

**QUESTION TAKEN ON NOTICE**

**BUDGET ESTIMATES HEARING: 23 May 2006**

**IMMIGRATION AND MULTICULTURAL AFFAIRS PORTFOLIO**

**(255) Output 2.1: Settlement Services**

Senator Hurley (L&C 13) asked:

In relation to the IHSS contract, provide a copy of the risk management plan for the tender process.

*Answer:*

A copy of the risk management plan for the IHSS tender process is attached.

**IHSS TENDER 2004-2005**

**RISK MANAGEMENT PLAN**

Version 8, 14 December 2004

IHSS Tender Section  
Settlement Branch

No.	Risk	Present Controls	Likelihood	Likely Consequence	Measure of Consequence	Overall Risk Level	Comments and Action	Action Date
<b>1.</b>	<b>The Specification</b>							
1.1	The SOR, as developed, may demand too much of prospective tenderers in terms of management capability and financial expertise	<p>Consultations held within DIMIA, including with STOs.</p> <p>Advice from specialist advisers – legal, business and financial.</p> <p>Steering Committee oversight and sign-off.</p> <p>Minister has signed off on proposed new arrangements.</p> <p>Tenderers urged in RFT documents to seek professional advice in responding to the tender.</p> <p>Tenderers to be given 3 months to respond to RFT.</p> <p>Industry briefings and responses to queries will inform potential tenderers.</p>	Possible	<p>Fewer responses to the RFT as less capable tenderers withdraw from the process.</p> <p>No tenders in some regions.</p>	Minor	Moderate	<p>Industry briefings and Q&amp;A on DIMIA website provide opportunities for further discussion on issues of concern. DIMIA may facilitate collaboration between prospective tenderers through the DIMIA website.</p> <p>Should no tenders be received for service delivery in some regions, the tender process, DIMIA has a number of options it could pursue, including entering into negotiations with current deliverers of services or other agencies who could deliver the services, including those who have tendered in other Contract Regions.</p>	<p>Sep - Nov 04</p> <p>Dec 04 – Jun 05</p>

No.	Risk	Present Controls	Likelihood	Likely Consequence	Measure of Consequence	Overall Risk Level	Comments and Action	Action Date
1.2	Torture and trauma counselling organisations upset re changes to delivery model which may result in some loss of their control of this service.	Groups were involved in community consultations and have had time to consider their options. Industry briefings will further inform torture and trauma counselling organisations of the possibilities for involvement.  Minister has signed off on new arrangements.	Possible	High profile leadership (FASSTT) may make representations to the Minister and may involve media to intensify lobbying. Potential for difficulties for Minister and the Department.	Minor	Moderate	Industry briefings to emphasise the benefits to be obtained from the new arrangements, e.g. potentially better provision of torture and trauma counselling in regional areas, and better coordination of the delivery of IHSS services to the client.	Sep – Nov 04
1.3	CSR Groups upset re changes to structure for volunteer involvement and perceived exclusion from IHSS service delivery.	Groups have been involved in Community Consultations and have had time to absorb the possible changes. Extensive consultations with the sector have informed the development of the new arrangements. Minister has been informed of the changes  Industry briefings will provide further clarification on new arrangements.	Possible	Groups will agitate for changes to the model – representations to the media, the Minister and the Department. Groups will refuse to work with Contractors within the new model	Minor	Moderate	Industry briefings to emphasise the benefits to be obtained from the new arrangements: <ul style="list-style-type: none"> <li>Volunteers will be assured of clear roles, training, accountability measures, adequate insurance coverage and better coordination and management.</li> <li>The new arrangements will ensure professional, accountable high quality delivery of IHSS services to the</li> </ul>	Sep – Nov 04

