



MINISTER FOR HOUSING AND
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Ms Julie Crisp
Auditor-General
Northern Territory Auditor-General's Office
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Dear Auditor-General

I am writing to refer for your consideration the awarding of tender A17-0010 for the contract for Tenancy Management Services in Alice Springs Town Camps.

I understand that you are already considering tender A15-0031, the associated independent probity audit and recommendations in that report which have been accepted by the Department of Housing and Community Development. In the interest of transparency around the improved processes, I refer A17-0010 to you for your further consideration alongside these.

I look forward to your report.

Yours sincerely

GERRY MCCARTHY

24/5/2017

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Ms Julie Crisp
Auditor-General
Northern Territory Auditor-General's Office
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Dear Ms Crisp

**REFERRED MATTER: CONTRACT A15-0031 PROVISION OF TENANCY
MANAGEMENT SERVICES IN THE ALICE SPRINGS TOWN CAMPS**

Thank you for looking into matters referred to you regarding the awarding of contract A15-0031 Provision of Tenancy Management Services in the Alice Springs Town Camps to Zodiac Business Services in December 2015.

As requested in your email, please find attached a copy of the letter of assurance in relation to the initial tender process by Deloitte and the report from the Independent Probity Audit of Procurement Process for A15-0031 conducted by Merit Partners in April 2017. I have also attached a copy of the meeting notes from the tender debrief that was provided to representatives from the unsuccessful tenderer Central Australian Affordable Housing Company on 6 January 2016. The other tenderer, Swel Pty Ltd, did not accept the invitation to participate in a tender debrief.

As I have stated publicly, the department has accepted the findings and recommendations from the Merit probity audit in full. Following the announcement of the independent probity audit on 17 February 2017, I made a number of immediate changes to improve agency procurement compliance including;

- a re-organisational structure that strengthens the independence and oversight of the Chief Procurement Officer (CPO);
- fostering a more collaborative approach between the procurement function and program areas to improve the way we plan and design our tender processes;
- commenced targeted training for officers involved in procurement including participation in whole of government Certificate IV and Diploma level training programs and technical skills courses being facilitated through the Department of Trade Business and Innovation;
- Strengthening the support and guidance that is provided to employees involved in tender assessment panels to ensure they fully understand procedural, probity and confidentiality requirements.
- Instructed the CPO to start working more closely with the senior executive team to drive cultural change in how we use the procurement function, redesigning existing processes and improve monitoring and compliance activities in higher risk areas.

More recently, I have formed a new Executive Management Board that will be responsible for overseeing the agency corporate governance framework in order to support the delivery of government's priorities. I have appointed the Chief Procurement Officer to be a member of the new board to ensure there is a strong focus on procurement compliance, performance and risk mitigation at a whole of agency level.

The department is in the process of developing a new procurement functional model and governance framework that will clearly describe roles and responsibilities in respect to key stakeholders in procurement, how business units will interface with the centralised procurement team and establish appropriate work flow processes to efficiently manage and support procurement activities in future. Compulsory procurement awareness training for all staff throughout the Northern Territory is being planned and we will embed the need for ongoing training and professional development in to employee personal development plans and performance agreements. This work is also be extended to the allocation and management of grant funding agreements administered by this department.

I would like to reassure you again that this matter is being treated with the utmost importance and I will be taking whatever measures are necessary to restore confidence in our procurement decisions. I have provided you with a copy of the assessment report and related documents for the tender process that has just been finalised to substantiate improvements that have already been made in this area.

For further information and assistance, if required, please contact Michael Leonard, Chief Procurement Officer, on 8999 8495 or via email Michael.Leonard@nt.gov.au

Yours sincerely



Jamie Chalker
Chief Executive Officer

24 May 2017