Melbourne Victoria 3001 www.dffh.vic.gov.au

BAC-CO-17967

Mr Andrew Greaves Auditor-General Victorian Auditor-General's Office Level 31, 35 Collins Street MELBOURNE VIC 3000

Secretary

Dear Mr Greaves

### Proposed report: Managing conflicts of interest in procurement

Thank you for providing the department with the Managing conflicts of interest in procurement proposed report, specifically Chapter 4 titled *DHHS: Procuring community* service providers.

The department has considered the review findings and accepts the recommendations.

I note that your report concludes that nothing came to your attention that showed improper influence associated with the perceived conflict of interest or that the successful bidders did not meet the key evaluation criteria.

Our actions proposed to address the audit recommendations are included in the attached table.

Yours sincerely



Sandy Pitcher Secretary

26 / 08 / 2021



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### Attachment 1

# **DFFH Action Table in response to Recommendations**

## Procuring community service providers

Proposed Completion Date	30 November 2021
Proposed Action	The department will review current procurement guides and processes to ensure all requirements in relation to Conflict of Interests are clear for all departmental staff. The departments elearning procurement training module (currently under development) will include a section in relation to Conflict of Interest to better educate staff. The department is in the process of developing an online system for Conflict of Interests and Declaration of Private Interests. This system will support greater compliance with staff identifying. documenting, and managing conflict of Interest and Declaration of Private Interest Forms will include a requirement for manager approval for all declarations being completed. The department staff to ensure a clear understanding of the shortlisting and evaluation process.
Response	Accept
Recommendation	<ul> <li>DFFH provide ongoing training and communications for staff so that they follow procurement policies and procedures and:</li> <li>declare any potential, perceived or actual conflicts of interest when participating in a procurement</li> <li>sign DOPI forms (and other official documents) in the presence of the witness</li> <li>follow guidelines when shortlisting bidders.</li> </ul>
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Response provided by the Secretary, Department of Families, Fairness and Housing-continued

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Recommendation	Response	Proposed Action	Proposed Completion Date
<ul> <li>DFFH revise its existing procurement policies and procedures and ensure staff are provided with guidance on:</li> <li>witnessing signatures</li> <li>managing perceived and potential conflicts of interest</li> <li>responding to referee input.</li> </ul>	Accept	The department is in the process of developing an online system for Conflict of Interests and Declaration of Private Interests. This system will support greater compliance with staff declaring any potential, perceived or actual conflicts of interest and remove the requirement for witnessing signatures. The department will provide training for procurement staff to ensure a clear understanding how referee input is to be considered during the	30 November 2021
		The department will review and updated current procurement guides and processes to ensure staff only use referee checks to validate evaluation scores, and not to revise evaluation scores.	
		The department will update referee request template to include consideration of any risks associated with perceived or potential conflicts of interest of the referee	
		The department will include a question that confirms whether the referee currently receives any funding from the bidder in the referee request template.	

Response provided by the Secretary, Department of Families, Fairness and Housing—continued

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### Response provided by the Chief Executive Officer, Parks Victoria



Parks Victoria Level 10, 535 Bourke St Melbourne Victoria 3000 www.parks.vic.gov.au ABN 95 337 637 637

30 August 2021

Mr. Andrew Greaves Auditor-General Victorian Auditor-General's Office Level 31/35 Collins Street MELBOURNE VICTORIA 3000

Dear Mr Greaves

### PROPOSED ASSURANCE REVIEW REPORT-MANAGING CONFLICT OF INTEREST IN PROCUREMENT

Thank you for your letter dated 19 August 2021, regarding the Proposed Assurance Review Report—Managing Conflicts of Interest in Procurement. I would like to acknowledge the receipt of this letter and the associated report (the Report).

With regards to the findings and recommendations within the Report, please find our responses below:

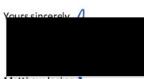
VAGO Recommendation	Parks Victoria's Response
<ol> <li>That Parks Victoria revise its procurement procedures and provide ongoing communications and training for staff so that:</li> <li>they consistently declare any potential, perceived or actual conflicts of interest when participating in a procurement</li> </ol>	Parks Victoria's Response Accepted by Parks Victoria Parks Victoria welcomes VAGO's findings that nothing has come to VAGO's attention which indicates self-interest unduly influenced the procurement outcome or contradicts with Parks Victoria's assertion that it used a series of short-term contracts to engage the supplier to progressively manage the scope of the work rather than to avoid scrutiny. As part of our Managing Country Together Framework, Parks Victoria is strongly committed to working with Traditional Owners to preserve Aboriginal culture heritage. Parks Victoria remains of the view that the
<ul> <li>conflicts of interest do not influence procurement decisions</li> </ul>	supplier engaged was the only suitable rock art surveyor who had the knowledge of the particular local landscape and the required reputation with Traditional Owners.
<ul> <li>it applies valid exemptions from its procurement procedures in an evidence- based manner and in accordance with required timeframes</li> </ul>	Parks Victoria fully accepts VAGO's recommendations to revise its procurement procedures and provide ongoing communications and training to staff members to continue to improve the management of perceived, potential or actual Conflicts of Interest in procurement and its procurement exemption process.



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VAGO Recommendation	Parks Victoria's Response
	Parks Victoria has provided a procurement training to over 1,000 staff members in April – May 2021. The all-staff training offered has sections dedicated to the topics of "Conflict of Interest in Procurement" and "Procurement Exemptions".
	Parks Victoria will further review and enhance its procurement procedure and documentation by 31 October 2021 to ensure that Conflict of Interest considerations are embedded throughout the procurement process and all procurers must actively consider Conflict of Interest implications when conducting procurement activities and ensure any perceived, potential or actual Conflicts of Interest do not (or are not perceived to) influence procurement decisions. In addition to the existing Conflict of Interest declaration process, a dedicated procurement section in the standard Parks Victoria Conflict of Interest declaration template will also be added for the identification and management of Conflicts of Interest in procurement activities. Parks Victoria has undertaken a significant amount of work in the
	recent months in strengthening its procurement exemptions process. Procurers are required to document a greater level of justification and evidence for exemption requests to be considered for approval. Further updates to the procurement exemption template to provide increased guidance for the exemption process will be provided by 31 October 2021.
<ol> <li>That Parks Victoria consistently discloses payments made to consultants in accordance with Financial Reporting Direction 22H.</li> </ol>	Accepted in principle by Parks Victoria Parks Victoria will continue to disclose payments made to consultants in accordance with Financial Reporting Direction (FRD) 22H. Parks Victoria will provide training to procurers by 31 October 2021 relating to the classifications of contractors vs. consultants in
Direction 22n.	accordance with FRD 22H and the appropriate transaction coding in its financial system.

Should you require further advice on this matter please contact Frances Li, Chief Financial Officer, Parks Victoria on 03 8427 3881 or frances.li@parks.vic.gov.au.



Matthew Jackson Chief Executive Officer



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