

13<sup>th</sup> September 2016

The Board Directors - Lutheran Disability Services  
c/- Lutheran Disability Services  
219 Main North Road  
SEFTON PARK  
SA 5083

**Re : Concerns Related to the outcome of the LDS Board IT Review.**

Firstly, let me thank you for your support over the years as I have provided LDS with services in the area of IT and software development.

I have a deep admiration for LDS and the services your organisation provide to people with a disability. I have been proud to support the organisation in whatever way I can, and will continue to do so where appropriate.

I have recently received advice from Nicole Baldwin related to the IT Review and the decisions made at your last meeting. Nichole informed me that, based on a further internal IT review being undertaken that no additional development effort was required on the RosterNow program, which is understandable.

Nicole also informed me that LDS is halting the testing of the Client Management Application, which was somewhat surprising given the nature of our agreement.

I have attempted to resolve this issue with Nicole directly, yet in the course of our conversation it became apparent that certain pieces of key information have not been provided to you as part of your decision making process around the Client Management Application which has influenced your decision and which unfortunately may present you with a serious governance issue.

To summarise the history,

- The Client Management Application development is a Joint Venture, based on a Memorandum Of Understand (MOU) executed between Sistemosa (was ADM) and LDS.
- This MOU clearly details the obligations of each party. Sistemosa are the developers, while LDS are the test partners.
- Seed funding was received from the State Government to support the development of the application.
- Due to delays in the implementation of the system, a Letter of Intent was provided by Sistemosa to LDS. This letter outlined the ongoing commitment to complete this application and fulfil the funding requirements. This was provided by LDS to the funding body, which approved the approach and the funding was provided.
- Darren Anderson has advised me that LDS were ready to commence the test process at the start of September.

Given the above, I hope you can understand my concern when I was advised of the halt in progress. On a personal note, given my involvement with LDS over the years and the good will I felt existed between us, I was somewhat disappointed that the decision

had been made without any discussion with myself and without any consideration for the partnership nature of the agreement.

In communicating with Nicole after her notification, there were several requests made by her for the 'Letter of Intent'. This was after the decision was made to halt testing at the last Board meeting. This further raised my concerns, given this letter was crucial to the decision making process. She also indicated she was 'confused' over the arrangement even though I had personally sent her a summary of the situation in June this year and she was responsible for overseeing the IT review. Once I understood the potentially serious governance issue that this situation has presented LDS, I have been reluctant to address this issue directly with the Board Chair and hence I have presented this letter to the Board as a whole. I am more than happy to provide you with the transcript of my conversation with the Chair as a matter of transparency.

To protect the interests of both LDS and my business I feel I have to bring this matter to your attention.

The notification to halt the testing of the Client Management Application has the following implications:


- It constitutes a breach of the MOU. I am sure that, should the Board have had all the information to make an informed decision around this issue, this would not be the case.
- It requires that the funding body be notified of a change of intent to complete. This has the potential to damage the public reputation of LDS and may require the return of funds to the funding body.
- It implies that information has been withheld from the Board in its decision making process. This statement is supported by the communications that I have received from the Chair.

I request that you review your decision. As part of that review I would request that I have the opportunity to discuss any changes LDS wish to make to the MOU in person, either at your Board meeting on the 20/9/16, or after your consideration of this letter. I am also available to demonstrate the functionality of the Client Management Application in its current state should this be appropriate.

I also need to inform you that Sistemosa will not look to provide any future IT services outside of the MOU. This is to avoid future opportunities for conflicts of interest to arise in relation to the CEO and her involvement in this business.

I look forward to your response and the mutually beneficial resolution of this concern.

Kinds Regards,



John Lenigas

Director

Sistemas Group

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