



Australian Government
Department of Social Services

Ray Griggs AO CSC
Secretary

Committee Secretary
Senate Standing Committees on Community Affairs
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Dear Committee Secretary

I am writing to update the committee in relation to questions from Senator Gallagher at the 2021–22 Supplementary Budget Estimates hearing of the Community Affairs Legislation Committee on 28 October 2021. During that hearing I committed to Senator Gallagher to have a look at the end-to-end processes associated with Boston Consulting Group (BCG) contract CN3676568-A2 to determine whether or not the Commonwealth Procurement Rules (CPRs) have been followed (page 106 of the attached Hansard extract refers).

Based on initial desktop analysis of the process, I have reached a view that aspects of the procurement process associated with this contract were not managed in a way that was consistent with the Department's procurement policy. I am also of the view that there were shortcomings in documentation and record keeping that could reasonably have been expected to be in place for a procurement of this scale, consistent with accountability and transparency measures within the CPRs.

As this contract pre-dates my appointment as Secretary and because key officers with decision making responsibilities for this procurement process are no longer within the Department, I have asked that they be given the opportunity to provide any further information that may support a more fulsome understanding of the decision making processes for this contract. This process is underway, one that I am seeking to conclude as quickly as possible. I am acutely aware of the time that the Committee has been inquiring into this matter.

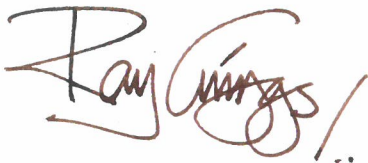
Additionally, I have initiated a number of measures to strengthen the Department's control framework around procurements and related expenditure as follows:

- In August 2021, shortly after my arrival, I tightened delegation approvals in relation to the procurement of consultants. All procurement of consultants must be approved at least at Deputy Secretary level, and any work order that is greater than \$1m must be personally approved by me.

- I am routinely advised of potential consultant engagements during the planning phase, which allows for additional scrutiny in relation to the need for, and potential value for money of, such proposed engagements.
- In December 2021, a new Procurement Hub was established on the Department's intranet to provide centralised access to procurement resources.
- At my direction, all departmental SES officers (not seconded elsewhere or on long leave) have participated in externally conducted refresher procurement training focused on their responsibilities for planning, documenting, and seeking approval of all procurements, but with particular focus on procurement of services from consultants and other providers from panels. The training specifically covered issues such as the required documentation, when a variation can be put in place as opposed to when a fresh procurement is required, and the general obligations of officials to promote competitive value for money transactions for the Commonwealth. I attended this training and articulated my expectations in relation to these matters. The training materials are now accessible as part of the Department's Procurement Hub.
- Finally, an internal audit is currently in the planning phase to be commenced later this month. It will examine the department's procurement processes and support arrangements. This audit will be extensive and will provide me with further level of assurance.

I trust this information is of use to the Committee.

Yours faithfully

A handwritten signature in brown ink, appearing to read 'Ray Griggs', with a stylized flourish at the end.

Ray Griggs

15 February 2022