



**QUEENSLAND HEALTH PAYROLL SYSTEM
COMMISSION OF INQUIRY**

Statement of Witness

<i>Name of Witness</i>	Michael Paul Lewis
<i>Date of Birth</i>	12/08/1949
<i>Address and contact details</i>	Known to the Commission
<i>Occupation</i>	Interviewer –ACNielsen Research Pty Ltd
<i>Officer taking statement</i>	James Grehan
<i>Date taken</i>	28 / 02 /2013

I, Michael Paul Lewis state;

Background

1. I hold a Bachelor of Accounting from Canberra University.
2. I worked for the Australian Bureau of Statistics between the years of 1968 to 1982 working in roles primarily related to demographic survey collections and the Population Census.
3. I commenced work with Queensland State Government in December 1982 in the Department of Employment and shortly after moved to the Queensland Treasury Department from 1983 to 1988 as a Senior Finance Officer/ Senior Project Officer.
4. I have worked in number of different positions over the course of my career including:
 - (a) Assistant Commissioner (Administration and Information) Land Tax Office, Treasury Department (May 1998 – August 1991).
 - (b) Executive Manager (A07) Office of the Director of Public Prosecutions (August 1991 – May 1992).
 - (c) Executive Manager (A08) Finance Branch, Corporate Services Division Department of Consumer Affairs and Department of Attorney-General (May 1992 – December 1993).

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- (d) Acting Director (SES1), Finance Branch, Corporate Services Division, Queensland Emergency Service [QES] (Feb 1994 – January 1995).
 - (e) Manager, Program Support Branch, Disability Program, Department of Families, Youth and Community Care (A08) and Manager IDS Department of Families and Community Care (January 1995 – September 1997).
 - (f) Acting Executive Director & Director Program Development Unit, Disability Services Queensland (December 1999 – March 2000).
 - (g) Director, Mary Street Operations, Corporate Link and General Manager, Support Services, Corporate Services Agency (CSA) (May 2000 - April 2004).
 - (h) Consultant, Department of Health, United Kingdom (May 2004 – October 2005).
 - (i) Director, Information and Facilities Management Branch, Corporate Link (S01) (October 2005 – June 2007).
 - (j) Acting Executive Director – Policy -Shared Services Initiative – Policy and Program Office, Treasury (June 2007 – 2008).
 - (k) Director – Projects – Strategy – Shared Services Agency, Queensland Government (January 2008 – November 2009).
5. I took a voluntary redundancy package from the Queensland Government in late 2009. I have performed pieces of temporary and contract work for various enterprises since leaving government in November of 2009 including QATS Management Pty Ltd, Jacaranda Housing, Electoral Commission of Queensland, AC Nielsen Research Pty Ltd and the Australian Bureau of Statistics.
6. I have previously provided a copy of my resume to the Commission.

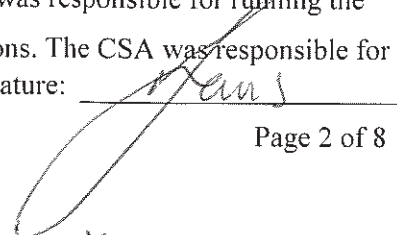
Commencement in Shared Services

7. I started as a Manager at Shared Services in May of 2000 when I joined the Corporate Services Agency (CSA).
8. At that time I was reporting to Dennis Taylor. There were three Managers underneath Dennis Taylor including, Barbara Perrott, Craig Vayo and myself.
9. My roll at the CSA was running the operations area. I was responsible for running the finance, asset management and human resources sections. The CSA was responsible for

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Primary Industries, Natural Resources and Forestry. It was not responsible for the Health Department.

10. In April 2004 I left to work in the United Kingdom as a consultant for the National Health Service (NHS). I worked on a project that commenced implementation of a successful single shared services finance system for the NHS via a joint venture between the government and Xansa (an IT and outsourcing company). It was proposed to link this system to a whole of NHS payroll system which was being developed independently.

Shared Services 2005

11. In late 2005 I returned to Australia to resume work for the Queensland Government as the Director of Information and Facilities Management Branch. Under the Shared Services regime, CorporateLink was responsible for one third of the public sector, the other two thirds consisted of Health and Education. In terms of day to day operations, I had nothing to do with Health or Education. Corporate Link was part of the overall Shared Services Initiative.
12. At that time my view of Shared Services was that it was 'chipping away' at the project, department by department. Some departments were resistant to change because they had their own way of operating. I am aware that there was an original business case for the Shared Services initiative that was prepared which promised \$100 million in savings. However, savings weren't being delivered as quickly or to the extent that report promised. I recall the report was prepared by Queensland Treasury, and Mike Burnheim had a lot to do with it.

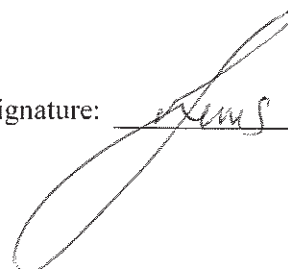
Review by Arena Consulting

13. I am aware that a Shared Serviced review was conducted at some stage in 2005. I am aware that the review was conducted by Gary Uhlmann of Arena. There were numerous reviews conducted over the ten year period I was with Shared Services. I do not remember what recommendations were made in the 2005 review.