No.	Risk	Present Controls	Likelihood	Likely Consequence	Measure of Consequence	Overall Risk Level	Comments and Action	Action Date
							<p>current very needy caseload.</p> <p>RRAC to undertake a project to document the range of ways that volunteers can assist with refugee settlement.</p>	Sep 04 – June 05
1.4	<p>Unrealistic timeframe because of:</p> <ul style="list-style-type: none"> <li>• Outstanding policy decisions</li> <li>• Approvals</li> <li>• Political considerations</li> <li>• Internal consultations</li> </ul>	<p>Realistic timetable established for tender process in consultation with stakeholders including critical path, dependencies and key dates.</p> <p>Timely and effective communication with existing and potential stakeholders, including departmental staff.</p>	Possible	<p>Delivery schedule not met;</p> <p>Criticisms from the sector and difficulties for the Dept and the Minister;</p> <p>Reduced timeframe for responses;</p> <p>Inadequate service provider responses.</p>	Moderate	Significant	<p>Project plan and timetable including critical tasks and dependencies has been established.</p> <p>Critical points are identified and key stakeholders advised.</p> <p>Communications plan detailing the required actions and timings has been established, including an Industry briefing program.</p> <p>Regular reporting to Steering Committee has been established.</p> <p>Minister informed of progress and expectations.</p>	May – Aug 04

No.	Risk	Present Controls	Likelihood	Likely Consequence	Measure of Consequence	Overall Risk Level	Comments and Action	Action Date
							Business Adviser consulted as necessary.	
1.5	Delays in tender timeframe past September 2005	Steering Committee monitors timetable for tender and any changes deemed necessary agreed with stakeholders. Communication plan established so that stakeholders, including existing service providers, are fully informed and expectations managed.	Possible	Existing contractors lose confidence in the process; Existing services undermined and need to be further extended; Criticism from the sector and embarrassment to the Dept and the Minister; Additional staffing resources required.	Moderate	Significant	Extend contracts to ensure continuity of services. Ensure effective communication with the sector.	
1.6	Probity issues: - Inadvertent disclosure of information on the tender;  Misrepresentation of intentions re	Probity Adviser and Probity Auditor appointed. Probity Adviser consulted throughout the tender process. Development of probity plan by probity adviser.	Unlikely	Required to provide the disclosed information to the entire sector; Unethical conduct; Misuse of resources; Most suitable services not obtained; Tender may have to be aborted and re-run;	Major	Significant	Probity Plan established, including probity principles. Probity Adviser consulted on a regular basis and appropriate procedures implemented.	May 04 – Sep 05

No.	Risk	Present Controls	Likelihood	Likely Consequence	Measure of Consequence	Overall Risk Level	Comments and Action	Action Date
	tender Inappropriate treatment of the documents	Staff advised of probity requirements and appropriate facilities and secure storage arrangements are made available.		Public criticism and embarrassment to the Dept and the Minister; Signed contracts can be rescinded and damages claimed.				
1.7	Timing and outcome of election impact on tender timetable and finalisation.	Timetable takes account of possible timing of election. Caretaker Conventions will be applied (not thought to prevent release of IHSS tender). Incoming Minister will be briefed at appropriate time.	Possible	Delivery schedule not met; Services need to continue under extended contracts. Explanation likely to be defensible to sector.	Moderate	Significant	Establish new Project Plan. Establish new Communications Plan to inform sector and internal stakeholders of initial and any subsequent changes to the timetable.	If /when election outcome impacts on tender process
1.8	Incoming government changes policy in relation to program.	Brief incoming Minister on processes.	Possible	Need extension of existing contracts while policy position settled. Draft Contract (included in RFT) may need to be revised.	Moderate	Significant	Ensure Conditions of Tender provide for the cancellation of the tender process. New Communication plan developed to inform sector of possible changes to the program. If changes are required, redraft Conditions of Contract. Amend negotiation strategy to accommodate additional points for negotiation.	May – Aug 04  Sep – Nov 04

