

**Submission
No 3**

**EXAMINATION OF AUDITOR-GENERAL'S PERFORMANCE AUDIT
REPORTS MAY 2017 - DECEMBER 2017**

Organisation: Department of Premier and Cabinet

Date Received: 18 July 2018



**Premier
& Cabinet**

Ref: A2611559

Mr Bruce Notley-Smith MP
Chair
Public Accounts Committee
Parliament of New South Wales
Macquarie Street
SYDNEY NSW 2000

Dear Mr Notley-Smith

I refer to your letter of 21 June 2018, requesting a response to the Performance Audit 'NorthConnex'.

I am pleased to inform you that the recommendations made by the Auditor General have been implemented. I have attached the Department of Premier and Cabinet's (DPC) response to the audit in the format requested – 'Implementation of Recommendations.'

DPC will be publishing the status of implementing performance audit recommendations in its 2017-2018 Annual Report.

For any queries, the relevant contact is Mr Con Kargas, State Economy Branch, who may be contacted on tel: 9228 5407 or email: con.kargas@dpc.nsw.gov.au.

Yours sincerely

Tim Reardon
Secretary

11 July 2018

IMPLEMENTATION OF RECOMMENDATIONS

Department of Premier and Cabinet (DPC)

NorthConnex

	RECOMMENDATION	ACCEPTED OR REJECTED	ACTIONS TO BE TAKEN	DUE DATE	STATUS and COMMENT	RESPONSIBILITY
1	<p>Publish an updated 'Unsolicited Proposals – Guide for Submission and Assessment' which clarifies obligations with requirements in other NSW Government policies such as the NSW PPP guideline and Infrastructure Investor Assurance Framework. The update should require:</p> <p>a) a business case to be prepared, and a business case gateway review completed, as part of the assessment of the detailed proposal [currently stage 2]</p> <p>b) probity reports must be completed and considered before the decision to proceed to the next stage.</p>	Accepted	Update the Unsolicited Proposals Guide for Submission and Assessment (the "Guide").	December 2017	<p>Completed.</p> <p>The updated Guide was published in August 2017. The updated sections include:</p> <ul style="list-style-type: none"> • <u>2.7 Governance Arrangements:</u> Unsolicited Proposals will take into account relevant processes and approval requirements in related procurement policy documents (e.g. NSW PPP Guidelines). In addition, proposals will be assessed under Infrastructure Investor Assurance Framework, where appropriate. • <u>3.9 Probity Adviser:</u> Provide a probity report at the end of each stage to be considered by the Steering Committee or Proposal Specific Steering Committee (as appropriate) before the decision to proceed to the next stage (or otherwise). 	State Economy Branch, DPC

					<ul style="list-style-type: none"> • <u>4.4 Stage 2 – Detailed Proposal:</u> Where appropriate, undertake (or require the Proponent to undertake) a (Preliminary) Business Case and/or an economic appraisal, consistent with NSW Treasury Guidelines. Ensure relevant policy (e.g. NSW PPP Guidelines) and project assurance processes (e.g. Infrastructure Investor Assurance Framework) are considered and applied, where appropriate. • <u>2.3 Assessment Criteria – Affordability:</u> Where State funding is required, the Government may undertake or require the Proponent to undertake a (Preliminary) Business Case and/or an economic appraisal at Stage 2 (where appropriate), consistent with the NSW Government Guide to Cost-Benefit Analysis (TPP17-03). 	
2	The Department of Premier and Cabinet and NSW Treasury should immediately: improve record keeping to ensure compliance with the <i>State Records Act 1998</i> and the NSW Government Standard	Accepted	The Unsolicited Proposals Governance Plan template has been updated to provide greater clarity on record keeping.	December 2017	Completed. The Governance Plan template has been updated as follows:	State Economy Branch, DPC

	<p>on Records Management.</p>		<p>Electronic record keeping system (Objective) is now used.</p>		<ul style="list-style-type: none"> <p>9.1 Record Keeping Records of the Unsolicited Proposal submission and evaluation process must be maintained in order to allow for independent audit and review. The maintenance of appropriate records increases the accountability and transparency of the process.</p> <p><i>Describe any record keeping systems in place for this project e.g. secure data room.</i></p> <p><i>Describe who is responsible for record keeping and what records are to be kept, especially if multiple project groups are formed e.g. Steering Committee, Assessment Panel, Commercial Team, Technical Team etc.</i></p> <p>9.4 Interactions with Proponents The Proposal Manager is to be sole point of contact between the Proponent and the Assessment Team. All communication should be in writing and stored confidentially.</p> <p>Any meetings with the Proponent should include an</p> 	
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					<p>agenda, a list of attendees and meeting records maintained. Each party is to maintain its own records of meetings.</p> <p>The above precautions are in an effort to maintain accountability and transparency of the Unsolicited Proposal assessment process.</p>	
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