

Ms Kate Worden MLA  
Chair  
Public Accounts Committee  
Legislative Assembly of the Northern Territory  
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**File Ref:** B2017/0197.

*Kate*  
Dear Ms Worden

**Re: Response to Question on Notice – Palmerston Regional Hospital**

I refer to the Public Accounts Committee hearing of 21 March 2017. Due to time constraints, you placed a question on notice in relation to risk management and procurement for projects.

Please find attached, my response to the Committee's Question on Notice.

If you require any further advice in relation to the Palmerston Regional Hospital or the broader management of major projects, I am pleased to assist.

Yours sincerely



Michael Tennant  
Chief Executive Officer

*02* May 2017

cc: Chief Executive, Department of Infrastructure, Planning and Logistics  
Chief Executive, Department of Health  
Chief Operating Officer, Top End Health Service

**PUBLIC ACCOUNTS COMMITTEE  
QUESTION TAKEN ON NOTICE**

**Palmerston Regional Hospital**

(Public Hearing - Tuesday, 21 March 2017)

**Question No. 1a: Mrs Kate Worden to Mr Michael Tennant**

The Auditor-General found a need for improving management of risks and procurement. Would you please describe to the committee in writing of how risks are continually identified, monitored and reviewed across agency projects?

**Answer:**

For projects facilitated by the Strategic Infrastructure and Projects Division of the Department of Trade, Business and Innovation (DTBI), key project risks are identified during initial project scoping and business case development. This early identification and assessment of risks is used to inform the evaluation of potential project delivery methods, the project scope and the contract structure.

Ongoing risk management occurs at each level of the project delivery process, with regular monitoring and review of key project risks undertaken by the Project Control Group and the Chief Executives steering group.

Where previously unidentified project delivery risks are detected, the Project Control Group processes will acknowledge these, and develop and implement strategies to manage these risks on a continuing basis. These discussions are documented in meeting outcomes and mitigation strategies are monitored on a continuing basis until the risks are resolved or a decision made to accept the risk.

Major risks to the successful delivery of a project are reported, considered and monitored by the Chief Executive level project steering group and/or Cabinet as required. Key project policy decisions are also determined through this structure.

At an agency level, the Department of Trade, Business and Innovation has a documented Risk Management Plan to assist in identifying and managing risks. The Plan is aligned to the Australia Standard on Risk Management and includes guidance on reviewing and monitoring implementation of mitigation strategies for risks from the project to the strategic level.

Department Risk Registers are overseen by the Risk Management and Audit Committee who report to the Chief Executive Officer on the adequacy of the internal controls and the overall level of risk for the department. Further, the department's internal audit program assesses the effectiveness of risk controls and recommends areas for improvement where necessary.

**Question No. 1b: Mrs Kate Worden to Mr Michael Tennant**

How do you evaluate your agency's procurement controls and how often?

**Answer:**

For projects facilitated by the Strategic Infrastructure and Projects Division of the Department of Trade, Business and Innovation, procurement controls and processes are tailored for each project, while remaining consistent with Northern Territory Government procurement and value-for-Territory principles. These controls and processes are documented through development of procurement, probity and evaluation plans for each competitive process. The documents are reviewed by a probity advisor for consistency with best practice approaches.

The guidance material for the proposed Project Development Framework will include material on the controls and processes needed to support effective competitive processes for major projects, particularly as these processes can sit outside the *Procurement Act 1995*.

Agency internal procurement controls are considered and reviewed as part of the Agency Procurement Management Plan on an annual basis. Once approved, the Agency Procurement Management Plan is submitted to the Procurement Review Board for independent review. The 2016-2017 plan included a review of previous year's procurement activity, forward activity planning, targeted Key Performance Indicators to track procurement activity and a review of delegations among other items.