



Australian Government  
Department of Immigration  
and Border Protection

08 March 2017

Committee Secretary  
Joint Committee of Public Accounts and Audit  
PO Box 6021  
Parliament House  
Canberra ACT 2600

To whom it may concern

I write in respect of the Auditor-General's Report No. 16 16 2016–17 Performance Audit  
*Offshore Processing Centres in Nauru and Papua New Guinea: Procurement of Garrison  
Support and Welfare Services.*

Concerns raised at paragraph 4.19 of the report were referred to the Department's Integrity and Professional Standards (I&PS) Branch for further assessment. That assessment has now been finalised.

The assessment by I&PS Branch examined documentation and emails from both TRIM, the Department's official recordkeeping system, as well as group network drives, cyber security audits and the original files held by the Services and Procurement Taskforce.

The assessment has concluded that:

- All tender evaluation documents were drafted prior to the selection of the preferred tenderer.
- These individual documents were subsequently uploaded into TRIM files (i.e. 'storage folders') after the identification of the preferred tenderer, including during the course of the ANAO audit.
- There was no evidence of mal-administration or fraudulent activity by departmental officers.
- The matter did not warrant further investigation.

A full copy of the assessment report is attached for your reference.

Yours sincerely

A black rectangular box redacting the signature of Stephen Hayward.

**Stephen Hayward**  
First Assistant Secretary  
Integrity, Security and Assurance



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Department of Immigration  
and Border Protection

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## Referral Assessment

### Referral Summary

Information	Details
Jade Reference:	2016/343
Case Priority	High
Date information received:	13 September 2016
Source:	Other Agency
Allegation/Complaint:	<p>The Auditor-General, Australian National Audit Office (ANAO) Report No. 16 2016–17 <i>Performance Audit Offshore Processing Centres in Nauru and Papua New Guinea: Procurement of Garrison Support and Welfare Services</i> (ANAO Report) identified:</p> <ul style="list-style-type: none"><li>– serious and persistent deficiencies in the Department of Immigration and Border Protection's (the Department) procurement of these services</li><li>– procurement skill and capability gaps amongst departmental personnel at all levels involved in the procurement of these services, and</li><li>– persistent shortcomings in the planning and conduct of the procurements, including in relation to record-keeping, consistency and fairness in the treatment of suppliers, and the assessment of value for money.</li></ul> <p>After consideration of the ANAO Report, Audit and Assurance Branch referred an allegation to the Integrity and Professional Standards Branch (I&amp;PS) that:</p> <ul style="list-style-type: none"><li>– During the course of the ANAO Audit, some documents and files were only found by the Department <i>after</i> the audit report was finalised.</li><li>– Relevant electronic files appeared on departmental record-keeping system TRIM months <i>after</i> fieldwork for the audit was completed.</li></ul> <p>The audit report noted, at paragraph 4.19, that documents appeared to have been created <i>after</i> procurement processes were finalised and in the course of the ANAO Audit itself.</p>

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## BACKGROUND TO ALLEGATION

On 13 September 2016, the Auditor-General ANAO Report No. 16 2016–17 Performance Audit *Offshore Processing Centres in Nauru and Papua New Guinea: Procurement of Garrison Support and Welfare Services* (ANAO Report) was published. The objective of the audit was to assess the Department's procurement of garrison support and welfare services at offshore processing centres in Nauru and Papua New Guinea (Manus Island), and whether the processes adopted met the requirements of the Commonwealth Procurement Rules (including consideration and achievement of value for money)<sup>1</sup>.

The ANAO Report determined that the Department's procurement of these services fell 'well short of effective procurement' and identified:

- serious and persistent deficiencies in the Department's procurement of these services
- procurement skill and capability gaps amongst departmental personnel at all levels involved in the procurement of these services, and
- persistent shortcomings in the planning and conduct of the procurements, including in relation to record-keeping, consistency and fairness in the treatment of suppliers, and the assessment of value for money.

Audit and Assurance Branch (A&A) considered the ANAO Report and noted the findings articulated at paragraph 4.19 which stated:

*"The department continued to create files for months after the identification of the preferred tenderer, including during the course of this audit. For example, individual evaluations were collected and filed in January 2016 after an ANAO request for these documents. This activity occurred around six months after preferred tenderers were selected. As a result, there is a lack of evidence that these were the actual evaluations prepared by each evaluator in the Garrison and Welfare Services evaluation team (at the time of the final evaluation). The integrity of these documents cannot be guaranteed."*

Consequently, A&A referred the matter to Integrity and Professional Standards Branch (I&PS) to assess whether there had been any mal-administration or fraudulent behaviour with respect to the files associated with the tender evaluation process.

