



Australian Government

Department of Health  
and Aged Care

# ***Management and assurance of integrity by consulting services***

Submission from the Department of Health and Aged Care  
to the Senate Finance and Public Administration References Committee –  
Inquiry into Management and assurance of integrity by consulting services  
(Consulting services)

**21 April 2023**



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## **Introduction**

The Department of Health and Aged Care (the department) welcomes the opportunity to make a submission to the Senate Finance and Public Administration References Committee (the Committee) – Inquiry into Management and assurance of integrity by consulting services (Consulting services).

## **About the department**

The department's vision is for better health and wellbeing for all Australians, now and for future generations.

The department's focus on improving health and wellbeing outcomes for all Australians requires us to work with our partners to shape Australia's health and aged care system and sporting outcomes through evidence-based policy, well targeted programs, and best practice regulation.

## **About the Inquiry**

The Committee has invited the department to make a submission to their Inquiry into Consulting services. The Committee will focus on the following topics:

The management and assurance of integrity by consulting services provided for the Australian Government, with particular reference to:

- a. the management of conflicts of interest by consultants
- b. measures to prevent conflicts of interest, breach of contract or any other unethical behaviour by consultants
- c. enforcement measures taken in response to integrity breaches, such as the inadequate management of conflicts of interest, breach of contract or any other unethical behaviour by consultants
- d. the management of risks to public sector integrity arising from the engagement of consultants
- e. the transparency of work undertaken by consultants, and the accountability of consultants for this work, and
- f. any other related matters.

## **The department's submission**

The department engages consultants to provide specialist expertise, independent research, reviews or assessments in relation to:

- investigating or diagnosing a defined issue or problem,
- carrying out defined reviews or evaluations, or
- providing independent advice, information, or creative solutions to assist the department in decision making.

The department considers the skills and resources required for the task, the skills available internally, and the cost-effectiveness of engaging external expertise. Decisions to engage



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consultants are made in accordance with the *Public Governance Performance and Accountability Act 2013* (PGPA Act) and related rules and instruments, including the Commonwealth Procurement Rules (CPRs) and internal departmental policies. Annual reports contain information about actual expenditure on reportable consultancy contracts. Information on the value of reportable consultancy contracts is available on the AusTender website.

The department has a range of controls and assurance mechanisms in place to support the appropriate procurement and management of consulting services. These include a centralised Procurement Advisory Service with a three tier procurement support model, a contract management framework, and a conflict of interest policy and toolkit.

#### Procurement Advisory Service (PAS)

PAS develops procurement strategies, provides procurement process advice, procurement policy guidance and advice in line with legislation and reviews relevant procurement documentation. PAS also provides procurement training, access to Commonwealth procurement panels and offers contract management advice.

#### PAS's procurement support model

PAS provides a 3-tier procurement support model to help staff with procurement requirements:

- **Self-service procurement** - routine and less complex procurements are supported through self-service utilising detailed procedural guidance and templates published on the department's intranet, with access to advisors at any stage.
- **Guided self-service procurement** - Guided self-service supports the majority of procurement activity in the department. PAS provides solutions-based advice and support. For procurements valued over \$80,000 PAS must review and clear the procurement documentation, including assurance that mandatory Whole of Government (WoG) arrangements are being utilised, before it is sent to the delegate.
- **Partnered procurement** - is for higher risk and complex procurement that requires significant ongoing support and governance across the entire procurement lifecycle to ensure successful outcomes for the department. Early engagement with PAS from the planning phase is a mandatory requirement for all internal business areas undertaking higher risk or complex procurements to ensure successful outcomes.

#### Quarterly Procurement Assurance Review

PAS undertake a quarterly assurance review which includes sampling completed procurement processes to identify levels of compliance with the procurement framework.



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This process also examines potential fraud indicators, such as multiple contracts with the same supplier, unusually high contract values and contracts awarded through non-competitive procurement processes. The assurance program is reported to the department's Executive Committee each quarter to provide visibility of any developing matters and the response to such matters. Where non-compliance is identified, the relevant officers and their management are notified and the necessary remedial action is initiated, including reporting of the non-compliance in the department's Financial Management Compliance System for consideration by the Chief Financial Officer and the Audit and Risk Committee in their finalisation of advice to the Accountable Authority of the effectiveness of the department's controls and assurance frameworks.

### Contract Management Framework

The contract management framework within the department is based on the Department of Finance Contract Management Guide. Contract managers are provided with access to resources such as contract management plan templates, contract risk assessment tools and both general and targeted training. Contract managers are encouraged to manage their contracts in accordance with the contract management guide including managing conflict of interest through the contract lifecycle.

### Conflict of Interest Policy

The department is committed to ensuring employees, contractors and consultants perform their duties in a fair and impartial way, and personal interests, private affiliations, or the likelihood of personal gain or loss do not influence performance of their duties.

The department's Conflict of Interest Policy (the Policy) outlines the department's requirements and protocols for conflict of interest. It requires real or apparent conflicts be identified and managed in a transparent and accountable way.

All employees, contractors and consultants engaged by the department are required to abide by the Policy. The Policy places a positive obligation on departmental employees, contractors and consultants to disclose real and apparent conflicts of interest as they arise and to ensure any disclosed conflicts are actively managed. For consultants the Policy operates in conjunction with:

- duties of Officials as specified in the PGPA Act, and
- the relevant departmental Accountable Authority Instructions and Finance Business Rules.

The department also provides a conflict of interest toolkit which is a guide containing advice for all departmental employees, contractors and consultants, and external persons involved



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in decision-making, in any capacity, with the department. This toolkit also provides information on how to declare a conflict of interest, gift or benefit, or outside employment.

#### Confidentiality, Conflict of Interest, Privacy and Secrecy Deed Poll

Consultants commencing with the Department are required to complete a *Confidentiality, Conflict of Interest, Privacy and Secrecy Deed Poll*. Departmental employees who manage contracts are required to ensure consultants complete Deeds when a:

- contract starts, or
- new consultant starts work under an existing contract.

Consultants who fail to comply with the conflict of interest terms contained in their contract may be subject to action under relevant clauses of that contract. Actions which may be taken can range up to and including the contract's termination.

#### Fraud Control

The department's Fraud and Corruption Control Plan 2021-2023 (the Plan) documents the department's fraud and corruption prevention, detection, and response system. It provides guidance for all departmental officials and those who undertake business with the department to recognise current fraud and corruption risks and vulnerabilities and how they can integrate control strategies in their everyday business.

The department provides a Fraud Control Toolkit for all staff including contractors and consultants. The Toolkit is an online resource that helps staff to manage fraud and corruption risks, report fraud or misconduct, and access tools and guidance materials.

#### Risk Framework

The department has a Risk Management Policy and Framework in place which defines our approach to the management of risk and supports our strategic plans and objectives.

The Risk Management Policy outlines:

- the key accountabilities, roles and responsibilities for managing risk,
- our risk culture,
- our enterprise risks, and
- our risk appetite and tolerance.

The department's Risk Management Framework supports the risk management policy by providing additional context on the department's approach and practical guidance to assist staff when undertaking risk management activities.



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### Conclusion

The department is serious about ensuring the integrity of its operations, preventing, detecting, and countering fraud and corruption, and identifying and managing conflict of interest.

All departmental officials (including staff, contractors and consultants) must model the behaviours outlined in the APS Values and Code of Conduct. This includes always being accountable and impartial, and not being influenced by personal interests or greed.

The department can provide more information on the above policies and frameworks to the Committee if needed.