



# Appendix one – Response from agencies

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## Response from Transport for NSW



Transport  
for NSW

22 May 2019

Mr Ian Goodwin  
Acting Auditor-General of NSW  
Level 15  
1 Margaret Street  
SYDNEY NSW 2000

Dear Mr Goodwin

Thank you for the opportunity to respond to the Audit Office's final report regarding the engagement of probity advisors at Transport for NSW (TfNSW). Firstly I would like to acknowledge the high level of engagement that has occurred between TfNSW and the Audit Office, and the level of effort expended to support this audit.

As noted in your report, TfNSW has implemented an extensive system to ensure probity is maintained throughout procurement and project activities, without leading to the overuse of external advisors. This system includes policies and procedures, mandatory ethics and probity training for members of evaluation committees, and the establishment of a competitively sourced panel of advisors to support Transport's unprecedented pipeline of construction procurement.

The effectiveness of this system is evidenced by the very low number of engagements over the three year period assessed, in which less than 1% of our procurement events resulted in the engagement of an external probity advisor.

TfNSW will consider the recommendations to review and revise probity policies, processes and systems.

TfNSW also notes the recommendations directed to the NSW Procurement Board and DPC. We support any action that clarifies the Direction and enhances its practical application, or that increases the number of prequalified practitioners available with the required capability and experience to deliver quality outcomes.

Yours sincerely

Rodd Staples  
Secretary

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Transport for NSW

18 Lee Street, Chippendale NSW 2008 | PO Box K659, Haymarket NSW 1240  
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## Response from Department of Education



Ms Claudia Migotto  
Assistant Auditor-General  
Audit Office of New South Wales  
Level 15, 1 Margaret Street  
SYDNEY NSW 2001

DGS19/777

Dear Ms Migotto

Thank you for providing the department with a copy of the final Audit report on the Engagement of probity advisers and probity auditors in order to provide our comments.

The department believes it materially complies with the requirements of the Procurement Board Direction 2013-05 (PBD-2013-05) when engaging probity practitioners and that it has effective processes established to achieve compliance and assure the engagements achieved value for money.

The department has qualified and experienced procurement officers who undertake the role and responsibility for probity throughout procurement projects. The department has a centre led procurement function that means these officers are fully independent to the procurement projects undertaken by the department. They are non-voting members of the evaluation panels established and complete conflict of interest forms and declarations throughout the procurement projects.

However, the department notes the recommendations within the report and will complete these as requested by the Audit Office.

We acknowledge the efforts of the Audit Office staff in compiling the report.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Mark Scott'.

Mark Scott AO  
**SECRETARY**  
**DEPARTMENT OF EDUCATION**

24 May 2019

## Response from Ministry of Health



Ms Margaret Crawford  
NSW Auditor-General  
Audit Office of NSW  
GPO Box 12  
SYDNEY NSW 2001

Our ref H19/49120

Dear Ms Crawford

### **Compliance Audit report on Engagement of Probity Advisers and Probity Auditors**

Thank you for your letter of 8 May 2019 seeking feedback from NSW Health on your compliance audit report *Engagement of Probity Advisers and Probity Auditors*. I welcome your focus on this area and the Procurement Board Directive PBD-2013-05, given the significant need for assurance on probity within the NSW Public Sector.


The principles of probity are embedded within the NSW Health strategic procurement model and reinforced by the oversight provided by our Chief Procurement Officer within the Ministry of Health. Procurement activity is conducted by individual NSW Health Organisations according to a suite of core mechanisms, including our procurement policies, combined delegations and related tools and resources available to all staff through our internal procurement portal. These resources have been developed as a practical embodiment of the guidance offered by the NSW Procurement Board and other advising bodies, appropriate for the scale of activity necessary to service our Health System and ensure ongoing value.