## REVIEW OF AVAILABLE DOCUMENTATION

The ANAO had, in liaison with A&A, identified that certain documents held in TRIM<sup>2</sup> files related to the tender process were created and filed in TRIM *after* the identification of the preferred tenderer.

I&PS obtained from A&A the list of 11 TRIM references, provided by the ANAO to substantiate the findings articulated at paragraph 4.19 of the ANAO Report. Of the 11 TRIM references, only one (ADF2016/1484) was found to contain documents of interest created and filed in TRIM after the identification of the preferred tenderer. The remaining 10 TRIM references were not of further interest to this assessment.

Integrity Intelligence considered the content of TRIM reference ADF2016/1484, which led to the identification of five departmental employees on the Garrison and Welfare Services (G&WS) evaluation team (ET) responsible for undertaking individual technical evaluations of the tender responses. A further two employees from the Services Procurement Task Force (SPTF) were identified as being responsible for sourcing the documents from the evaluators and subsequently creating and filing them in TRIM.

<sup>1</sup> <https://www.anao.gov.au/work/performance-audit/offshore-processing-centres-nauru-and-papua-new-guinea-procurement>.

<sup>2</sup> TRIM Records Manager 8 (TRIM RM8, TRIM) is the Department's electronic document and records management system.

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To address the matters raised by the ANAO Report, this assessment sought to consider the following questions:

1. Did the Department continue to create files for months after the identification of the preferred tenderer, including during the course of the ANAO's audit?
2. Were individual evaluations collected and filed in January 2016 after an ANAO request for these documents?

### **Did the Department continue to create files for months after the identification of the preferred tenderer, including during the course of the ANAO's audit?**

Integrity Intelligence considered the documents present in TRIM as well as original source documents located on group network drives and held in emails by members of the G&WS ET and the SPTF. While documents were uploaded to TRIM after the identification of the preferred tenderer, and on some occasions seemingly in direct response to the progressing ANAO audit, Integrity Intelligence was able to confirm that all 30 individual tender evaluation files were created and last edited *prior* to the identification of the preferred tenderer.

While the practices detected are inconsistent with the Department's recordkeeping policy, in that files were not uploaded to TRIM in a timely manner, there was no evidence detected which would support the claim that documents were created retrospectively after the preferred tenderer had been selected.

### **Were individual evaluations collected and filed in January 2016 after an ANAO request for these documents?**

Integrity Intelligence considered the files present in TRIM, original emails and documents created by members of the G&WS ET and employees in the SPTF.

This review identified incomplete contemporaneous record keeping, both within TRIM and group network drives. As a result, the employees of the SPTF were required to collect G&WS ET documents, including individual evaluations, from various sources and upload them to the relevant TRIM file to meet the ANAO's requests for documents.

After collecting these documents, the SPTF appear to have conducted minor formatting changes and edits, and then saved each document with a consistent file titling protocol prior to upload into TRIM. Due to the approach taken by the SPTF, it is therefore the case that evaluations were collected and uploaded to TRIM after they had been requested by the ANAO.

## CONCLUSION

Integrity Intelligence was able to consider significant evidence; including documentation and emails from both TRIM, group network drives, cyber security audit activity and the original files held by the SPTF prior to edit and upload to TRIM for ANAO consideration.

Based on this evidence, it was determined that departmental employees did not adhere to departmental recordkeeping procedures in relation to tender evaluations related to RFT 14/28, which is consistent with the findings of the ANAO Report.

While documents were uploaded to TRIM for some time after the preferred tenderer was selected, all material reviewed by Integrity Intelligence suggests that these documents were created and last modified before the selection decision. Accordingly, there are no indications of either mal-administration or fraudulent activity in the development of the original documentation and, as such, this matter does not warrant further investigation.

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<b>Assessment Officer</b> [REDACTED]		<b>Director Integrity Referrals and Engagement</b> [REDACTED]	
<b>IAC recommendation</b>  The matter is closed and the findings of this assessment are held for intelligence purposes and the result disseminated as required.  <b>Agreed/Not Agreed</b>		<b>Date:</b> 28/2/17.  <b>IAC meeting date</b> n/a.	
<b>Agreed Case Priority:</b> Low - Medium - High - <b>N/A</b>		<b>Assistant Secretary</b> [REDACTED] <b>Name:</b> [REDACTED] <b>Date:</b> 28/02/17. David WHITFIELD	
<b>Comments:</b>			

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