

Appendix A – Official Order



Australian Government

Department of Health

**Official Order details for the provision of independent
accounting services for the review of
Medicare Locals (RFQ Health/066/1314)
Under Deed of Standing Offer (Head Agreement for Services) –
SON393462:C022101103**

Integration & Chronic Disease Branch MDP 1052, GPO Box 9848 CANBERRA ACT 2601 Commonwealth Liaison Officer: Assistant Secretary, currently Ms Kirsty Faichney Telephone: 02 6289 9263 Facsimile: 02 6289 9295	Deloitte Touche Tohmatsu [ABN: 74 490 121 060] 123 Eagle Street BRISBANE QLD 4000 Contractor Liaison Officer
<p>This Official Order is placed pursuant to and subject to the terms and conditions of the Deed of Standing Offer (Head Agreement for Services) between the Commonwealth and Deloitte Touche Tohmatsu dated 20 January 2012.</p> <p>If you wish to provide the Services to the Commonwealth, please sign this Official Order and send it to the Commonwealth. If the Commonwealth wishes to accept your offer to provide the Services, it will execute the Official Order and return a copy of the executed Official Order to you. You must not supply the Services until after you have received the copy of the executed Official Order from the Commonwealth.</p>	
Summary description of services required:	Provision of independent accounting services to inform the review of Medicare Locals.
\$500,000 (Cost) plus \$50,000 (GST) totalling \$550,000 TOTAL COST (GST Inc.)	
Services to commence on	06/12/2013.
Services to be completed by	15/3/2014.
Invoices are to be issued to the Commonwealth Liaison Officer named above.	

For Commonwealth Purposes Only:

For fees and rates, see Item 3.

Cost Centre:	SAP Contract #:
Charge Code:	SAP PO#:

1. The Services, Subcontractors and Contract Material

The Australian Government has announced its intent to carry out a review of Medicare Locals to ensure that best use is being made of Commonwealth funding. The review will provide the Government with options around the future of Medicare Locals. The review will have three phases which will be carried out concurrently. This procurement relates to the second phase: *Financial Audit of All Medicare Locals*.

The Department of Health is seeking independent accounting services to inform the Review of Medicare Locals in order to identify the extent to which:

- Funding provided by the Commonwealth is being allocated towards 'Program Delivery Expenditure' (front-line services)
- Medicare Locals are complying with agreed sets of terms and conditions stipulated in their respective Deed For Funding

Any agreed and relevant guidelines or procedures agreed between the Commonwealth and the Medicare Locals have been potentially breached by Medicare Locals. The services will include:

- A) Examining the current Medicare Locals Deed (including Schedules) that determine the terms and conditions for funding that is in place between the Australian Government and Medicare Locals,
- B) Analysing all financial statements and budgeted forward estimates for each of the 61 Medicare Locals, applying a range of ratio analysis tests and benchmarking relevant to the terms of the Deed. This may include, but not be limited to, revenue, expenses, salaries, and administration costs.
- C) Based on the outcomes of the financial analysis outlined in 1B above, perform further detailed analysis on a representative sample of Medicare Locals (approximately 6), including, for example, examining the following:
 - i) Procurement and contractual arrangements with third parties;
 - ii) Employment and consultant arrangements;
 - iii) Processes and procedures applied to select and engage with contractors and consultants;
 - iv) An agreed sample of payments associated with contracts and arrangements to validate compliance with contractual terms and conditions; and
 - v) The extent to which Medicare Locals are compliant with agreed and relevant guidelines and procedures

The Contractor will be required to provide:

- A project plan including:
 - A project schedule outlining how the components will be undertaken in the required timeframes, including nominated personnel assigned to each task;
 - A risk management plan identifying how key risks are proposed to be mitigated; and
 - A communications strategy addressing stakeholder engagement strategies and regular project progress updates.
- A draft report outlining the findings of the services performed and including key recommendations.
- A final report outlining the findings of the services performed and including key recommendations.

2. Time Frame

The project plan will be required to be delivered within the first week of commencement of services.

Weekly teleconference project updates are required to be held with the Department of Health's project manager and the Contractor's project manager.

The draft report will be required to be delivered by the end of January 2014.

The final report will be required to be delivered by 14 February 2014.

As these services are part of a broader review of Medicare Locals, the timeframes are not negotiable and have no contingency for slippage.

3. Fees, Allowances and Costs

The total amount payable, including fees, allowances and costs (including travel costs) under this Official Order is up to \$550,000 (GST inclusive).

Agreed Rates (GST inclusive):

Partner

Director

Manager

Senior Analyst

Analyst

Travel, accommodation and incidentals costs will be paid in accordance with standard non-SES (Senior Executive Service) entitlements in place at the time of entering into a contract.

The Contractor must forward correctly addressed invoices that are in the form of a tax invoice and include the following:

- a) the words 'Tax Invoice' prominently stated;
- b) date of issue of the tax invoice;

- c) name and address of the supplier;
- d) Australian Business Number of the supplier;
- e) the name and Australian Business Number of the recipient (The Department of Health, ABN 83 605 426 759) and the title of the Services or other identification of this Contract;
- f) a description of the supply including time spent completing the Services;
- g) the name of a Commonwealth contact officer;
- h) the fees, allowances and costs due; and
- i) the statement 'the total amount includes GST' or the exact amount of GST;
- j) a written statement signed by the Consultant verifying that no wages are due and owing by the Consultant in respect of the performance of the Services at the time the claim for payment is made.

