



Department of Industry Science and Resources

Entrepreneurs' Programme Performance Audit of i4Connect

February 2025

Table of Contents

1	Executive Summary	3
2	Background.....	5
3	Key Findings and Conclusion	8
	Appendix A: Terms of Reference.....	14
	Appendix B: ANAO Report (No.42 2021-22)	18
	Appendix C: Detailed Assessment Findings Key Risk Area 1	22
	Appendix D: Tender Response Analysis	28
	Appendix E: Email Correspondence [REDACTED] and i4Connect	29
	Appendix F: Detailed Assessment Findings Key Risk Area 2.....	34
	Appendix G: i4Connect Management Representation	38
	Appendix H: Signed Statutory Declaration i4Connect.....	39
	Appendix I: Consultation	40

Inherent Limitations & Restrictions on Use

This Internal Audit has been completed in accordance with the Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing (the IIA Standards).

The matters raised in our report came to our attention as a result of testing performed during the course of our internal audit. Testing is conducted on a sample basis, over a specific period of time, and our report therefore provides assurance regarding the operating effectiveness of the actual controls tested. The possibility therefore exists that our report may not have identified all weaknesses which relate to controls not tested as part of this internal audit.

Our internal audit is not a substitute for management's responsibility to maintain adequate controls over all levels of operations and their responsibility to prevent and detect irregularities. Management should therefore not rely solely on our report to identify all weaknesses that may exist.

Our comments should be read in the context of the scope of our work as detailed in the terms of reference. Where possible, management representations are independently verified, though some findings in this report may have been prepared on the basis of management representations which have not been independently tested.

Suggestions for improvement should be assessed by management for their full commercial impact before they are implemented. This report has been prepared solely for the use of management and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose.

1 Executive Summary

Introduction

OCM was engaged on 18 November 2024 to identify and review the information, material, and documents that i4Connect Pty Ltd (i4Connect) used and accessed to prepare and complete its tender response (including the warranties required for probity purposes as part of that tender response) for the 2019 procurement of delivery partners for the Entrepreneurs' Programme. This engagement was conducted over the period December 2024 to February 2025.

Objective and Results

The primary aim of this performance audit was to establish whether the conduct of i4Connect during the tender period for the Procurement of Delivery Partners for the Entrepreneurs' Programme (the Program) was consistent with the obligations and responsibilities of Tenderers as outlined in the issued Request for Tender PRI00004142 (the RFT). The audit sought to identify any evidence of the i4Connect response being based upon information that was not made publicly available in respect to the Program that may have afforded them an advantage over other Respondents to the RFT.

The scope of this Performance Audit is detailed in the Terms of Reference provided in [Appendix A](#).

Conclusion

On consideration of the materials provided by both the Department and i4Connect, we consider there is a low risk that i4Connect did not comply with their obligations under the RFT in developing their response or appear to have obtained an advantage over other Respondents to the RFT. Our review has found no evidence of any financial payments or incentives made to contractors of the Department to support the development of the i4Connect tender submission. Further, we note based on all available information and the audit tasks completed, there does not appear to be any fraudulent activity relating to the financial records provided by i4Connect to OCM. This information was used to enable us to undertake the assessment of financial payments and/or incentives.

Details of the key findings relevant to the assessed risk rating of the key risks is provided in [Section 3](#) of this report with further detailed assessment findings and analysis provided in [Appendix C](#) and [Appendix F](#).

Key Risks	Assessed Risk Rating
Did i4Connect comply with all tenderer obligations and responsibilities, as outlined in the RFT in the development and submission of their response?	Low
Were financial payments/incentives made by i4Connect to contractors or Departmental employees previously engaged in the program and/or the re-design activity to support the development of the i4Connect tender submission?	Low

Acknowledgement

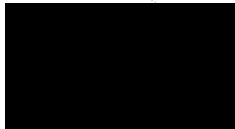
We wish to take this opportunity to thank the Department personnel (see [Appendix I](#)) who participated for their cooperation and assistance, especially regarding the data and information provided.

Management Acceptance

The contents of this report were agreed with the following members who provided feedback which is addressed in this report.