2.	<b>Identifying the need</b>							
2.1	Misinterpretation or misrepresentation of entrants' needs	Rigorous community consultation has been undertaken. Incorporate Feedback from consultations in document drafting phase. Consult with internal stakeholders on SOR, required services listing and required standards of service. Obtain Steering Committee endorsement of SOR and service standards.	Rare	Inappropriate purchase or unsuitable level of product or service; Time lost; Increased costs; Entrants' needs not satisfied.	Moderate	Low		
2.2	Consultation with the sector inadequate or <i>perceived</i> to be inadequate	Timely advertisement of consultative process. Public consultations held in all major areas of resettlement. Opportunities for written comment widely advertised.	Unlikely	Criticism from the sector; Embarrassment to the Department; Criticism directed to the Minister.	Moderate	Moderate	Ensure adequate time for response to documentation. Establish and advertise an Industry Briefing program that mirrors consultation phase locations has been established and will be advertised. Ensure timely response to inquiries. Ensure communication strategy and plan adequately cover the consultation requirements with the sector.	Sep – Nov 04



<b>3</b>	<b>Developing the specification</b>							
3.1	Narrow definition or commercial specification of services	Exposure document/SOR distributed and advertised for comment and feedback for development of RFT. Obtain Steering Committee endorsement of SOR and service standards.	Unlikely	Fewer alternatives; Most suitable product or service may not be obtained, particularly in regional areas; Increased costs.	Minor	Low		
3.2	Services defined in RFT are inappropriate	Tender is based on the outcomes of the Settlement Services Review, the IHSS Evaluation and consultations with the sector, as well as previous experience with IHSS. Obtain Steering Committee endorsement of SOR and service standards.	Rare	Need not satisfied; Time lost; Increased costs;	Minor	Low		
3.3	Biased specification	As above. Stakeholders given adequate opportunity for comment. All meetings with current and potential service providers and all stakeholders documented. Functional or performance specifications used. Consult with internal stakeholders on SOR, required services listing and required standards of service. Obtain Steering Committee	Rare	Inadequate service provider response; Claims of unfair dealings; Public criticism.	Moderate	Moderate	Probity Adviser monitors the entire process. Probity Adviser endorsed documents prior to their release (August 04)	Aug 04

		endorsement of SOR and service standards.						
3.4	Inadequate specification or statement of work	Wide consultations with stakeholders who are familiar with service requirements. Stakeholder responses to draft SOR provide the required feedback. Functional or performance specifications used.	Rare	Insufficient responses; Services offered not meeting needs; Difficult to evaluate.	Moderate	Moderate	Extensive consultations were held with CO staff and all STOs on SOR and Standards. NSW, Vic and QLD STOs were consulted re pricing schedule and payment arrangements. Steering Committee also provided comment and endorsed SOR.	May – Aug 04
3.5	Some parts of the sector do not understand the proposed models or the service requirements.	Industry briefings Questions and answers provided on the DIMIA website.	Possible	Variation in offers. Clarifying information required causing delays in closure of tender.	Minor	Moderate	Ensure clear instructions are provided in the tender documentation. Communications Plan established to communicate key messages.  Implement an Industry briefing program to allow consultation on requirements.	May – Aug 04  Sep 04
<b>4</b>	<b>Selecting the procurement method</b>							
4.1	Failure to identify potential sources	Discussion Paper and consultations alerted the market to the forthcoming tender and provided input to the tender specifications.  Open market/public tender process to be utilised to	Rare	Lack of offers from suitable service providers; Tender may need to be re-run and existing contracts extended.	Low	Low		

		ensure maximum exposure and competition in the process.						
<b>5</b>	<b>Contract Documents</b>							
5.1	Terms and conditions unacceptable to service providers	Draft contract included in RFT. Staff experienced in contract negotiation. Stakeholders informed of contract environment. Ensure involvement of Legal Adviser in drafting and clearance of contract. Obtain Steering Committee endorsement of draft Contract.	Rare	Criticism from the sector; Delays in contract negotiation; Delays or gaps in service provision to clients.	Minor	Low		
5.2	Inadequate information provided to service provider on contract environment.	As above.	Unlikely	Loading of costs in offers; Variations in offers; Having to provide clarifying information, causing delays in tender closing; Additional costs.	Minor	Low		