Within this context, the recommendations as presented highlight both areas of strength for NSW Health and areas for enhancement which will be reviewed as part of the continuous improvement of our processes. It is noted that there has been some difference in the interpretation of PBD-2013-05 during the course of this audit and the recommendations made in the report will be reviewed giving consideration to the NSW Health strategic procurement model and the role and accountability of our individual NSW Health Organisations.

More broadly, in assessing compliance with PBD-2013-05, the role of the NSW Procurement Board must also be considered and I request that any recommendation seeking to strengthen processes includes action for the Board to revise their guidance to be more supportive and to consider the practical needs of NSW Government Agencies.

I appreciate that the audit team have been in close communication with representatives of NSW Health during the course of this audit program.

Yours sincerely

  
Elizabeth Koff  
Secretary, NSW Health  
22/5/19

NSW Ministry of Health  
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Locked Mail Bag 961 North Sydney NSW 2059  
Tel. (02) 9391 9000 Fax. (02) 9391 9101  
Website. [www.health.nsw.gov.au](http://www.health.nsw.gov.au)

## Response from Department of Finance, Services and Innovation



**Customer  
Service**

McKell Building – 2-24 Rawson Place, Sydney NSW 2000  
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### Office of the Secretary

Our ref: BN19/965  
Your ref: D1905868

Mr Ian Goodwin  
Acting Auditor-General of NSW  
Audit Office of NSW

Via email: [ian.goodwin@audit.nsw.gov.au](mailto:ian.goodwin@audit.nsw.gov.au)  
CC: Secretary Treasury Mike Pratt [michael.pratt@treasury.nsw.gov.au](mailto:michael.pratt@treasury.nsw.gov.au)

Dear Mr Goodwin

Thank you for your letter of 8 May 2019 regarding the Auditor-General's report on the engagement of probity advisors and probity auditors, and the opportunity to provide a formal response on behalf of Department of Customer Service (DCS) to be incorporated in the final report.

DCS notes the audit report findings and supports the recommendations outlined in the report. Please note, as part of the 2019 Machinery-of-Government changes, NSW Procurement will be transferred to Treasury on 1 July 2019.

The response to the finding and recommendation relating to the NSW Procurement Board will be actioned by NSW Procurement which include:

- Finding: *"The NSW Procurement Board has not effectively monitored agencies' compliance with the Direction's requirements, nor has it asked any agency to report on its use of probity practitioners since the Direction's inception in 2013."*
- Recommendation: *"To support agencies, the NSW Procurement Board should develop and implement criteria to ensure prequalified practitioners have the required capability and experience to deliver quality outcomes."*

If you would like more information, please contact Greg Grebert, Director Category Management – Professional Services, NSW Procurement, via email at [greg.grebert@finance.nsw.gov.au](mailto:greg.grebert@finance.nsw.gov.au).

Yours sincerely

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Glenn King  
**Secretary**  
22 May 2019

## Response from Department of Premier and Cabinet



Ref: A2993511

Ian Goodwin  
Acting Auditor-General of NSW  
Audit Office of NSW  
GPO Box 12  
Sydney NSW 2001

Dear Mr Goodwin,

Thank you for your letter of 8 May and for providing the final *Auditor General's report on the engagement of probity advisers and probity auditors*.

We agree the Department of Premier and Cabinet has a role to help agencies consistently apply Government policy to achieve better outcomes for the State, and note this includes clear and consistent probity processes.

The Department of Premier and Cabinet's experience has been that Procurement Board Direction (PBD) 2013-05 is generally observed when engaging probity practitioners on complex infrastructure procurements and major transactions. However, DPC agrees with the report's recommendation that more work should be done with Gateway Coordination Agencies to help agencies consistently apply the direction.

NSW Treasury should lead this work. The upcoming move of NSW Procurement into NSW Treasury also creates an ideal opportunity to review whether the current guidance on the engagement of probity advisers, including PBD-2013-05, remains fit for purpose.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'T Reardon'.

**Tim Reardon**  
**Secretary**

22 May 2019

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