

## COMMITTEE RECOMMENDATIONS

### **Recommendation No. 1 — Chapter 1, p. 5**

Although the secretariat to the Humphry Review no longer exists, the Committee recommends that DOFA, acting as a responsible body and a department of State, immediately undertake the task of obtaining advice from the National Archives of Australia on the status of documents and material received and generated by the Humphry Review. If they are deemed to be Commonwealth records the department should ensure their proper management and disposal.

### **Recommendation No. 2 — Chapter 4, p. 56**

The Committee recommends that as part of the strategic planning for IT outsourcing and, in particular, where the value exceeds \$10 million, agencies be required to set aside ample time to prepare and release draft tender documents for industry comment. It further recommends that agencies consider releasing an invitation to register interest as part of a pre-qualification phase of the tender process with follow-up public information seminars and briefs.

### **Recommendation No. 3 — Chapter 4, p. 66**

The Committee recommends that tender documentation made available to bidders clearly identify, at the very least, the relative importance of the separate evaluation components—technical, corporate, financial and industry development. They should also indicate the evaluation criteria given top priority within each of these components.

### **Recommendation No. 4 — Chapter 4, p. 69**

The Committee recommends that, for any future tender process for IT outsourcing, the evaluation plan be finalised and approved before the RFT is issued.

### **Recommendation No. 5 — Chapter 4, p. 71**

The Committee recommends that the Government re-introduce mandatory competency standards for all officers undertaking procurement functions.

### **Recommendation No. 6 — Chapter 4, p. 72**

Consistent with the Department of Finance and Administration's policy responsibility for Commonwealth contracting and procurement, the Committee recommends that the competency standards and training should be developed by that department. This is to be done in consultation with the Public Service and Merit Protection Commission to ensure consistency with the Australian Public Service Values.

Further to the Government's response to Mr Humphry's recommendation 3, the Committee recommends that the Public Service Commissioner report in the annual State of the Service report on the implementation of the Initiative together with the competency framework.

**Recommendation No. 7 — Chapter 5, p. 81**

The Committee recommends that all RFTs for IT outsourcing, which contain clauses allowing the Commonwealth broad discretionary rights to alter the RFT or to exclude a tenderer from the process or any similar decision, also include a clause which places a clear and definite obligation on the Commonwealth to provide in writing the reasons for the variation, amendment, cancellation or termination. RFTs should be consistent with the Commonwealth Procurement Guidelines.

**Recommendation No. 8 — Chapter 5, pp. 81–2**

The Committee recommends that:

- The Government review the Commonwealth Procurement Guidelines with a view to making them more explicit and detailed for agency heads and less likely to broad and uncertain interpretation. An annual review is also recommended to ensure their continuing relevance.
- All officers performing duties in relation to the procurement of property or services be required to 'act in accordance with', rather than simply 'have regard to', the core policies and principles detailed in the Guidelines. Such officers must make written records of any actions that are not in accord with the Guidelines and their reasons for doing so.
- The outcome of the review of the accompanying *Competitive Tendering and Contracting: A Guide for Managers* include a document that provides greater detail about procurement practices and procedures.

**Recommendation No. 9 — Chapter 5, p. 87**

The Committee recommends that DOFA undertake a review of available guidance on probity issues associated with the procurement process, taking into account the new and revised probity guidelines of the Victorian, Tasmanian and South Australian State governments. The review should form the basis of a revision of the Commonwealth Procurement Guidelines.

**Recommendation No. 10 — Chapter 5, p. 94**

The Committee recommends that for future IT outsourcing contracts valued over \$10 million agencies contract the services of both a probity auditor and a probity adviser and that their roles involve separate and distinct tasks.

**Recommendation No. 11 — Chapter 5, p. 95**

The Committee is strongly of the view that Commonwealth agencies should in future have confidence in being able to source truly independent probity advice. It recommends that, consistent with Victoria's probity guidelines, the Government consider the establishment of a whole of government panel of probity auditors to assist agencies and departments avoid real or perceived conflicts of interest when establishing the probity standards that will guide their IT outsourcing tender processes.

