



Australian Government

Department of Finance and Deregulation

David Tune PSM
Secretary

EXECUTIVE MINUTE

on

JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT REPORT 423

Review of Auditor-General's Reports Nos 39 2009-10 to 15 2010-11

Response to the recommendation(s)

Recommendation No. 2

The Committee recommends that the Department of Finance and Deregulation actively promote and culturally address the use of Central Procurement Units (CPUs) across the Australian Public Service.

Supported. Finance actively promotes and supports the role of CPUs in agency procurement activities and in the wider procurement framework where appropriate.

Finance meets with CPUs on a rolling schedule and conducts quarterly seminars with senior agency procurement officials. These allow agency CPUs to raise issues and seek Finance's views on the Australian Government procurement framework. Seminars also provide officials from CPUs an opportunity to share ideas with Finance as well as providing networking opportunities between CPUs. Finance supplements these programs with a CPU procurement advice email inbox.

Finance also promotes CPUs to agency procurement officials. This is achieved through raising awareness of CPUs in Finance's procurement education and information seminars for agency procurement officials and referring any specific procurement questions line areas may have to their CPU.

Recommendation No. 3

The Committee recommends that the Department of Finance and Deregulation investigate the viability of developing and implementing whole-of-government templates and checklists for use across the Australian Public Service and report back to the Joint Committee of Public Accounts and Audit within six months of the tabling of this report.

Supported. As part of Finance's ongoing focus to improving the Australian Government procurement framework and as highlighted through the JCPAA report, Finance has implemented a range of activities aimed at simplifying and improving agency procurement activities. In 2010-11, Australian Government agencies contracts less than \$80,000 in value represented approximately 71 per cent of the total number of reportable contracts awarded but only 5 per cent of the total value.

To support agencies in conducting these procurements, Finance has released a basic contract suite for low value, low risk procurements less than \$80,000. Simplifying and streamlining the processes attached to these procurements provides an opportunity to achieve significant efficiency benefits for the Australian Government and for suppliers. Finance also supports these templates through contract management training developed in conjunction with agencies.

Building on the basic contract suite, Finance is developing a standard process for use by agencies for procurement below \$80,000. The aim is to provide a streamlined process model that removes areas of repetition and red tape, and have it supported by templates at appropriate stages in the process.

Finance is also developing model chief executive instruction (CEIs) on procurement. The CEIs seek to improve consistency across agencies and help all staff members to understand and comply with the key requirements of the financial management framework.

Recommendation No. 4

The Committee recommends that the Department of Finance and Deregulation investigate the feasibility of implementing a process of regular, mandatory testing and/or training for all Australian Public Service officers with delegation authority above \$10 000, with the aim of ensuring currency and competency. Finance should report back to the Joint Committee of Public Accounts and Audit within six months of the tabling of this report. The investigation should include, but not be limited to, consideration of:

- implementation at agency or whole-of-government level;
- alternative mechanisms to achieve outcomes (see paragraph 4.105 above); and
- the costs and benefits of the scenarios considered.

Supported in Principle. Under the devolved financial framework, Chief Executives are responsible for management of their agencies' which significantly vary in size and operation. However, Finance has operated an internal mandatory online delegate testing program for some time. Finance will inform agencies of the benefits of such a program and encourage them to adopt similar approaches.

Yours sincerely



David Tune

2 December 2011