

**EXECUTIVE MINUTE**

on

**JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT****REPORT 492**

*Governance in the stewardship of public resources - Inquiry into Auditor-General's Reports 11, 31, 39 (2019-20) and 2 and 9 (2020-21)*

**General comments**

In July 2020, the Australian National Audit Office released Auditor-General Report No.2 Of 2020–21 Procurement of Strategic Water Entitlements, which included four recommendations.

The Department of Agriculture, Water and the Environment agreed to all four recommendations. The department has provided the Parliament with updates on its implementation of the recommendations through the Senate Estimates process.

On 1 July 2022, administrative responsibility for water recovery transferred to the newly created Department of Climate Change, Energy, the Environment and Water which has taken responsibility for responding to the committee's recommendations. The newly created department and Water Division continues to progress work that embeds lessons learned from the audit into its administration of various programs.

***Recommendation No: 9***

*The Committee recommends that the Department of Agriculture, Water and the Environment provide a report on whether the Water Division's conflict of interest policy has identified any direct or perceived conflicts of interest that would not have been identified by the department's broader policy in this area.*

***Summary of response: Noted******Supporting rationale:***

The departmental policy titled *Water acquisition and divestment declaration of interests* came into effect on 16 July 2020 in the former Department of Agriculture, Water and the Environment.

The department has not conducted any purchases which fall within the scope of the policy since its introduction and therefore there were no conflicts of interest identified.

The policy supplements existing obligations for public servants to proactively manage conflicts of interest and disclose details of any material interests, under its integrity policies.

These include the *Integrity in the department policy*, and the *Identification and management of conflicts of interest guideline*.

In addition to internal integrity policies, Water Division's policy also supplements statutory obligations on public servants to manage and disclose material interests relating to their APS employment, as set out in:

- Section 13(7) of the *Public Service Act 1999*
- Section 29 of the *Public Governance, Performance and Accountability Act 2013*
- Part 2-2, Division 2 of the *Public Governance, Performance and Accountability Rule 2014*
- Section 6 of the *Commonwealth Procurement Rules*.

There have been no investigations of Water Division employees for failing to declare conflicts of interest since the implementation of the policy.

***Recommendation No: 10***

*The Committee recommends that relevant delegates at the Department of Agriculture, Water and the Environment undertake probity and negotiation training to develop staff capacity for future procurement activities.*

***Summary of response: Agreed***

***Supporting rationale:***

All Department of Agriculture, Water and the Environment employees were required to undertake annual eLearning which includes modules on integrity and their ethical obligations as public servants. There was also an eLearning module for financial delegates which outlines their responsibilities under the Commonwealth's financial management framework.

The new Department of Climate Change, Energy, the Environment and Water is developing similar arrangements.

Water Division has engaged Clayton Utz to deliver the training as recommended by the committee and the training is scheduled to be completed by the end of the calendar year. The division has also included the Departmental Policy on Water acquisition and divestment declaration of interests in its induction processes.

Divisions routinely engage probity advisors to assist in managing probity issues for grant and procurement processes. The probity advisors provide probity briefings for employees involved in those processes as part of these services.

Signed



Lyn O'Connell, Deputy Secretary

Department of Climate Change, Energy, the Environment and Water

14/10/2022