



Australian Government

Department of Finance

EXECUTIVE MINUTE

on

JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT

REPORT 465

COMMONWEALTH PROCUREMENT

General comments

Corporate Commonwealth entities (CCEs) are separated into two groups for the purposes of procurement:

- 23 CCEs that are prescribed in section 30 of the *Public Governance, Performance and Accountability Rule 2014* are subject to the Commonwealth Procurement Rules (CPRs).
- The remaining 46 CCEs, including two Government Business Enterprises (GBEs), which are not subject to the CPRs, develop their own procurement arrangements based on their business needs and the requirements of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

There are also six Commonwealth Company GBEs, that develop their own procurement arrangements based on their business need and requirements. While GBEs are subject to the PGPA Act, GBEs are not bound by the CPRs. However, the principles underlying the CPRs may provide Boards with an indication of best practice.

For CCEs such as Airservices Australia that are not subject to the CPRs, the Department of Finance provides guidance on the development of procurement arrangements through the Model Accountable Authority Instructions. This guidance outlines a range of procurement matters that these Instructions could cover such as assessing value for money, identifying risk identification, probity requirements and contract management responsibilities.

The Model Accountable Authority Instructions also note that the CCEs and GBEs may find it beneficial to apply the principles in the CPRs and develop procurement arrangements that are modelled on the CPRs as a matter of good procurement practice.

Response to each specific recommendation

Recommendation No: 1.

The Committee recommends that the Department of Finance and the Australian National Audit Office work together to consolidate procurement guidance as it relates to corporate Commonwealth entities, to ensure such entities more strictly apply the Commonwealth Procurement Rules in developing and implementing their procurement policies and procedures.

Summary of response: Agreed

Supporting rationale:

The Department of Finance, in consultation with the ANAO, will review the procurement guidance for CCEs that are not subject to the CPRs and consider whether this guidance is effective in assisting these CCEs to develop procurement arrangements that reflect their operational environments and, to the extent appropriate, reflect the CPRs.

The review will also consider whether additional guidance on procurement matters would assist these CCEs to develop and implement best practice procurement arrangements.

The Department will seek to complete the review and issue any new or revised guidance by 1 September 2018, following consultation with relevant CCEs.

Rosemary Huxtable
Secretary
Department of Finance