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Australian Government
**Department of Industry, Science,
Energy and Resources**

DEPUTY SECRETARY

Mrs Lucy Wicks MP
Chair
Joint Committee of Public Accounts and Audit
PO Box 6021
Parliament House
Canberra ACT 2600

via email: jcpaa@aph.gov.au

***Inquiry into the Implementation of COVID-19 measures based on
Auditor-General Reports Nos. 20, 22, 23, 24 and 39 (2020-21)***

Dear Mrs Wicks

I write in response to your Committee's email to Secretary of the Department of Industry, Science, Energy and Resources (DISER) David Fredericks PSM dated 6 September 2021 inviting the Department to make a submission to the Committee in relation to its examination of implementation of COVID-19 measures, specifically Auditor-General reports 22 and 39 (2020-21).

Noting that the Department of Health made a submission to the Committee in October 2021 containing considerable background and detail relating to the aforementioned audit reports, I will not seek to duplicate that information here.

During the period 2 March 2020 to 31 May 2020, DISER supported the Department of Health to procure the supplies necessary to equip the National Medical Stockpile (NMS) to meet the emerging needs of the COVID-19 pandemic. DISER's support to Health included identifying potential suppliers and supply capability in Australia and overseas, product and market research, conducting due diligence checks, and preparing draft procurement contracts. This information and documentation was provided to Health to position that department to undertake the procurements it deemed necessary to support the NMS.

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On 15 June 2020, the ANAO commenced an audit of COVID-19 procurements to increase the NMS. Two months later, the Auditor-General advised that the audit would be split into two separate audits, with the first audit to focus on governance and planning frameworks, and the second to focus on procurement processes to support the efficient, effective and economical use of public resources and the deployment of the NMS.

Audit 1 (Report 22) was tabled in Parliament on 10 December 2020. The report found that the procurement requirement for personal protective equipment (PPE) and medical equipment was met, and that both departments' procurement planning and governance arrangements were effective. The ANAO made no recommendations for DISER.

The audit produced 3 key messages for all government entities relating to governance and risk management, including the arrangements and guidance an accountable authority should put in place when deciding that the Commonwealth Procurement Rules (CPRs) do not apply to a procurement (paragraph 2.6 of the CPRs refers).

Audit 2 (Report 39) was tabled in Parliament on 27 May 2021. The report concluded that processes for COVID-19 NMS procurements were largely consistent with the proper use and management of public resources. While the report made no recommendations for DISER, the Department accepted and has acted upon the Auditor General's findings in relation to improved record keeping, the management of conflict of interest declarations, and consistency in due diligence checking.

Through its Assurance and Audit Committee (AAC), DISER continues to demonstrate its commitment to continuous improvement by addressing lessons learned from both internal and external audits across the Department and the Commonwealth more broadly. The AAC is bringing a particular focus to probity, management of conflicts of interest, and the capabilities required to support high value/high risk procurements.

DISER was pleased to support the Department of Health in its efforts to secure critical medical supplies for the NMS to keep Australia safe. The level of collaboration and cooperation between the agencies is a source of shared pride.

Yours sincerely



Jane Urquhart

5 November 2021

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