

10 September 2018

Sarah Baddeley
Martin Jenkins
Level 1 City Chambers
Wellington

s9(2)(a)

Dear Sarah

State Services Commission Inquiry into the Use of External Security Consultants

We refer to the letter from Martin Jenkins to State Sector Chief Executives dated 23 July 2018. The State Services Commissioner, through Martin Jenkins, have requested state sector agencies conduct appropriate self-evaluation and reviews to respond to the above Inquiry. The request follows the provision of previous advice and assurance from state sector agencies regarding the use of external security consultants, in particular the use of Thompson and Clarke Investigations Ltd (TCIL).

In accordance with the request for additional assurance, the Department of Corrections (the Department) has now undertaken an extensive search and review process to obtain the assurance necessary to respond to your request. To assist with the review the Department engaged the services of Deloitte to aid in the development of an approach which gives us the broadest possible reach across our information from which to provide the assurance that the terms of reference seeks. We note that Deloitte have been engaged by a number of agencies to undertake similar reviews and the Department was fortunate to benefit from their experience on how to frame our enquiries and work effort.

As part of our response, we thought it helpful, in broad terms, to outline the Department's approach to the work effort that has been completed, and how it supports our overall advice to the Inquiry. This work effort has included:

- Enquiries with the Executive leadership team and other appropriate senior managers as to whether they have knowledge of any interactions with external security consultants that are encompassed within the scope of this Inquiry.
- Enquiries with major outsource contract providers as to whether they have engaged the services of external security consultants in the delivery of services to the Department.

- Examination of the Department's financial systems for evidence of contracts and payments to TCIL, its associated entities or other such external security consultants.
- An examination of Department emails for interactions with TCIL and its related entities.
- An examination of the Department's document management system for records relating to TCIL and its associated entities.
- Examination of the Procurement system for vendor records which match any of the Private Investigators licensed under the Ministry of Justice register.

The examination of Department records included consideration of over 5000 emails yielded under the broad search parameters recommended by Deloitte. A data matching exercise of vendor records against the 4000 Private Investigators registered with the Ministry of Justice was also undertaken to provide further confidence over whether any other external security consultants had been engaged by the Department.

We also note that the Department's financial delegations framework requires authorisation at Tier 2 level (at Deputy Chief Executive level), or higher, for the engagement or appointment of an external consultant or contractor. The Department reasonably expects that the appointment of an external security consultant would require approval at a senior executive level within the Department. To the best of the knowledge of current Executive Leadership team members, no such appointments have been made.

Based on the work completed by the Department (as set out above), nothing has come to our attention which suggests that the Department has appointed external security consultants TCIL, or other security consultants, in the performance of the Department's activities. Further, based on the review of the broad set of information analysed by the Department there is nothing to suggest that there has been any inappropriate engagement of, or interaction with, TCIL, its shareholders or related entities, or with other external security providers, which should be brought to the attention of the Inquiry at this stage.

I note that the additional assurances and conclusions set out in this letter are consistent with the earlier advice provided to the State Services Commission by the Department. Notwithstanding this, we would be happy to discuss the nature and extent of the additional work performed by the Department, and the assurances provided, if necessary and appropriate.

If you have any further queries regarding the content of this letter, please don't hesitate to contact me direct.

Yours sincerely



Neil Cherry

Deputy Chief Executive – Finance Property and Technology