



Australian Government

Department of Finance

EXECUTIVE MINUTE

on

JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT

REPORT 511

Inquiry into the contract management frameworks operated by Commonwealth entities

General comments

The Department of Finance (Finance) appreciates the Joint Committee of Public Accounts and Audit's (the Committee's) focus on strengthening contract management capability across the Commonwealth. We support initiatives that promote effective governance, performance, and accountability in procurement and contract management. Finance continues to provide guidance, tools, and support to entities to assist in building capability and improving outcomes, including through the Procurement and Contract Management Profession, the Commonwealth Procurement and Contract Management Training Suite, the Contract Management Guide and related resources.

Response to each specific recommendation

3.24 Recommendation No: 1

The Committee recommends that the Commonwealth Procurement and Contract Management Capability Self-Assessment Survey conducted by the Department of Finance be made mandatory by the Australian Government for all Commonwealth entities, including corporate entities, that enter into contracts with external service providers.

Summary of response: Not agreed

Supporting rationale:

Finance acknowledges the Committee's intent to improve visibility and consistency in contract management capability across the Commonwealth. However, we do not support making the Commonwealth Procurement and Contract Management Capability Self-Assessment Survey (the Survey) mandatory for all entities, including corporate Commonwealth entities as we are moving to replace the survey with a more comprehensive capability program. The Survey was developed as a benchmarking tool to assist entities and Finance in identifying capability strengths and areas for improvement.

Insights from the Survey have informed Finance's capability uplift efforts. For example, the Survey helped shape the rollout of the Commonwealth Procurement and Contract Management Training Suite. Finance prioritised foundational topics such as procurement and contract management basics courses, followed by training for SES delegates. This was in response to the evolving maturity level uncovered in the Leadership and Strategy sub-category of the Survey. The Survey also confirmed a consistent trend: larger entities tend to report higher levels of procurement and contract management maturity. In response, Finance has ensured that participants in capability uplift initiatives represent a diverse range of entities and sizes, helping to ensure that support is inclusive of the varied operating contexts across the Commonwealth.

As the Survey has served its intended benchmarking purpose, Finance is moving forward with a more targeted approach to identify and lift procurement and contract management capability. Finance is preparing to pilot an Independent Procurement and Contract Management Capability Review Program. This program will provide entities with independent, externally conducted assessments of their procurement and contract management capability. The reviews will offer tailored, objective insights and practical guidance to support uplift. Planning for the pilot is underway, and Finance will consider broader implementation following its completion and evaluation in mid-2026. Finance does not intend to make this program mandatory.

In addition to the ongoing efforts of Finance, the Procurement and Contract Management Profession is developing a capability framework for APS officers. This framework will enable benchmarking of capabilities and allow individuals to identify areas for improvement and career pathways.

3.25 Recommendation No: 2

The Committee recommends that as part of the new mandatory Commonwealth Procurement and Contract Management Capability Self-Assessment Survey, the Department of Finance must ensure:

- *that any survey responses not received in a timely manner will be regarded as a formal breach by the entity in question and be notified to the Minister for Finance*
- *that there are clear indicators of the entity's capabilities against the frameworks and best practices conveyed in the contract management guide*
- *that where deficiencies are identified through the survey responses, a directive is issued by Finance for corrective action to be taken.*

Summary of response: Not agreed

Supporting rationale:

As Finance does not support Recommendation 1, it follows that Recommendation 2 is not agreed.

3.26 Recommendation No: 3

The Committee recommends that the Department of Finance consults with the Australian National Audit Office and all other relevant agencies as needed to produce more effective guidance on the following areas of contract management weakness:

- *maintaining arm's length and robust relationships with suppliers to ensure contract delivery*
- *effective engagement with contract stakeholders to properly understand their concerns*
- *understanding and fulfilling Commonwealth recordkeeping requirements*
- *assessing and then documenting value for money in contract variations*
- *the measurement and management of contract performance through the development of workable and effective key performance indicators*
- *contract management training and upskilling.*

Summary of response: Agreed

Supporting rationale:

Substantial work has been underway to update the Contract Management Guide, with the updated guide set to be released soon. This update was informed by extensive consultation with internal and external stakeholders, including 10 Commonwealth entities. The consultation period ran from February to August 2024. Changes were also made to address recommendations and insights in the APS Integrity Taskforce's *Louder Than Words* and the Committee's Report 498 '*Commitment issues*' - *An inquiry into Commonwealth procurement*.

