

Senate Standing Committee on Community Affairs - legislation

Inquiry into Australian Charities and Not-for-Profits Commission Bills

Additional Evidence

Department/Agency: Department of the Prime Minister and Cabinet

Date set by the committee for the return of answer: 6 September 2012

Number of pages: 1

Topic:

Financial reporting requirements in simplified Commonwealth procurement and granting documents to reduce red tape.

Answer:

Procurement

The Department of Finance and Deregulation (Finance) has developed standardised templates for low-risk procurement activities under \$80,000 being undertaken by agencies covered by the *Financial Management and Accountability Act 1997 (FMA Act)*. In 2010-11, procurements between \$10,000 and \$80,000 represented around 70% of all Commonwealth procurements. There is no financial reporting requirement under procurement, as payment is made following the delivery of services.

The Basic Contract Documentation Suite (BCDS) was rolled out in 2011 and nearly 75% of Commonwealth FMA Act agencies have adopted it. It can be accessed at <https://www.tenders.gov.au/?event=public.document.list>.

The BCDS has simplified and reduced the administrative burden on tenderers and suppliers, including NFPs. This reduced burden is due to the consistency that the BCDS has created across the Commonwealth for these procurements. It has resulted in less paperwork and less legal costs for organisations responding to tenders and has streamlined processes for suppliers.

To support the implementation of this initiative, Finance has been providing training on the BCDS across the Commonwealth for the past 18 months, and this is ongoing.

Grants

Finance is piloting a low risk grant agreement template and associated guidance for Government departments and service providers. As of September 2012, the low-risk grant agreement template is being piloted in the Department of the Prime Minister and Cabinet and the Attorney-General's Department.

The low-risk grant agreement is drafted to minimise the red tape and administrative burden on grantees through proportionate financial reporting requirements and the implementation of standardised grant agreements which should streamline the review and acquittal process for NFPs dealing with multiple agreements from different Commonwealth government agencies. The draft template does not require audited financial statements for acquittal purposes. However, the requirement to provide specific financial reporting information can be included, depending on the nature of the specific grant.