

Tabled Document No 5

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## Summary of Airservices improvement actions relevant to ANAO recommendations

Airservices has accepted the ANAO's six recommendations for improvement to its procurement processes and has implemented the following actions:

ANAO recommendation	Airservices action
<p>1. The ANAO recommends that Airservices Australia address systemic failures in the adherence to the organisation's procurement policies and the cultural underpinnings of those failures.</p>	<p>Airservices has implemented a number of initiatives to enhance the awareness of, and adherence to, the organisation's procurement policies. These include:</p> <p>Awareness</p> <ul style="list-style-type: none"> <li>• Targeted communications to senior managers clarifying responsibilities within the existing procurement frameworks, including the fundamentals of competitive sourcing and consideration of probity</li> <li>• All staff communications regarding the importance of compliance with the organisation's procurement policies</li> <li>• A factsheet provided to staff as new procurement activities are raised focusing on probity considerations and the benefits of running competitive procurement processes.</li> </ul> <p>Training</p> <ul style="list-style-type: none"> <li>• An education program aimed at improving commercial decision-making and outcomes in the organisation has commenced.</li> </ul> <p>Monitoring</p> <ul style="list-style-type: none"> <li>• Improved monitoring and oversight by the Executive and Board in relation to project delivery and governance</li> <li>• Improved procurement compliance reporting</li> <li>• Audits into how contracts and projects are being managed</li> <li>• Adoption of best practice program management principles (P3M) in all projects which will improve project governance.</li> </ul>

<p>2. The ANAO recommends that Airservices Australia improve the value for money it obtains from major and strategic procurement activities by:</p> <ul style="list-style-type: none"> <li>a) requiring that, except in genuinely rare circumstances, competitive procurement processes are to be employed; and</li> <li>b) on those rare occasions when competitive procurement processes have not been able to be employed: <ul style="list-style-type: none"> <li>- documenting the reasons why a competitive approach was not employed;</li> <li>- benchmarking the quoted rates/fee and making records of the basis on which it was decided that the contracted rate/fee represented value for money; and</li> <li>- reporting any such instances to the Airservices Australia Board.</li> </ul> </li> </ul>	<p>Airservices has updated its procurement processes to include clearer guidance on assessing value for money, the importance of competitive processes and record keeping requirements that are commensurate with the scale, scope and risk of the procurement.</p> <p>Reporting to executive management on procurement activities, profiles and trends has also been enhanced.</p>
<p>3. The ANAO recommends that Airservices Australia improve its procurement framework by including enhanced guidance in relation to:</p> <ul style="list-style-type: none"> <li>a) the different roles performed by probity advisors and probity auditors;</li> <li>b) determining the circumstances in which the engagement of an independent probity auditor would be appropriate; and</li> <li>c) the manner in which such decisions are to be documented.</li> </ul>	<p>Airservices has updated its procurement processes to include clearer guidance in relation to the active management of probity during procurement processes, including:</p> <ul style="list-style-type: none"> <li>- articulating the different roles performed by probity advisors and probity auditors</li> <li>- guidance on how to determine the need for a probity auditor and to document the decision appropriately</li> </ul> <p>Airservices has established a panel of independent probity advisors and auditors which can be utilised across the business where required in the course of procurement activities.</p>
<p>4. ANAO recommends that Airservices Australia proactively manage probity in procurement activities by:</p> <ul style="list-style-type: none"> <li>a) ensuring conflict of interest declarations are updated regularly or their ongoing currency confirmed;</li> <li>b) reviewing existing declarations when the role being performed by an individual changes; and</li> <li>c) regular review of program participants' reporting of contact with industry respondents in order to monitor compliance with reporting obligations.</li> </ul>	<p>Airservices has updated its procurement processes to include clearer guidance in relation to the active management of probity during procurement processes, including specific requirements for longer term procurements to update and review declarations on a regular basis.</p>

<p>5. The ANAO recommends that Airservices Australia's governance arrangements address:</p> <ul style="list-style-type: none"> <li>a) whether individuals proposed to be employed in key probity management roles possess the understanding and capabilities required to undertake the role effectively; and</li> <li>b) the appropriate separation of duties between key probity management roles associated with a procurement activity.</li> </ul>	<p>Airservices has updated its procurement governance framework to clarify expectations regarding the various probity roles within a procurement. Furthermore, explicit guidance has been made in respect of the requirement to engage appropriately skilled and qualified professionals in key probity and procurement roles.</p> <p>To address any future capability and/or capacity gaps in the key roles of probity management, a panel of independent probity advisors and auditors is being established to provide ready access to suitably qualified and experienced professionals.</p>
<p>6. The ANAO recommends that Airservices Australia enhance its procedures for managing probity in procurement processes to require documented consideration of the potential for actual or perceived conflicts of interest to arise when engaging external contractors to participate in tender evaluations and contract negotiations and, where relevant, the management strategies that are to be applied.</p>	<p>Airservices has updated its procurement governance framework and guidance documentation to ensure a clear understanding that conflict of interest declarations are to be completed by all individuals, including external contractors, involved in the evaluation and subsequent negotiation activities for Airservices procurements. This also outlines the considerations to be made in the establishment and on-going management of any mitigation strategies for any identified conflicts of interest.</p>