6	Seeking, clarifying and closing offers							
6.1	Failure or <i>perceived</i> failure to adequately address inquiries from respondents to the tender	All staff are advised of procedures and of relevant guidelines. Service provider and stakeholder inquiries are documented and responded to in a timely manner. Staff with appropriate tender management training and experience are employed. Contact Officer appointed to manage all enquiries.	Unlikely	Claims of unfair practice; Offers with qualifications by tenderers; Withdrawal of offers; Criticism from the sector.	Moderate	Moderate	Decisions on policy issues made prior to release of RFT. Responses to questions to be cleared with business legal/probity adviser where necessary. Adhere to probity plan and principles. Allow adequate time for tenderers to respond to the RFT.	Sep -Nov 04
6.2	Actual or <i>perceived</i> favouritism in providing information, misrepresentation ,	As above. Provide all service providers with any responses to questions and addendum that may be required.	Unlikely	Complaints from respondents; Withdrawal of offers; Criticism from the sector; Rescinding of contracts.	Moderate	Moderate	Ensure Conditions of Tender identify the process that will be adhered to for all communications with prospective Tenderers during the tender preparation period. Clear responses with business Adviser/Probity Adviser prior to responding to inquiries from Tenderers. Consult Probity Auditor on issues as they arise.	Sep – Nov 04
6.3	Actual or <i>perceived</i> breach of confidentiality	Formal security procedures established to safeguard tenders.	Rare	Service provider complaints; Mistrust by service providers; Possibility that tender would need	Major	Significant	Perform regular audits and reviews of security processes.	May 04 – Feb 05

		Staff are trained in their obligations.		to be re-run; Criticism from the sector.			Consult Probity Adviser and Auditor.  Probity Adviser audited probity and security arrangements on 6 August and confirmed that there were no issues.	
6.4	Insufficient number of responses	Tender advertised widely. Utilise an Open market/public tender process to ensure maximum exposure and competition in the process.	Possible	Need to undertake process again; Increased costs; Delayed delivery to the client; Poor value for money due to limited competition .	Moderate	Significant	Identify possible provider and negotiate after tender process.  Decision taken in November to extend the closing date for tenders to 10 January 2005 after several comments/requests from sector in relation to extending the time for responding. Decision approved by the Delegate. Primary consideration was ensuring sufficient quality responses to the tender	Nov 04
6.5	No responses from known quality service providers	Sector well informed and tender widely advertised. Utilise an Open market/public tender process to ensure maximum exposure and competition in the process.	Unlikely	Increased costs of products or services; Need to extend existing contracts.	Moderate	Low	Identify possible provider and negotiate after tender process.	Dec 04 – Jul 05

<b>7</b>	<b>Evaluating Offers</b>							
7.1	Failure to follow effective evaluation procedures	<p>Development of, and adherence to Tender Evaluation Plan.</p> <p>Staff with appropriate tender assessment and evaluation experience are employed. Ensure continuity of tender evaluation panel membership.</p>	Rare	Inconsistent evaluations; Possible complaints; Subjective not objective evaluation of offers.	Moderate	Moderate	<p>Ensure Tender Evaluation Plan is developed and endorsed prior to the closing of tenders. Brief the Tender Evaluation Team on their roles and responsibilities at commencement of the evaluation process. Ongoing monitoring of the evaluation process by the Tender Evaluation Team Chair.</p> <p>Consult Business Adviser/Probity Adviser as necessary.</p> <p>Maintain audit trail of all decisions.</p>	Dec 04 – Feb 05
7.2	Breaches of commercially confidential information	<p>Security procedures are maintained, audited and reviewed.</p> <p>Probity plan is adhered to.</p>	Rare	<p>Claims of unethical or unfair practices;</p> <p>Loss of faith with service providers;</p> <p>Criticism from politicians and the sector;</p> <p>Embarrassment to the Dept and the Minister.</p>	Major	Significant	<p>Ongoing monitoring of the evaluation process by the Evaluation Team Chair.</p> <p>Consult Probity Adviser.</p>	Dec 04 – Feb 05
7.3	Offers fail to meet needs	<p>Consultations undertaken with stakeholders prior to issuing tender.</p> <p>Implement an Industry briefing program to allow consultation on requirements.</p>	Rare	<p>Need to call tenders again;</p> <p>Additional costs;</p> <p>Need to extend existing contracts.</p>	Moderate	Moderate	<p>Steering Committee to monitor process.</p> <p>Consult Business Adviser.</p> <p>Undertake consultations with one or more tenderers or other agencies with a</p>	Dec 04 – Jul 05

