Health Payroll System Commission of Inquiry

<u>STATEMENT OF DAVID EKERT</u>

I, David William Ekert of a residential address known to the Commission of Inquiry state as follows:

BACKGROUND

1. I am currently a Senior Consultant with a firm named Information Professionals and I have contracted to that business in this role since December 2005.

2. I am a Certified Practising Accountant and I have a degree in Accounting and I also hold the award of a Master of Business Administration.

3. Prior to commencing contract employment with Information Professionals I worked for Hudson Global Resources for a period of approximately two years. Prior to working for Hudson Global Resources I was employed by a firm called Anderson Contracting which was a business division of Andersen Consulting. On 1 January 2001, Andersen Contracting was renamed Diversiti and Andersen Consulting was renamed Accenture. I was employed by Andersen and Diversiti, which remained an Accenture business, from 1997 to 2003. In December 2005 I commenced some contracting work with the Queensland State Government at CorpTech.

Work with CorpTech

4. I obtained the consultancy work with CorpTech through a person named Mark Nicholls.

5. Mark was the sole director of Information Professionals. He and I had previously known each other through different consultancy engagements. He had completed some consultancy work with Queensland Rail early in 2005 and we used to talk over coffee about further consultancy work we might be able to obtain with Government. Mark subsequently rang me in December 2005 and offered me a contract to complete some work for CorpTech as a strategist and planner. My work involved putting some project
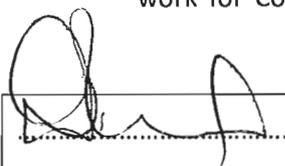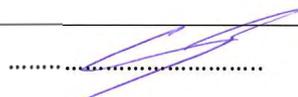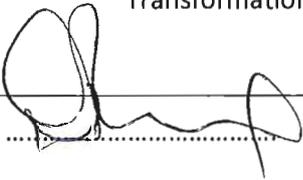
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plans together for the Business Transformation Area. It was initially for a three month period but the time period just kept getting extended. I reported to Jan Dalton who was the Program Director when I commenced in December 2005.

6. I knew that Mark Nicholls had formed a consortium with a firm known as Arena to bid for consultancy work. Businesses often form a consortium arrangement when bidding for major projects to enable a stronger bid to be submitted than would be the case if the companies submitted their bids separately. The sole director of Arena was a person named Gary Uhlmann and he had worked with Mark Nicholls previously at Queensland Rail. Gary was a former Deputy Director General with the State Government and he had the contacts in Government whereas in my view Mark Nicholls from Information Professionals had the project management discipline and knowledge.

7. When the Shared Services Initiative (SSI) commenced in about 2003 CorpTech decided to tender out to different providers to provide solutions, which included Finance, HR, Payroll and rostering. Arena and Information Professionals got together and decided to bid for the Business Transformation, Change Management and Finance part of the business. The Arena-Information Professionals bid was successful and they contracted to CorpTech to provide various solutions. The selected partner for the HR part of the business build for CorpTech was Accenture. I can not be specific with the time frame, although when I started at CorpTech, the partner teams were well established. Accenture had about fifty contractors doing the build. However there were a lot of other contractors from Logica and IBM at CorpTech at that time working on different aspects of the SSI.

8. In about March or April 2006 the role for an Assistant Program Director became available at CorpTech. I was nominated to take on this role and I commenced in this position. The senior leadership team at CorpTech at this time was Geoff Waite, Executive Director, Darrin Bond, leading the Business Solution Build, Jan Dalton doing the Business Transformation Area, and Philip Hood, in charge of Service Management.

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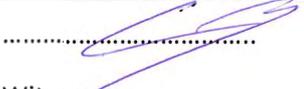
9.   In April 2007 Mark Nicholls contacted me and asked me to participate in a short sharp review of the Shared Services Initiative (SSI), in particular the build and rollout of the Shared Service Solution (SSS), with Gary Uhlmann, Keith Goddard and Terry Burns. I do not know who commissioned Mark Nicholls to initiate the review. I suspect that Gary Uhlmann was approached by some one from CorpTech or Treasury to undertake the review but I am not sure of that.