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CorpTech

14. CorpTech was doing a lot of the build of the finance and HR systems for the Shared Services program and were starting to implement the new Human Resources system in the Department of Housing. At some stage, although I am not certain when, there was a decision to stop the in-house build and move to an outsourcing or "Prime Contractor" model.
15. I recall around 2005 there were a lot of consultants and contractors being engaged in CorpTech and I believe that was part of the reason for the decision to go from building in-house to a Prime Contractor model.
16. Around that time I was mainly focused on my work within the SSA.
17. In 2007 I spent a short time in the Shared Services Implementation Office filling in for Barbara Perrot who went to work for CorpTech.

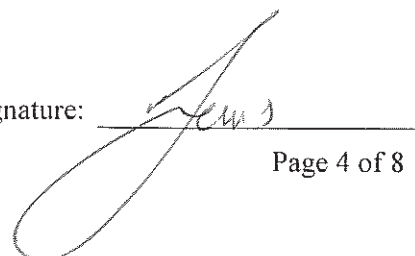
Review by Terry Burns

18. I do not recall the detail of the Shared Services review that was conducted in 2007 but I was one of the people interviewed for it – I do not recall who interviewed me. I believe I would have read that review but I don't have any real recollection of it.
19. I recall the Shared Services initiative at that stage was still 'chipping away'. In early 2007, I recall meeting a consultant Terry Burns who was involved in the procurement process. I first came across Terry during discussions around the Prime Contractor procurement process. I believe he asked me about my experience with the NHS in the UK. He was one of a number of people that came and asked me about that.
20. My impression of Terry Burns was that he was pretty competent, he wasn't stupid but he did ruffle a few feathers. There were a lot of upset public servants and contractors around the decision to move to a Prime Contractor model.
21. I do not recall seeing a review conducted by Terry Burns recommending a Prime Contractor be appointed.

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Request for Proposal

22. I was not involved in the Request for Proposal in any way.

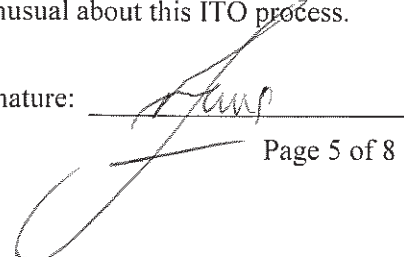
Invitation to Offer

23. In 2007 an Invitation to Offer (ITO) was issued by CorpTech to the market for the purpose of appointing a Prime Contractor through a tender process.
24. I saw the ITO that went to market and the responses that were received by CorpTech. I recall there were offers from IBM, Accenture and Logica but the Logica offer was incomplete.
25. I sat on the evaluation team for the ITO tender process. I recall a team was put together to evaluate the offers. I was asked to work on the evaluation panel by Barbara Perrott because of my knowledge of Shared Services.
26. I was the Team Lead of the Governance evaluation team. Tracey Laurence-Johnson and Steve Mitchell were also part my team. My understanding was that Barbara Perrott was Chair of the evaluation panel. I recall Terry Burns being part of the evaluation process.
27. The responses were separated into different topics. As the Team Lead for the Governance section of the ITO, the team carried out an assessment of which of the tender submissions presented the best governance model in terms of how the project would be managed. In order to evaluate the governance side of the submissions, I read major parts of the submissions not just the governance aspects.
28. The evaluation process was such that the different groups would go away, formulate their criteria, do their scoring and write recommendations. All the groups would then come back together and discuss their findings and recommendations. I attended presentations by IBM and Accenture during the evaluation process relevant to governance as part of the evaluation process.
29. At the time of my involvement on the evaluation team, I had previously been involved in tender processes. I did not think there was anything unusual about this ITO process.

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30. I recall a key issue for Queensland Health was that the LATTICE system was no longer going to be supported. There were also questions around whether Workbrain could support the complex award structure and whether SAP was the best system to use. Pricing was also a key issue.
31. My recollection is that the governance part of the evaluation came down to a decision between IBM and Accenture and that there wasn't much difference between them.
32. I do not recall being asked to reassess or revisit our evaluation at any stage by any person including Terry Burns.