							view to entering a or contracts to provide services	
7.4	Failure to identify a clear winner	Selection criteria are appropriate and measurable.	Rare	Inconsistent evaluations; Decision made on subjective grounds; Possible complaints.	Minor	Low	Consult Business and Probity Advisers and Probity Auditor.	Dec 04 – Feb 05
<b>8</b>	<b>Selecting the preferred service provider</b>							
8.1	Inappropriate service provider is selected	Establish Tender Evaluation Team (TET). Conduct financial, technical and company evaluations before awarding contracts. Consult respondent's referees and seek a referee's report from agencies to whom the respondent had provided a similar service. Reject unacceptable or high risk offers.	Unlikely	Failure to fulfil the contract; Inadequate or inappropriate service provision for clients.	Moderate	Moderate	Ensure adherence to Tender Evaluation Plan. Ensure Tender Evaluation Panel understands the department's requirements. Obtain Steering Committee endorsement of source selection recommendations. Use performance standards in contract to try to improve performance.	Dec 04 – Feb 05
8.2	Failure to successfully negotiate a contract	Staff experienced and educated in contract negotiation skills. Commence negotiations with next potential tenderer.	Unlikely	Successful tenderer withdraws from the process; Delays in handover and need to extend interim arrangements.	Minor	Low	Establish appropriate Project Plan with clear critical path. Develop an overall negotiation strategy and schedule. Identify negotiating issues for each individual tenderer and define the department's	Mar 05 – Jul 05

							position in relation to the negotiating issue. Train negotiating team in negotiating techniques and/or Utilise Business Adviser resources to negotiate in critical/difficult areas.	
8.3	Failure to meet timeframes in selecting preferred tenderers and negotiating contracts, noting decision to extend tender closing date to 10 January 05.	<p>TET large to facilitate rapid evaluation.</p> <p>TET members specialising in certain aspects of tender response.</p> <p>Evaluation planning focusing on processes to ensure efficient evaluation.</p> <p>TET members all have knowledge of the IHSS program.</p> <p>Contract negotiation to be conducted by more than one team to expedite finalisation of contracts.</p>	Possible	Criticism from the sector; Embarrassment to the Government; Need to extend current arrangements in some locations beyond 1 October 2005.	Moderate	Significant	Tender Evaluation Chair to closely monitor the evaluation process closely to ensure efficiency. Additional personnel to be employed to assist the process.	Jan – Mar 05



9	<b>Ensuring quality advice</b>							
9.1	Failure to secure consistent quality advice over the period of the tender process	<p>Contracts with advisers, conducted through a selection process. Steering Committee sign off to selection of advisers. Selected providers for legal and probity advice have previous experience with DIMIA settlement services. Legal adviser has significant experience with IHSS. Business advisers have extensive experience in government tender processes.</p> <p>Internal advice also available through the CMAU.</p> <p>DIMIA Panel arrangements are non exclusive, so that should selected advisers not meet requirements, alternative arrangements can be made (eg legal, probity).</p>	Low	The tender process fails to meet Procurement Guidelines and probity requirements	High	Moderate	Resignation of Legal adviser from Clayton Utz at end of November required swift action to ensure continuity of legal advice. Through discussion with CU and Mr Jurkiewicz reached agreement that Mr Jurkiewicz would be contracted to continue to provide advice to the tender process. This decision supported by Steering Committee. CU to provide assistance if required.	Nov 04

