



Australian Government
National Capital Authority

National Capital Authority—Submission
Inquiry into Commonwealth Procurement

The Joint Committee of Public Accounts and Audit

11 November 2022

I. Foreword

The National Capital Authority (NCA) represents the Australian Government's continual interest in the National Capital. We are responsible for: shaping the National Capital into the future; managing and enhancing the nationally significant parts of Canberra; and fostering awareness of Canberra as Australia's National Capital.

We manage and maintain some of the Capital's most nationally and culturally significant landscapes and attractions. Our assets reflect the breadth of the Australian Government's interests in the National Capital and provides the setting for ceremonies, activities, and events that Australians expect to occur in their capital.

Our asset base (currently valued at around \$1.2 billion) is diverse. We operate and maintain national monuments, public artworks, large areas of landscape and infrastructure including paths, lighting, signage, open space areas, trees, carparks, and civil infrastructure such as roads, bridges, lake and waterways, dam, and street lighting. In managing these assets, we make sure they are created, maintained and, if necessary, replaced to enhance and protect the unique qualities of the Capital, and to support activities and events that spread an awareness of Canberra as the National Capital.

Our relatively small staff of around 60 people include engineers, architects, town planners, designers, horticulturalists, education and public program experts, trades persons and asset managers. Over many years, working both for the NCA and external organisations doing similar tasks, our staff have built a solid technical knowledge base of the various areas of operations.

The Australian National Audit Office (ANAO), in early 2022, conducted a performance audit of NCA's procurements undertaken over the course of 2019-20 and 2020-21 financial years. The audit highlighted gaps and deficiencies in our procurement processes.

The ANAO made specific recommendations that will improve the NCA's procurement practices. We have accepted each recommendation and we are committed to implementing the recommendations to ensure we continue to deliver value for money in our purchasing decisions.

We set out below specifics of how we are implementing the recommendations of the ANAO Report.

II. Addressing ANAO's Recommendations

We have made significant inroads in addressing the recommendations of the ANAO Report and putting in place additional internal controls to ensure the measures are lasting. In designing the control measures, we have taken a holistic view through the lense of governance, people, process and systems.

At the time of the ANAO audit, we had been working to develop standardised guidance and agency-specific templates for use by staff members when conducting procurement. The ANAO audit confirmed the direction we needed to take. Updated information is available on the NCA intranet, incorporating regular updates and ongoing guidance provided to staff when using the resources.

The detailed guidance and templates are designed to drive consistency across the agency and improve overall efficiency while ensuring adherence to the Commonwealth Procurement Rules (CPRs) when undertaking procurement.

Since the audit, we have implemented the following to further improve internal controls and address the recommendations from the ANAO:

- Skilled dedicated resource—engagement of a Director of Procurement to act as a centralised procurement adviser, to be involved in all major procurements, to address the ANAO audit recommendations and to ensure best practice and continuous improvement in NCA procurement.

Part of the responsibilities of the Director of Procurement is to ensure the key relevant documents and records are in place to support each procurement activity from beginning to end, including clear justification for selecting a procurement method. The Director provides reports to the Executive, the NCA Board and the NCA Audit and Risk Committee.

- Training—working with the APS Academy to deliver formal procurement training to NCA staff. The training will provide staff with the required foundation that must be considered when undertaking procurement. This is aimed at improving overall awareness, understanding, appreciation and application of the relevant rules and regulations. The first training occurred on 17 and 18 October 2022, with 20 staff attending. We are in discussions with the APS Academy to arrange additional training sessions.
- Early engagement—staff are required to engage with the procurement expert and discuss procurement activities in the planning phase, prior to determining approach and presenting approvals to the delegate. This is aimed at early intervention but also ensuring that relevant documentations are in place, including rationale for the procurement approach.
- Monitoring of Procurement Activities—ongoing review of procurement activities to ensure recommendations of the ANAO are adhered to, including accuracy of reporting of procurement as well as to monitor trends such as the number of engagements via limited or open tender. A quarterly dashboard will be provided to the NCA Executive, the NCA Board and NCA Audit and Risk Committee from 2023.
- Monthly Active Contracts Reminders—a tool to assist staff better monitor and plan for future procurement requirements. In addition, greater visibility promotes maintenance of current records and accurate reporting.
- Annual Procurement Plan—a list of proposed open market approaches (excluding engagements via Standing Offers) on AusTender. This allows the market to get an indication of (and prepare for) future procurements activities by the NCA.

In addition, we are implementing:

- A rolling external audit program of high value and/or risk procurements throughout the life of these projects—this process will bring independent scrutiny and confirmation of our compliance with ANAO’s recommendations and assist in further refining our plan to drive best practice and continuous improvement in undertaking

procurements. We have already identified the Commonwealth Avenue Bridge Upgrade and Strengthening of the Scrivener Dam as the first two projects to undergo this process. One of these reviews (conducted by an external firm) is complete and has confirmed '*...that of the 95 recommendations, requirements and control points assessed, all were compliant (or not applicable) with the exception of five criteria that were partially satisfied, and one not satisfied. It is the opinion of this internal audit that those matters partially or not satisfied were not material and did not impact the substantive achievement of the principles of the Commonwealth Procurement Rules and the Commonwealth Resource Management Framework. We further conclude that, based on our audit procedures, the NCA took a considered and controlled approach to the procurement and its obligations under the CPRs...*' **Attachment A refers.** We are addressing the findings highlighted by the review.

- Collaboration with other Commonwealth agencies—we will reach out to other agencies to exchange any lessons learnt and actions taken to enhance procurement processes. Also, as the ANAO progresses its audit program and publishes audit reports of other entities, we will monitor recommendations and consider any other improvements that may be implemented or adopted by the NCA in its internal processes.

III. Upholding Ethical Standards

As APS employees, our staff are bound by the APS Code of Conduct, which amongst other things, requires all APS employees to “... take steps to avoid conflict of interest and ... disclose details of any material personal interest ...” in connection with their employment.

We have a strong ethical framework, based on the APS Values, Employment Principles, and Code of Conduct. The framework is upheld through a range of human resource policies and employment arrangements (such as the NCA Enterprise Agreement and the NCA's Performance Management and Appraisal Scheme), as well as awareness training at induction and through periodic updates and reminders.

We maintain sound fraud control arrangements, including through a range of preventative controls, procedural arrangements, and periodic awareness training. We conduct detailed Fraud Risk Assessments and review and update our Fraud Control Plan periodically. We have updated our Conflict of Interest Policy and communicated to staff. We have since increased the use of probity advisers to improve management of procurements and to specifically assist staff identify and manage any actual, potential or perceived conflicts of interest. We also undertake regular conflict of interest declarations by the executive and key staff and formally manage any actual, potential or perceived conflicts of interest.

During the compilation of the ANAO report, we queried the finding that '*... the NCA has not conducted procurement to a consistent ethical standard*'. The discussions with the ANAO confirmed the finding was not a reference to impropriety, but about recognising and dealing with conflicts of interest and maintaining appropriate records regarding conflicts of interest declaration forms.

We are confident the arrangements set out in this submission and continued support and education of staff will address the recommendations of the ANAO and result in more effective procurement practices and control mechanisms to ensure compliance with the CPRs.