10.   I understand that Gary Uhlmann had undertaken a previous review of the SSI sometime in 2005 but I was not involved in that review. Keith Goddard was a contractor at CorpTech and he was known as a facilitator and somebody who could address project implementation problems as he had a good knowledge across the program. I am not sure who Keith was contracted through but I know it was not Arena. I had never worked with Terry Burns before and the first time I met him was on the first day of the review process which commenced in April 2007. I believe that Mark Nicholls also asked Terry Burns to participate in the review of the SSI. For this review I understand that Terry Burns was contracted by Mark Nicholls through Arena.

11.   I understand that in 2007 Terry Burns had just completed some work in New Zealand prior to commencing the review. I am not aware of the nature of that work. I knew that Terry Burns was selected to provide advice based on his project rectification experience. His claim to fame was that he had successfully resurrected damaged IT projects at British Rail and the Royal Bank of Scotland in the United Kingdom. I am not aware of the details of any projects he had previously undertaken in New Zealand.

12.   I recall that the April 2007 review process took place over four or five days in Gary Uhlmann's office at Creek Street Brisbane. One of the review team's earliest findings was
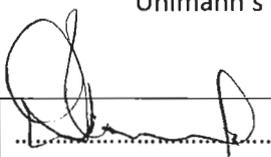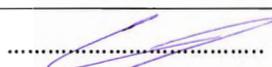
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that the SSS Program was out of control in that in that it was way over budget and the program plan which was referred to as schedule nine to the Program Plan was continually being pushed back. Basically the program was not going to be completed with the money that was left in the budget. Our objective as members of the review team was to develop solutions to address the problems. Gary Uhlmann of Arena coordinated this four person review.

13.   The review team made a number of recommendations after the week long meeting in Gary Uhlmann's office. The main recommendation was the appointment of a Program Manager and having a central focal point for the delivery of the program, through engagement of a Prime Contractor. The other recommendations were largely directed to stopping the program and conducting a program rebuild of the SSS. They also directly related to scope management, project management and taking decisive action to reduce costs. I recall that Gary Uhlmann presented the findings of the review team to either Geoff Waite or Gerrard Bradley but probably both these people. I was not present at the time and I do not know if any of the other review team members were present.

14.   I was aware from conversations with Terry Burns during the review period that he wanted a direct communication line through to Gerard Bradley the Under Treasurer and David Ford who was the Assistant Under Treasurer at the time as he saw Corptech management as being a big part of the problem with the roll out of the SSI.

15.   After the review team delivered its findings it was disbanded and all the team members except Terry Burns went back to doing what they had previously been doing. I went back to my position as Assistant Program Director reporting to Jan Dalton. Not long after the recommendations of the review team were accepted Jan Dalton moved to another position and I took up the role as Program Director. I think the timing for this would have been in about June 2007. As the Program Director I was part of the Senior Leadership Team at Corptech and I got involved in the overall planning for Corptech. I was also
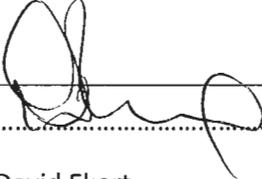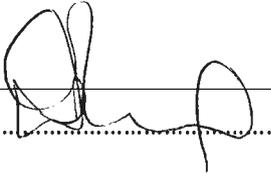
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responsible for finance implementations which at the time were being implemented across agencies within government.

16. After the review team recommendations were delivered by Gary Uhlmann to Geoff Waite or Gerard Bradley, Terry Burns was engaged by CorpTech for a period of about twenty days to conduct some further planning specifically in relation to the recommendation of a Program Manager. I think it was also about this time Terry Burns was appointed as Program Delivery Director. I can not recall exactly when this occurred but it would have been around July 2007. This role arose from the review team recommendation that a central focal point be created for the delivery of the program rather then having it spread across agencies and the various CorpTech sub-Programs.

17. I am aware that Mark Nicholls and Gary Uhlmann became upset about Terry Burns and his direct engagement by CorpTech as he had been initially contracted through Arena and Information Professionals. Terry Burns first commenced work with Corptech in the April 2007 review process as a contracted employee of Information Professionals. Mark Nicholls told me he went to see Geoff Waite and spoke to him about the contractual arrangements he had with Terry Burns through Information Professionals and Arena. Mark told me Geoff Waite wanted to keep Terry Burns on with Corptech. I am aware that Terry Burns was then engaged directly by Corptech and this resulted in Mark Nicholls and Gary Uhlmann being isolated and not being able to obtain maintain a contractual arrangement with Terry Burns.