#	Name	Designation	Date
1.	David Luchetti	Head of Division, AusIndustry Division, Industry and Commercialisation Group	21 February 2025
2.	Rebecca Lannen	General Manager, Industry Growth Program - Program Policy and Performance, AusIndustry Division	21 February 2025
3.	Janean Richards	Head of Division, Chief Counsel and Integrity Division, Enabling and Business Services Group	21 February 2025
4.	Jessica Casben	General Manager, Integrity Branch, Chief Counsel and Integrity Division	21 February 2025

Signature:



Name:



Title: Partner, O'Connor Marsden & Associates Pty Ltd

Date: 21 February 2025

2 Background

Context

On 27 September 2019, the Department issued an open RFT for the engagement of delivery partners to deliver expert business advisory and facilitation services for the Entrepreneurs' Programme with an estimated value of \$182 million over the maximum 5-year contract term.

As a result of the RFT process, i4Connect were awarded a 5-year contract (initial term of three years with two one-year extension options) for a value of \$30,309,464.40 which commenced on 23 March 2020 and expired on 30 June 2023.

Due to the procurement being the Department's largest value procurement in 2019–20 and representing 37 per cent of the total value of contracts entered by the Department and reported on AusTender for that year, the ANAO undertook a performance audit to provide assurance to the Parliament about whether value for money was demonstrably achieved and whether services have been provided under the contracts to date. The audit identified significant shortcomings in the conduct of the procurement process and the subsequent management of the contracts.

Following the release of the report, the department contacted all unsuccessful tenderers inviting them to a debrief with senior executives. Debriefs included next steps on how to submit compensation claims. Since then, several complaints have been received and managed by the Department relating to the conduct of the procurement. As part of this process, allegations have been made that i4Connect obtained improper assistance from contractors engaged by the Department who were involved in program activities (including potentially the program re-design process) that may have provided an advantage over other Respondents to the RFT. Additionally, an allegation has been made that a 'success fee' payment was made to a contractor following the award of the contract to i4Connect.

Questions on the above matters have since been raised through Senate Estimate Committee meetings and the Department is seeking to understand whether there is any evidence to support these claims.

To inform the performance audit OCM developed a Test Plan which was approved by the Department on 17 December 2024, provided at [Appendix A](#).

Entrepreneurs' Programme

As outlined in the issued RFT, the Entrepreneurs' Programme is the Australian Government's initiative for business productivity and competitiveness at the firm level. The Program delivered expert advice, networking and matched grants to help businesses grow, innovate and commercialise nationally and globally. This helped to drive economic growth and jobs and improve broader community outcomes.

The Program was designed to deliver the following outcomes:

- Businesses grow by understanding their potential and how to reach it.
- Businesses and researchers innovate by building productive and collaborative relationships.
- Businesses with new-to-market opportunities commercialise successfully into global markets.

Support for the key outcomes of growth, innovation and commercialisation was delivered through four aligned Program elements:

- **Business Management** —helped small and medium businesses to grow by improving their business practices and management capability so they are more competitive nationally and

globally and can take advantage of growth and collaboration opportunities. Supporting matched grants of up to \$20,000 help businesses to implement recommendations.

- **Incubator Support** — helped innovative start-ups to develop business capabilities to achieve commercial success in international markets. Funding was provided to new and existing incubators to support their development, boost their effectiveness and expand their services through access to experts in residence.
- **Innovation Connections** — helped businesses to innovate by collaborating with researchers to develop new ideas with commercial potential. Research needs were reviewed, and businesses were connected with the research sector. Advice and connections were supported by matched grants of up to \$50,000 to support research project collaborations.
- **Accelerating Commercialisation** — helped businesses, entrepreneurs and researchers to commercialise novel products, services and processes. Expert guidance and connections were complemented by competitive matched grants of up to \$1 million for commercialisation.

ANAO Findings and Relevance to Audit

On 24 June 2022, the Auditor-General tabled a report¹ (No.42 2021-22) following a performance audit undertaken to provide assurance to the Parliament about whether value for money was demonstrably achieved and whether services had been provided under the contracts to date in relation to the Entrepreneurs' Programme.

