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## Parliamentary Audit Committee investigating problems with government procurement

Federal parliament's Public Accounts and Audit Committee is concerned by the frequency of non-compliance by government agencies with direct source procurement procedures and their lack of documentation to support decisions, following a review of an Auditor-General report.

As part of its regular review of the Auditor-General's audit reports, the Committee recently held a public hearing to examine Audit Report No. 11, *Direct Source Procurement*, which was released in September 2010.

The Committee expressed significant concern about the audit findings and will seek further targeted information from the Commonwealth Departments involved, including whether they have developed concrete action plans to implement the Auditor-General's recommendations.

The Committee Chair Robert Oakeshott said "The Committee was concerned with the high level of non-compliance with the Commonwealth Procurement Guidelines regarding direct source procurement, which happens when departments invite a supplier or suppliers of their own choosing to make submissions or provide quotes for goods or services".

The Auditor-General found the lack of documentation surrounding the direct source procurement process in the departments audited made it difficult to establish whether the government is obtaining overall 'value for money'.

The Committee heard that the Guidelines have been revised and tightened in line with Australia's free trade obligations and hence should be considered as rules rather than discretionary guidelines. However, the Auditor-General recommended that the Commonwealth Procurement Guidelines need to be clarified to make it easier for departments to comply with the requirements.

"The Committee will deliberate on the evidence provided and table a report later this year; and there is a high likelihood further work will be done by the Committee on the Commonwealth Procurement Guidelines." Mr Oakeshott said.

**For more information:** please contact the Committee chair, Robert Oakeshott MP, on telephone (02) 6584 2911 or the Committee Secretary on telephone (02) 6277 4615 or visit the inquiry's website at: <http://www.aph.gov.au/house/committee/jcpaa/index2.htm>.

The full audit report, Audit Report No. 11, *Direct Source Procurement*, is available at:

[http://www.anao.gov.au/download.cfm?item\\_id=1D9B09231560A6E8AAE6DDD358D8EF6A&binary\\_id=5667C5D91560A6E8AA627F59CD0C0311](http://www.anao.gov.au/download.cfm?item_id=1D9B09231560A6E8AAE6DDD358D8EF6A&binary_id=5667C5D91560A6E8AA627F59CD0C0311).