**Recommendation No. 12 — Chapter 5, p. 98**

The Committee recommends that agencies include provisions in their contracts that require:

- probity auditors to keep accurate records and provide sufficient information to allow for proper parliamentary scrutiny of the audit process; and
- probity auditors' reports to be made public.

**Recommendation No. 13 — Chapter 6, p. 133**

The Committee recommends that the Government consider establishing a centre of IT outsourcing expertise in the Department of Communications, Information Technology and the Arts (DOCITA) concerned with the technological and industry development side of IT outsourcing but not necessarily the tendering and contracting process. The Committee proposes that the role of a service unit in DOCITA would be far different from the OASITO model and be more consultative and helpful than the service unit now established in DOFA. It would have broader horizons on IT and would establish and form the hub of a network between IT outsourcing units in Commonwealth agencies. Further, it would assume an education and training role in IT outsourcing with its focus on IT planning for the future.

**Recommendation No. 14 — Chapter 7, p. 147**

For agencies with distinctive data security needs, such as the science agencies, and agencies with high security needs, such as the Australian Federal Police, a credible argument has been put forward that IT outsourcing is far more complex. The Committee endorses recommendation 10 of the Humphry Review and recommends it be extended to apply to the evaluation of the implementation risks of all other agencies.

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1 Australian National Audit Office, *Implementation of Whole-of-Government Information Technology Infrastructure Consolidation and Outsourcing Initiative*, Audit Report No. 9, 2000-2001, p. 33.

**Recommendation No. 15 — Chapter 7, p. 152**

The Committee recommends DOCITA conducts an evaluation of the outcomes of the Initiative's intellectual property management clauses in existing contracts. The evaluation to include, but not exclusively, an examination of the generation of government royalties, the protection of government assets and the contribution to industry development.

**Recommendation No. 16 — Chapter 7, p. 153**

The Committee notes that an intellectual property rights register is a feature of current contracts under the Initiative. It recommends that DOCITA investigate the feasibility of publicising and marketing this information, as well as details of intellectual property held by agencies that are not outsourced, with a view to maximising returns on Commonwealth intellectual property.

**Recommendation No. 17 — Chapter 8, p. 164**

The Committee recommends that the Government give serious consideration to introducing legislation that will provide a greater degree of transparency in Commonwealth contracts by making them publicly available. The Victorian legislation, which requires contracts valued at over \$10 million to be placed on the Internet, provides a starting point. In this context the ANAO criteria would provide guidance on what, in such circumstances, would still be considered genuinely confidential and may be withheld from publication.

**Recommendation No. 18 — Chapter 8, p. 168**

The Committee recommends that budget funded agencies take immediate action to ensure that before they enter into any formal or legally binding undertaking, agreement or contract that all parties to that arrangement are made fully aware of the agency and contractor's obligation to be accountable to Parliament.

**Recommendation No. 19 — Chapter 8, p. 168**

The Committee further recommends that any future Requests for Tender (RFTs) and contracts entered into by a Commonwealth agency include provisions that require contractors to keep and provide sufficient information to allow for proper parliamentary scrutiny, including before parliamentary committees, of the contract and its arrangements.

**Recommendation No. 20 — Chapter 9, p. 194**

The Committee recommends that DOCITA in close consultation with agencies develop and agree to an overall roadmap for ID under the IT outsourcing program. This strategic plan is to spell out the objectives and targets of ID under the IT outsourcing Initiative, to define and specify SME involvement, and establish the evaluation criteria, including the weighting to be assigned to ID in the overall

evaluation of tenderers for an IT outsourcing contract. This information to be included in the RFTs.

**Recommendation No. 21 — Chapter 9, p. 199**

The Committee recommends that the Government act immediately to remove barriers, such as onerous requirements including financial guarantees, that hamper the participation of SMEs in the Initiative.

**Recommendation No. 22 — Chapter 10, p. 220**

The Committee recommends that the Commonwealth adopt an open and transparent methodology for estimating cost savings for IT outsourcing. In developing this methodology, all relevant Commonwealth agencies, including ANAO and DOFA, are to be consulted, and a common methodology adopted.