Whilst the ANAO Performance Audit undertaken on the procurement of delivery partners for the Entrepreneurs' Programme focussed on the process undertaken by the Department resulting in the award of contracts to support the delivery of the Program, a review of the ANAO report was undertaken to establish any findings and/or recommendations that would be pertinent to the scope of this audit.

The ANAO report outlined the following key finding which is directly relevant to the scope of this audit:

Page 39

Incumbency advantages were not transparently managed, in particular:

- *there were no specific contractual or payment arrangements in place to govern the department's engagement of five of the ten existing industry partners to contribute to the redesign and payment for this work;*
- *the department did not implement in full the probity risk management measures recommended by its probity adviser (for example, a probity plan and protocols for the redesign work was not in place at the commencement of work and the department did not prohibit the industry partner personnel involved in the redesign from assisting in the preparation of tender responses); and*
- *departmental records indicate that information about the redesign of the program was revealed to incumbent tenderers involved in the redesign work providing them with a competitive advantage (this disclosure of information to the incumbents involved with the redesign work, and the seeking of urgent advice from the probity adviser about it, was not recorded in the probity register).*

The matter raised in bullet point two above is further considered in [Section 3.1.1](#) of this report. A summary of the key findings and specific references to i4Connect in the ANAO report are provided in [Appendix B](#) to this report.

¹ Australian National Audit Office, *Procurement of Delivery Partners for the Entrepreneurs' Programme*, <https://www.anao.gov.au/work/performance-audit/procurement-delivery-partners-the-entrepreneurs-programme>

We note that the ANAO report, whilst raising concerns with the conduct of the procurement process and the establishment of a value for money outcome, did not identify any specific areas of concern or risk relating to the improper conduct of Tenderers in responding to the RFT.

We note this performance audit by OCM has not commented on and/or considered the outcomes of the procurement process, including the evaluation outcomes.

Complaints and Claims

On 4 August 2022, a letter was sent to the Procurement Coordinator via email from an unsuccessful tenderer to the RFT.

The letter was issued for the purposes of seeking restitution under the Scheme for Compensation for Detriment caused by Defective Administration (CDDA Scheme) in connection with their tender for delivery partner of the Accelerating Commercialisation (AC) element of the Entrepreneurs' Programme. The letter referenced the findings of the ANAO report to support their claim.

In addition to seeking restitution concerns were also raised as follows:

- [REDACTED]
- [REDACTED]

We understand that the Department requested additional evidence to support the claim associated with the payment of a success fee but received no further correspondence or evidence to support the claim.

Senate Estimates

Questions on the Entrepreneurs' Programme have been raised during the sitting of the Economics Legislation Committee as part of Senate Estimates over the period June 2023 to November 2024. The two areas of focus during these hearings have been matters related to the ANAO report and findings for the RFT process and the allegations of a 'success fee' payment made by i4Connect.

Specifically relevant to the scope of this audit are references made to the allegation, as outlined above, of the alleged success fee paid to a then current contractor to the Department on successful award of the contract to i4Connect.

Senator Barbara Pocock has raised a number of questions on the alleged success payment seeking confirmation on the following matters:

1. Why the Department had not referred the matter to the Federal Police for investigation.
2. Whether the Department had gathered any relevant primary source information other than calling the person accused of receiving the payment.
3. Clarification on whether the Department had inspected i4Connect's books to verify the alleged payment.

This performance audit enables the Department to directly address questions 2 and 3 from Senator Pocock and further details are provided in [Section 3.1.4](#) of this report. Question 1 is outside of the scope of this audit, but has been addressed by the Department in the November 2024 estimates hearings.

3 Key Findings and Conclusion

Risk 1 - Did i4Connect comply with all tenderer obligations and responsibilities, as outlined in the RFT in the development and submission of their response

In assessing Risk 1, OCM considered the following key elements to determine whether i4Connect had complied with all tenderer obligations and responsibilities, as outlined in the RFT, in the development and submission of their response:

- What were the specific obligations and responsibilities placed on i4Connect as a Tenderer in the RFT process.
- Did the i4Connect response, when compared to other responses to the RFT, evidence access to information that may not have been publicly available to all other Tenderers to the RFT.
- Was the interview process undertaken by i4Connect with existing commercial advisors permissible under the RFT and did this activity provide an unfair advantage and/or access to information not available to other Tenderers to the RFT.