18. The fact that Terry Burns was prepared to walk away from his arrangement with Information Professionals probably adversely influenced my opinion of him. He first went to CorpTech on Mark Nicholl's behalf to do some work with the Information Professionals badge on him.

RFP PHASE
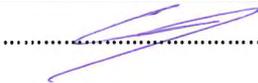
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19. I was involved in the two phased process for the engagement of a Prime Contractor. I can not remember who asked me to become involved in the process. The first phase was the sending out of an Expression of Interest or Request for Proposal (RFP). The second phase was the Invitation to Offer (ITO). The process adopted in this RFP was that the customer outlined the problem that needed to be solved and the outcomes which were required. The offerors were then asked how they would undertake the task and how they would solve the problems for the customer.

20. I think the RFP went to the whole of market in about August 2007. My involvement in the RFP process was in assisting with the evaluation of the RFP responses. I seem to recall that there were about six responses received. I can not remember the return date for the RFP responses. I know that responses were received from Logica, Accenture, and IBM. There were a couple of other responses which I know were filtered out early in the process and at this time I can not remember who they were from. I recall that Lochlan Bloomfield would have been leading the IBM bid. I think that Simon Porter was leading the Accenture bid and I forget the name of the fellow who led Logica's bid.

21. I recall that I worked with one or two Release Directors from my team at CorpTech and probably someone from one of the Shared Services Providers in the RFP evaluation process. I can not recall the names of the SSP people; the Release Directors' names were Cheryle Jenkinson and Bob Cramp. My team's task was to score each of the RFP proposals specifically in relation to release management, change management and implementation criterion. I did not have any input in evaluating software functionality. I do remember we were given scoring sheets and we were asked to evaluate each proposal in the context of our requirements around release management, change management and implementation. I seem to recall reading all the RFP responses received, however I focused on my particular area of evaluation. I do not recall if there were any presentations from the offerors or to the offerors until the ITO phase. I do not recall if there were any queries from the offerors during the RFP phase.
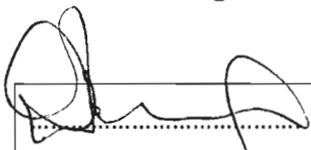
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22. I may have had some involvement in drafting parts of the RFP but I can not recall which part or parts. I think Keith Goddard and Terry Burns would have been more directly involved in this process. It appeared to me that Terry Burns was calling the shots in the RFP process and even though my formal line of reporting was to Geoff Waite, I was taking directions from Terry Burns.

23. Keith Goddard and Terry Burns would have sought input from key people who would have had sufficient knowledge of the actual functional requirements of the systems. By that I mean they would have sought input from key personnel about what the finance component should look like and what payroll system should look like. The evaluation team for the RFP process was quite a large group of people and included representatives from the Finance Build team, HR Build team and my team which was the Transformation and Implementation team. My team would have provided about twenty per cent of the evaluation marks and the other eighty per cent was provided by other teams in the RFP process. I do recall that both IBM and Accenture demonstrated they were sufficiently able to accomplish the objectives being evaluated as my part of the RFP.

24. I remember that at the end of the RFP process all the different evaluation groups came together and a moderation process was undertaken in relation to the scoring. I think Accenture was probably on top at this time. Accenture is very professional at presenting proposals and they had a lot of experience within the SSI. I think just as a general observation and I don't know whether this was in Accenture's mind or not, I suspect it might have been, it was probably theirs to lose given they had such experience within the SSI. I recall that both Accenture and IBM scored well with Accenture probably ahead, but not by a long way. I don't recall being in any conversation where there was any dissent expressed over the rankings.
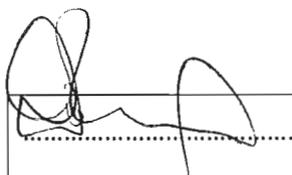
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25. I don't remember if there was specific advice to the RFP evaluation team about probity issues, however I think there was sufficient knowledge amongst the CorpTech people who were on the RFP evaluation team about what the probity rules were. I would say that probity considerations would have become more relevant in the ITO phase of the process. My understanding is that it is not until the ITO stage that offerors are required to expand in detail on the RFP and put in a binding price for the work to be undertaken.