The updated Contract Management Guide introduces a lifecycle approach to contract management and embeds guidance across all phases of the contract. It includes expanded advice on contract types, documentation, risk management, and due diligence. Updates address most of the Committee's concerns.

Regarding maintaining arm's length and robust relationships with suppliers to ensure contract delivery:

Sections 1.1 and 3.3 of the Contract Management Guide provide strengthened guidance on professional supplier relationship management, ethical behaviour of suppliers, and conflict of interest protocols. These updates support arm's length engagement while promoting trust and accountability in supplier relationships. Section 1.1 has been updated to include 3 key provisions: officials must declare any real or perceived conflicts of interest at the time of their appointment as contract managers; information on the Commonwealth Supplier Code of Conduct is now specified; and new information highlighting the role of the National Anti-Corruption Commission. Section 3.3 reframes relationship management as a human-centric discipline, advocating for open communication, early issue resolution, and structured collaboration, while ensuring interactions remain appropriately distanced. Strategic engagement approaches for managing multiple contracts with a single supplier are also introduced, along with a focus on handover when changing contract managers to support continuity and impartiality.

Regarding effective engagement with contract stakeholders to properly understand their concerns:

Sections 3.3, and 3.10 of the Contract Management Guide offer updated practical advice on stakeholder engagement, encouraging early, open, and ongoing communication through both formal mechanisms and informal practices. Section 3.10 reinforces this with guidance on strategic dispute resolution and documentation, ensuring stakeholder concerns are acknowledged and addressed through structured processes.

Regarding assessing and then documenting value for money in contract variations:

Sections 3.11 and 3.12 have been updated to provide guidance on assessing and documenting value for money in contract variations and extensions, including new information on maintaining value for money when considering the use of contract extensions and variations. Officials are encouraged to determine whether extending a contract is more cost-effective than reapproaching the market, and to document all modifications with a strong audit trail.

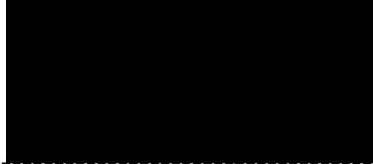
While the updated Contract Management Guide addresses many of the Committee's concerns, Finance is consulting with the Australian National Audit Office and other entities to further strengthen guidance in the areas of concern identified in the report and ensure the updated guidance is effectively supporting officials. This includes enhancing advice on stakeholder engagement, recordkeeping, and performance measurement, and maintaining appropriate supplier relationships.

In addition to the Contract Management Guide, Finance has developed the Commonwealth Procurement and Contract Management Training Suite, which includes two dedicated contract management courses. The Contract Management Basics course introduces the essentials of contract management, including the roles, tools, and techniques used to manage performance and relationships. The Contract Management in Practice course explores the full contract lifecycle, stakeholder responsibilities, and strategies for delivering value for money outcomes. Participant feedback on these courses is routinely collected and used to inform refinements. This continuous improvement approach ensures training remains practical, relevant, and aligned with evolving entity needs.

Further, in September 2024 the Procurement and Contract Management Profession was launched to support APS Officials increase their capability in undertaking procurement and managing contracts. In July 2025 a day-long contract management event was held in Sydney through the Profession with speakers from across Government and the private sector presenting on challenges and best practices in contract management.

Final Remarks

Finance thanks the Committee for its focus on strengthening contract management capability across the Commonwealth. We remain committed to supporting entities through robust guidance that promote continuous improvement. Finance looks forward to continuing to work with entities to uplift procurement and contract management practice across the Commonwealth.



Richard Winder
A/g Secretary of the Department of Finance

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