The following sections outline the key findings and audit conclusion with further detailed analysis provided in [Appendix C](#).

3.1.1 Correctly signed and executed Tender Declarations

As part of the issued RFT, all Tenderers were required to provide a duly signed and witnessed Tenderer Declaration provided, provided at Attachment 2 of the issued RFT. The declaration required that the Tenderer warrants that neither the Tenderer or any of its officers, employees, agents, and subcontractors has, in relation to the preparation, lodgement or assessment of the tender:

- a) *Improperly obtained confidential information;*
- b) *Received improper assistance of employees or former employees of the Department or with improperly obtained information;*
- c) *Engaged in collusive tendering, anti-competitive conduct or other similar conduct with any tenderer or other person; or*
- d) *Attempted to improperly influence an officer of the Department or approached any Minister or Commonwealth officer (other than as permitted by the RFT).*

The RFT also made additional reference to Tenderer behaviour which included the requirement that Tenderers not make false or misleading claims or statements.

In relation to the finding outlined in the ANAO report which noted “...the department did not prohibit the industry partner personnel involved in the redesign from assisting in the preparation of tender responses”, we noted that i4Connect undertook an interview process, further explored in [Section 3.1.3](#), with then current commercial advisors and both successful and unsuccessful grant recipients to the Program. However, we do not consider this conflicts with point b) of the Tenderer Declaration as specific allowance was made under the signed Deed Polls of Confidentiality for participants to the redesign process to assist in the writing and preparation of tender responses as noted in the ANAO report.

[REDACTED]

Key Finding: A review of the tender responses, and specifically i4Connect, confirmed, with the exception of two (2) Tenderers, all provided an appropriately signed and executed Tenderer Declaration. We consider the two unsigned Tenderer Declarations appear to be administrative errors and had no material impact on the RFT outcomes. Notwithstanding the two declaration issues there is no evidence of any inappropriate behaviour by the Tenderers and the then current Commercial Advisors, including those involved in the redesign process.

3.1.2 i4Connect access to information not publicly available to other Tenderers

In considering whether i4Connect had access to information not publicly available to other Tenderers OCM undertook a detailed review of all tendered responses to the RFT (excluding pricing information and cost model proposals). This review sought to establish whether there was any evidence of additional insights to the Program in the i4Connect and/or references to the redesign process which may have provided an advantage over other Tenderers. The review identified that all of the responses were generally consistent in terms of the focus being on how they have previously delivered similar programs of work to other Departments or jurisdictions. The approaches were generally consistent and there was no indication from our review that the proposed service delivery solution was based on insights inappropriately obtained.

We further noted that the i4Connect response did not make any specific mention and/or provide insights on activities relating to the redesign process. This is consistent with all of the other responses to the RFT, with the exception of one Tenderer who made a general reference to the redesign process.

The full analysis of the Tendered responses is provided in [Appendix D](#) to this report.

OCM's review of the tendered responses, identified that i4Connect were not the sole Tenderer who included, as nominated key personnel, then existing commercial advisors. In addition to i4Connect, four (4) other Tenderers included personnel in their proposals who as well as being current commercial advisors at the time of the tender, were involved in the redesign process. Whilst we have not engaged with Tenderers other than i4Connect it would be reasonable to assume that interactions occurred between the relevant nominated personnel and the relevant Tenderers in the development of their respective responses. As noted in [Section 3.1.1](#) this approach was allowable both under the RFT and the deed polls entered in to by the commercial advisors and would suggest that whilst i4Connect may have obtained access to information not 'publicly' available this would be true for other respondents to the RFT.