ITO PHASE

26. I can not recollect specifically but I would have had some involvement in drafting the ITO. My involvement would have been in relation to drafting implementation matters and change management issues rather than around the functionality of the system. Darrin Bond and Philip Hood would have been heavily involved in the drafting of the ITO because of their expertise in system design and build for both finance and HR. I do not have any knowledge of any information provided by Accenture in its response to the RFP being used by any person to assist in drafting the ITO

27. The ITO phase was a closed tender process and the potential offerors were IBM, Logica and Accenture.

28. I remember that at a very early stage in the ITO process a meeting was scheduled to discuss the evaluation process and how it would be conducted. The ITO had been issued to the offerors but the responses from the offerors had not yet been returned at this time. I think this meeting would have taken place in early October 2007 and it was conducted at CorpTech Offices, level 8, 60 Edward Street Brisbane. The meeting was attended by members of the senior leadership team. I remember that Terry Burns, John Beeston, Keith Goddard and I were in attendance. John Beeston had been brought in to run the Project Management Office for the engagement of the Prime Contractor.
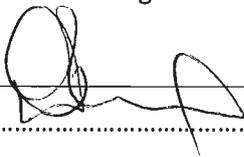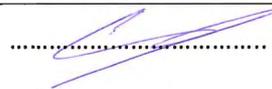
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29. During the course of the meeting Keith Goddard firmly stated that it was not appropriate for me to be a member of the Evaluation Panel for the selection of a Prime Contractor. The reason for this statement by Keith Goddard was that there was a suggestion that Arena may have been joining with either or both IBM and Accenture in their bids for the tender. My existing contractual arrangement at that time was still with Arena to CorpTech and because of the potential involvement of Arena in the bid I was excluded from any further part in the evaluation.

30. In effect what Keith Goddard was referring to was the possibility that either Lochlan Bloomfield or Simon Porter on behalf of their respective organisations, IBM and Accenture IBM, approaching Gray Uhlmann from Arena and saying, "You know a lot about CorpTech. How about you provide the change management resources for our bid? We'll partner with you to put some of the people in so we don't have to put them in."

31. It's not unusual for Accenture or IBM or any of those big system implementers to engage contractors to be part of their team. On a big job like the one proposed it would be rare they would use all their own staff. They have contractors come in. Keith Goddard was making the point that if there was any IBM or Accenture involvement with Arena in the tender responses and I was involved in evaluating their responses I would be conflicted as I was involved with Arena which was contracting me into CorpTech. I was contracted through Information Professionals to Arena to CorpTech. Arena did not end up having any involvement with the Accenture or IBM bids so the conflict that Keith was concerned about with the tenderers did not eventuate.

32. At the time the ITO went out to the offerors Terry Burns was either contracting through Arena into CorpTech or he was contracting directly into CorpTech through his own company called Cavendish Risk Management Pty Ltd. I recall around this time there were out of session corridor questions about how Terry Burns was not judged to be conflicted in view of
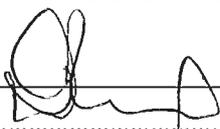
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his recent contractual arrangement through Information Professionals to Arena and then to CorpTech. Terry Burns seemed to be above it all and had to be part of the process for the engagement of a Prime Contractor.

33. Initially I was angry about being excluded from the Evaluation Team but in hindsight it was the right course of action.

34. I was of the view at the time that Terry Burns was also conflicted and to my knowledge he never declared a conflict of interest.

35. During the RFP phase and that part of the ITO phase I was involved in it appeared to me that Terry Burns had a direct reporting line to Gerard Bradley as well as David Ford. Geoff Waite had been replaced by Barbara Perrott in about July 2007 and theoretically Terry should have been reporting to her and I believe he did work closely with her.

36. When my involvement in the evaluation phase finished after my exclusion from the Evaluation Team, I completed some work for Barbara Perrott who was then the Executive Director.

37. Even though I had been excluded from the evaluation process I was aware that when the tender submissions were submitted by the tenderers the sub category teams would desk mark the part of the submission relevant to their team. I think Keith Goddard developed the evaluation process

38. I don't think I saw any of the returned submissions from the tenderers. My understanding was that the evaluation process for the submissions was similar in some respects to the evaluation of the RFP submissions. The Release Directors (Jenkinson and Cramp) who were both public servants and with whom I had worked with at the start of the Evaluation Phase headed up the evaluation of the Release Management, Implementation and Change
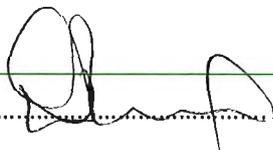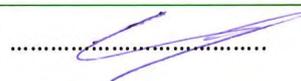
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Management components of the tender submissions after I was excluded from the process. I was aware that a lot of questions arose during this part of the evaluation process as the submissions were really getting into a lot of detail.