4. Insurance

The Contractor will effect and maintain the following insurance in addition to its obligations specified in Schedule 1, clause 18:

- (a) workers' compensation insurance as required by law;
- (b) public liability policy insurance to the value of at least \$10,000,000 (ten million) in respect of each claim; and
- (c) professional indemnity insurance to the value of at least \$1,000,000 (one million) in respect of each claim.

5. Specified Personnel

6. Commonwealth Material

The Commonwealth will provide the Contractor with:

- the Medicare Locals Deed (including Schedules) as identified in Item 1A); and
- all financial statements and budget forward estimates for each of the 61 Medicare Locals as identified in Item 1B)
- six and 12 month Income Statement for each of the 61 Medicare Locals
- an Asset register for each of the 61 Medicare Locals
- the summary of carry overs for each of the 61 Medicare Locals
- the audit reports including Management letters for each of the 61 Medicare Locals

The Contractor is required to protect and secure all documentation provided for analysis.

7. Existing Material

There is no Existing Material to be used in the development of the Contract Material.

8. Contract Material

The Department will address all media enquiries or other requests for information regarding the services being performed. The Contractor will be required to refrain from public comment regarding the services being performed until such time as the final report is published publicly. All Contract Material, including Commonwealth Material, is required to be protected and stored securely.

9. Confidential Material

The Contractor is required to treat Commonwealth Material and financial documents provided by Medicare Locals as confidential and ensure that it is only made available to nominated individuals who are aware of the confidentiality requirements. The Contractor is required to secure the Commonwealth Material and financial documents provided by Medicare Locals at all times. All versions of the Commonwealth Material are required to be returned by the Contractor or securely destroyed on completion of the Services. Notwithstanding the previous sentence, the Contractor may retain one copy of all work papers and material/information that inform the findings in its final report and will secure all such information for a period of seven years before returning same to the Commonwealth or destroying in a secure manner.

10. Commonwealth Assistance

The Commonwealth will provide assistance to the Contractor in establishing contact with relevant Medicare Locals identified for further detailed analysis as identified in Item 1C).

11. Other Terms and Conditions

The contractor will provide the Work on the following assumptions and conditions:

- the Work will be based on the Information provided to them.
- All Information will be provided to them in a timely manner
- The Contractor reserves the right to revise any opinion or conclusion if material information becomes known after the date the report is issued
- There are no undue complications or delays in providing the Services.

The Contractor warrants that, to the best of its knowledge after making diligent inquiry, at the date of signing this Contract no Conflict exists or is likely to arise in the performance of obligations under this Contract by the Contractor or the Contractor Personnel.

If, during the term of this Contract, a Conflict arises, or appears likely to arise, in respect of the Contractor or any of the Contractor Personnel, the Contractor agrees to:

- (a) notify the Commonwealth immediately in writing of the Conflict making a full disclosure of all relevant information relating to the Conflict and setting out the

steps the Contractor proposes to take to resolve or otherwise deal with the Conflict; and

- (b) take such steps as have been proposed by the Contractor, or at the discretion of the Commonwealth, take such steps as the Commonwealth may reasonably require to resolve or otherwise deal with the Conflict.

If the Contractor fails to notify the Commonwealth under this clause or is unable or unwilling to resolve or deal with the Conflict as required, the Commonwealth may terminate this Contract in accordance with the provisions of clause 10 of the Deed of Standing Offer.

The Contractor agrees that it will not, and will use its best endeavours to ensure that any Contractor Personnel do not, engage in any activity or obtain any interest during the course of this Contract that is likely to conflict with or restrict the Contractor in providing the Services to the Commonwealth fairly and independently.

This Contract/Official Order is **SIGNED** as a contract.

SIGNED for and on behalf of the **COMMONWEALTH OF AUSTRALIA** acting through the Department of Health ABN 83 605 426 759 on:

10/12/13
Date

by:

MARK BOOTH
Printed name of signatory

Signature

FIRST ASSISTANT SECRETARY
Position of signatory

in the presence of:

Printed name of witness

Signature of witness

SIGNED for and on behalf of the partnership trading as Deloitte Touche Tohmatsu, ABN
74 490 121 060

9 December 2013

Date

by:

Printed name of Director

Signature of Director

and:

Printed name of Director/Secretary

Signature of Director/Secretary

Appendix B - Agreed Deed Clauses

Deed Clauses

Clause	Description
4.4 / 4.5	Prohibitions around use of funding (further detail at T&C 3.4.1)
4.13	No facility to carry over deficits
6.10	Administration expenses should be kept to a minimum by careful and conservative use
8.1	Use of subcontractors, including prior approval, inclusion in annual plan and \$22k limit
10.1 - 10.3	Account for specific Programs, i.e. separate ledgers
10.4	Interest earned on program funds to be used for program costs
10.5	Maintain a separate bank account for each program
11.1 / 11.2	Maintain separate and thorough accounting records for each program
19.1-19.4	Treatment of assets and their disposal
23.1	Reconciliation of unspent or uncommitted funds
29	Conflict of interest

Appendix C - Information Listing

#	Document Description
1	Financial information for all 61 Medicare Locals, including: <ul style="list-style-type: none"> - Annual Plans (including some appendices) - Six-monthly reports - Twelve-monthly reports - Audited Financial Statements
2	Medicare Locals Deed for Funding
3	Medicare Locals Operational Guidelines
4	Financial Planning and Reporting Template
5	Information received from six selected Medicare Locals, including: <ul style="list-style-type: none"> - Complete General Ledger (soft copy) for FY13 - Documented policies and procedures - Various general ledger reconciliations and workpapers - Fixed Asset listings - Service Agreements - Board Committee notes / minutes - Various contractor / consultant invoices - Revised budgetary information - Correspondence / approvals from the DOH