In addition to the review of the tendered responses, OCM also undertook a review of email correspondence, between [REDACTED] who was the commercial advisor subject to the claim relating to the alleged success fee payment, and i4Connect during the tender period. Our review of this correspondence does not suggest any improper assistance. The correspondence focused on approaching other, then, existing commercial advisors to seek their support for inclusion as key personnel on the i4Connect tender response. Our review of this correspondence did not identify evidence of any insights being provided on the current Program or the redesign process which would have provided i4Connect an advantage over other Respondents to the RFT.

A chronological summary of the email correspondence is provided [Appendix E](#) to this report.

Key Finding: The involvement of existing commercial advisors and those individuals supporting the Department's redesign process do not appear, based on a review of the content of the i4Connect tender submission and commercial advisor interview outputs, to have resulted in the disclosure of confidential information to support the development of the tender response or provide an unfair advantage over other Respondents to the RFT.

3.1.3 Interview process undertaken by i4Connect

In developing their response to the RFT, i4Connect undertook an extensive research phase which included undertaking interviews with the then current commercial advisors and successful and unsuccessful applicants to the Entrepreneurs' Programme.

We consider that the interview process with then current commercial advisors undertaken by i4Connect undoubtedly provided insights into the Program workings and challenges, that may not have been available directly to other respondents to the RFT. However, the approach adopted by i4Connect was not precluded under the RFT and was allowable under the Deed Polls of Confidentiality signed by commercial advisors involved in the redesign process. In discussion with the Department we understand that the then current commercial advisor details and grant recipients were publicly available knowledge, and we therefore consider it would have been open to other Respondents to engage with existing commercial advisors in a similar manner.

Our review of the tendered response from i4Connect and the other respondents to the RFT notes there is no specific mention and/or insights provided in the i4Connect response on activities relating to the redesign process. This is consistent with the majority of other responses to the RFT which also make no reference to this process. The exception to this was another Tenderer who noted in their responses that they understood a redesign process was underway with no specific references made to any outcomes or decisions.

Specifically relating to the findings made in the ANAO report "*.....departmental records indicate that information about the redesign of the program was revealed to incumbent tenderers involved in the redesign work providing them with a competitive advantage*", we note that i4Connect were not an incumbent provider of commercial advisory services at the time of the RFT and there doesn't appear to have been any insights provided on the redesign process during the interviews undertaken. This is supported by records sighted of the interview process, where it is noted that in respect to a commercial advisor who was involved in the redesign process, they have stated that the information relating to the redesign process is under restraint. This would be considered consistent with the Deed Poll of Confidentiality signed by the participants (including this commercial advisor) to the redesign process.

Key Finding: The outputs from the interviews undertaken by i4Connect with the then current commercial advisors do not evidence inappropriate insights being provided by the Commercial Advisors. Additionally, explicit reference is made that insights to the redesign process were under restraint.

Conclusion

Based on the audit findings there is no evidence that i4Connect did not comply with all tenderer obligations and responsibilities, as outlined in the RFT in the development and submission of their response. OCM note that the interview process undertaken by i4Connect undoubtedly provided insights into the Program workings and challenges, that may not have been available directly to other respondents to the RFT. However, the approach adopted by i4Connect was not precluded under the RFT and allowable under the Deed Polls of Confidentiality signed by commercial advisors involved in the redesign process. OCM consider it was open to other Respondents to engage with existing commercial advisors (including those involved in the redesign process) in a similar manner to seek insights and understanding of current operation and challenges.

Risk Area 2 - Were financial payments/incentives made to contractors or Departmental employees previously engaged in the program and/or the re-design activity to support the development of the i4Connect tender submission?

In assessing Risk 2, OCM considered the following key elements to determine whether i4Connect had complied with all tenderer obligations and responsibilities, as outlined in the RFT, in the development and submission of their response:

- Were any payments made to then existing commercial advisors during the period February 2020 to June 2023.
- Were there any accounts created, vendor or employee records, relating to the then current commercial advisors.
- Is there any evidence of the payment of a \$900,000 success fee as per claims made in the complaint letter and subsequently raised at Senate Estimates.
- Was the data provided by i4Connect a true and valid extraction of financial data.

The following sections outline the key findings and audit conclusion with further detailed analysis provided in [Appendix F](#).