39. I recall IBM and Accenture conducted formal presentations as part of their submissions and I was allowed to attend these sessions. I remember that the audience comprised members of the Evaluation Team and CorpTech executives.

40. I recall that Accenture provided a big formal presentation and they had about ten or twelve partners in the room. The presentation was held at Accenture's offices at Milton. I remember Marcus Salouk was leading this presentation and one of his colleagues John Vidas delivered a segment in relation to finance business solutions. The presentation was really about how Accenture would approach the implementation of the Prime Contract.

41. At the conclusion of the presentation there was a question and answer session. It was really a presentation on their bid but it was after the bids had been received and I think after some of the evaluation of bids had taken place.

42. The IBM presentation was of a similar vein. I think the presentation was conducted off site but I can not remember where at this time. I recall IBM's presentation was centred on the proposed functionality of its bid. It was more of a question and answer session between the IBM representatives and evaluation team members. I recall that during the IBM presentation there was a question about IBM's experience in having worked with Workbrain and SAP together and they said they didn't have any. This as it turned out was quite a relevant question.

APPOINTMENT OF PRIME CONTRACTOR
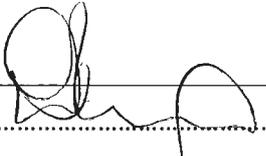
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43. I was not surprised when IBM was eventually awarded the contract. IBM stated that they had previously done a lot of work with Queensland Health and they understood what was happening in QHEST and they had a walk up start in getting the solution underway. They had good time frames in their proposed implementation roll out and IBM's price was significantly lower than Accenture. I am not aware of IBM receiving information that was not supplied to the other tenderers. IBM were quite up front about the fact that they had been in contact with Queensland Health and they did not attempt to hide any of that.

44. I did not have any involvement in the contract negotiations other then being called in for a couple of meetings over some clauses in the proposed contract to do with implementation. The people who were driving the contract negotiations were Keith Goddard, Terry Burns and John Beeston. They also worked with a fellow from Mallesons Stephen Jaques (Mallesons) by the name of John Swinson.

45. After IBM came on board I had the specific responsibility of working with people from IBM in assisting them to develop governance arrangements and other on-boarding related activities. One of Terry Burns' recommendations to progress the solution forward after the appointment of IBM as the Prime Contractor was for the creation of the Solution Design Authority (SDA) which was the scope controlling body of the solution. Terry initially managed the SDA and then he went into the Program Deliver Director (PDD) position and I was asked to head up the SDA. My role was to direct a team of about thirty or forty people in the SDA. It was my responsibility to look at the scope of the solution as it was being built and to manage the releases that were already happening. I also had to manage the communications with the Shared Service Providers and the agencies over the way the program was progressing. I stayed in this position from January 2008 until July or August 2008.

46. I was not involved in any of the go live and deferred go live decisions for the payroll. I had left the SDA before any of that occurred. James Brown came on board in about July or
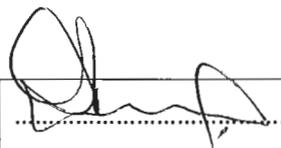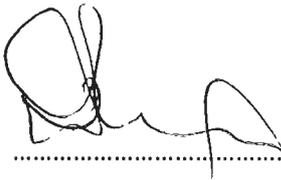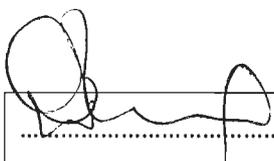
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August 2008 and he took over the role I had with SDA. He was a public servant and it was always the intention that this role be headed by a public servant at some stage. I then did some work for Barbara Perrott on the CorpTech business model and fee for service arrangements for CorpTech. In about April 2009 my contract expired and I left CorpTech.

47. I voluntarily make this statement to the Commission of Inquiry. The contents of this statement are true and correct to the best of my knowledge. I acknowledge that any false or misleading statement could be an offence against the *Commissions of Inquiry Act 1950* or contempt of the Commission.

David Ekert

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