

Appendix 3

Australian National Audit Office (ANAO) Report No. 1, 2016–17 – Recommendations

Recommendation 1: The ANAO recommends that Airservices Australia address systemic failures in the adherence to the organisation's procurement policies and procedures and the cultural underpinnings of those failures.

Recommendation 2: The ANAO recommends that Airservices Australia improve the value for money it obtains from major and strategic procurement activities by:

- (a) requiring that, except in genuinely rare circumstances, competitive procurement processes are to be employed;
- (b) on those rare occasions when competitive procurement processes have not been able to be employed:
 - documenting the reasons why a competitive approach was not employed;
 - benchmarking the quoted rates/fee and making records of the basis on which it was decided that the contracted rate/fee represented value for money; and
 - reporting any such instances to the Airservices Australia Board.

Recommendation 3: The ANAO recommends that Airservices Australia improve its procurement framework by including enhanced guidance in relation to:

- (a) the different roles performed by probity advisors and probity auditors;
- (b) determining the circumstances in which the engagement of an independent probity auditor would be appropriate; and
- (c) the manner in which such decisions are to be documented.

Recommendation 4: The ANAO recommends that Airservices Australia proactively manage probity in procurement activities by:

- (a) ensuring conflict of interest declarations are updated regularly or their ongoing currency confirmed;
- (b) reviewing existing declarations when the role being performed by an individual changes; and
- (c) regular review of program participants' reporting of contact with industry respondents in order to monitor compliance with reporting obligations.

Recommendation 5: The ANAO recommends that Airservices Australia's governance arrangements address:

- (a) whether individuals proposed to be employed in key probity management roles possess the understanding and capabilities required to undertake the role effectively; and
- (b) the appropriate separation of duties between key probity management roles associated with a procurement activity.

Recommendation 6: The ANAO recommends that Airservices Australia enhance its procedures for managing probity in procurement processes to require documented consideration of the potential for actual or perceived conflicts of interest to arise when engaging external contractors to participate in tender evaluations and contract negotiations and, where relevant, the management strategies are to be applied.