Evaluation Criteria Matrix

33. The Governance Team carried out its assessment of the tenders by reference to what is known as an 'Evaluation Criteria Matrix'. I believe the matrix was drafted by someone in Corptech in conjunction with our team. Each of the tenders provided by Logica, IBM and Accenture were assessed and given scores using the criteria set out in that Evaluation Criteria Matrix. Logica was basically ignored due it being a part submission.
34. At the request of the Commission I have considered the Evaluation Criteria Matrix and the scores that were generated by the Governance Team when it assessed against that matrix. I was provided with a copy of four different versions of Evaluation Criteria Matrix Ver 2.0 dated 08.10.2007 (**Annexures B, C, D and E**). These documents and others would have been prepared during the evaluation process(about 3-4 weeks) .I have viewed this material which is Annexed to this statement and marked:

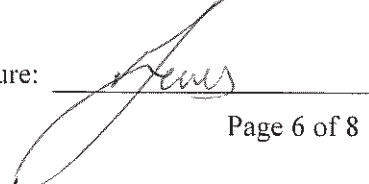
- (a) Annexure B
- (b) Annexure C
- (c) Annexure D
- (d) Annexure E

35. Annexures B, C and D are examples of working drafts compiled by the team during the evaluation process – individual scores by team members and views changed during the process as new information and discussions took place. I don't know who prepared the versions of the Evaluation Criteria Matrix or when. There would have been other versions

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of the matrix and scores would have changed over time as we undertook the moderation process.

36. **Annexure E** is the final signed version of the Evaluation Criteria Matrix I viewed which identifies the following Vendor Weighted Score totals for the Governance Team:

- (a) Logica Vendor Weighted Score – 0.06
- (b) Accenture Vendor Weighted Score – 0.39
- (c) IBM Vendor Weighted Score – 0.39

37. **Annexure E**, is dated 14 November 2007 and contains the following recommendation:

“IBM’s proposal has a more streamlined governance framework compared to the other two bidders and makes greater use of existing CSRO structures. The IBM proposal better delivers the highest priority agency implementations outlined in the ITO – the proposal for the “minimal payroll solution” for QH by August 08 also helps mitigate risk. The issue of replacing Lattice and TSS are better dealt with by IBM. Accenture indicated playing a far more active involvement at the strategic, management and execution levels and project management but at a considerable additional cost. The IBM proposal keeps the existing ‘best of breed products’ which already represent a considerable investment by Government. The IBM proposal will require CSRO to be more actively involved but overall was a better response to the ITO”.

38. The recommendation is signed by me, Tracy Laurence Johnson and Steve Mitchell.

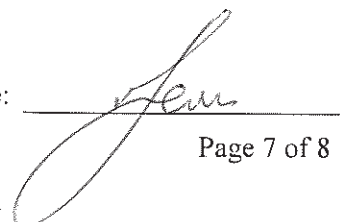
39. Changes to scoring and comments were made by the 3 members progressively during the process as a result of discussions and information becoming available (e.g. following discussions within the team or after attending presentations by the tenderers)

40. I was not aware of any advantage being given to either Accenture or IBM. I was aware of discussions regarding privacy and confidentiality regarding information provided by IBM and Accenture.

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Post evaluation

- 41. I was not aware of any advantage being given to either Accenture or IBM.

- 42. IBM was awarded the contract. I took no part in the contract negotiations.

- 43. At the end of the evaluation I continued my role in the Shared Services Implementation Office. I had no involvement in the implementation of the payroll service or the 'Go-live' decision.

Declaration

This written statement by me dated 7/3/2013 and contained in the pages numbered 1 to 12 Is true and correct to the best of my knowledge and belief.

Signed at BRISBANE Signature this 7th day of MARCH 20 13

Witnessed:
Name Michelle Bozier Signature _____ Rank _____ Reg. No. _____

Team	ITO Issue Date	Score Range	ITO Issue Date	Score Range	ITO Issue Date	Score Range	ITO Issue Date	Score Range	ITO Issue Date	Score Range	ITO Issue Date	Score Range
Team	ITO Issue Date	Score Range	ITO Issue Date	Score Range	ITO Issue Date	Score Range	ITO Issue Date	Score Range	ITO Issue Date	Score Range	ITO Issue Date	Score Range
Team	ITO Issue Date	Score Range	ITO Issue Date	Score Range	ITO Issue Date	Score Range	ITO Issue Date	Score Range	ITO Issue Date	Score Range	ITO Issue Date	Score Range

ITO Criteria:

- C1 The Solution: Understanding the Customer's functional and technical requirements in delivering effective business outcomes for the SSS program
- C2 Proven Program and Project Management ability
- C3 Value for Money
- C4 Ability to schedule and deliver on time to meet the requirements of the work-streams and the overall Solution.
- C5 Proven ability to deliver work packages that meet defined quality criteria.

Recommendation:
 Accenture's proposal had a very strong governance framework compared to the other two bidders. Accenture indicated playing an active involvement at the strategic, management and execution level and indicated clearly how the project should be managed. Imbedding Accenture staff in key leadership positions, incorporating additional governance forums, a release based approach with joint HR/Finance rollouts, and other structural improvements (eg adding a manager of benefits realisation in the SDA) all added strength to the governance model.

This evaluation was conducted in accordance with the agreed and signed-off Contractor Evaluation process.

Recommended:
 Team Lead: MICHAEL LEWIS Date: 10/10/2007
 Panel Member: TRACY LAURENCE JOHNSON Date: 10/10/2007
 Panel Member: STEVE MITCHELL Date: 10/10/2007