3.1.4 Payments to then existing commercial advisors

In assessing this risk OCM requested the following information from i4Connect for financial years 2019/20, 2020/21, 2021/22 and 2022/23:

- List of all i4Connect Pty Ltd bank accounts.
- List of all i4Connect Pty Ltd credit cards issued.
- Bank statement and credit card statements for above.

OCM requested the following information from i4Connect Pty Ltd Finance system, Xero, for financial years 2019/20, 2020/21, 2021/22 and 2022/23:

- Accounts payable master data and transaction data.
- Payroll master data and transaction data.
- General Ledger transaction data.

There were no identifiable records through a review of the accounts payable records, payroll records of any payments being made by i4Connect Pty Ltd to the then current commercial advisors, or the companies that were linked to these individuals.

Key Finding: There is no evidence based on the bank records, accounts payable records, payroll records provided by i4Connect Pty Ltd of any payments being made by i4Connect Pty Ltd to the then current commercial advisors, or the companies that were linked to these individuals, from February 2020 to June 2023.

3.1.5 Creation of supplier and employee records for then existing commercial advisors

A review of the data from the i4Connect financial system as outlined in [Section 3.1.4](#) above did not identify any of the then current commercial advisors, involved in the redesign process, as being set up as a vendor/supplier or employee by i4Connect.

Key Finding: There is no evidence of the then current commercial advisors, involved in the redesign process, having been set up as a vendor/supplier or employee in i4Connect's financial system.

3.1.6 Payment of alleged success fee to then existing commercial advisors

A review of the relevant financial records has not identified any single or cumulative payments made to existing commercial advisors and those involved in the redesign process which total \$900,000. The largest individual cumulative payments made by i4Connect over the period are outlined below:

- Largest Cumulative Payments: [REDACTED] to [REDACTED] and [REDACTED] to [REDACTED]
- One employee, [REDACTED] received [REDACTED] years totalling [REDACTED]

Specifically in relation to [REDACTED], a statutory declaration has been provided by i4Connect which confirms that no payments were made in any respect by i4Connect to [REDACTED]. A copy of this statutory declaration is provided at [Appendix H](#) to this report.

Key Finding: There have been no single payments, or cumulative payments, which support the claims made in the complaint from an unsuccessful tenderer, dated 4 August 2022, relating to the alleged payment of a success fee to a then current contractor ([REDACTED]) to the Department.

3.1.7 Confidence of access to valid and true data

To confirm the validity of data provided by i4Connect and accessed by OCM we initially requested the reports be run off the system by i4Connect which were then tested for accuracy by requiring reports to be generated and run during online meetings where the screen was shared to demonstrate the information being extracted. On receipt, the reports generated during the meetings were then cross checked and compared with the previously provided data to confirm consistency and completeness of data provided.

Additionally, during these meetings OCM was able to confirm there were no test or dummy accounts established with the only records pertaining to the following entities:

- [REDACTED]
- [REDACTED]
- [REDACTED]

We also note the turnaround time on requested information from i4Connect, generally within the same day lends credibility to the data provided as delays in the transmission of requested data may have indicated the data reviewed has been adapted or redacted in relation to the financial activities of i4Connect.

In support of these findings a management representation letter has been provided by i4Connect pertaining to data, systems and information provided. A copy of this representation is provided at [Appendix G](#) to this report.

Key Finding: There is no evidence that the data provided by i4Connect was not a true and valid extract from the official financial system and/or provided from test or dummy accounts.

Conclusion

Based on the audit findings there is no evidence that i4Connect made any financial payments/incentives to contractors or Departmental employees previously engaged in the program and/or the re-design activity to support the development of the i4Connect tender submission.



The interactions undertaken with i4Connect and the financial system (Xero) provide surety that there is no evidence that financial data had been adapted or redacted in relation to the financial activities of i4Connect.

In respect of the allegation made of a \$900,000 success payment made to [REDACTED], there are no financial transactions with the individual or company in the financial records. Furthermore, we note that there are also no individual or cumulative payments made that total \$900,000 or a figure relative to this value.