



Australian Government
Department of Industry,
Science and Resources

Inquiry into Commonwealth Procurement

Department of Industry, Science and Resources Submission

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Introduction

The Department of Industry, Science and Resources (the department) welcomes the opportunity to contribute to the Committee's consideration of improving the culture of how procurement rules and guidelines are applied to improve transparency, efficiency, and value for money in Commonwealth procurement. We are committed to ensuring we demonstrate value for money through competition, probity, and strong contract management.

This submission provides an overview of the Entrepreneurs' Programme and how the findings of the Australian National Audit Office's (ANAO) report No.42 - Procurement of Delivery Partners for the Entrepreneurs' Programme are being addressed.

Entrepreneurs' Programme

The Entrepreneurs' Programme, administered by AusIndustry, launched on 1 July 2014. The program delivers advice and grants to enable high-potential businesses to strengthen, grow, innovate and commercialise nationally and globally.

Since its launch, the Entrepreneurs' Programme has assisted 23,017 businesses through their national network of over 200 facilitators and specialists.

Following a redesign process for the program, the department issued a Request for Tender in September 2019. The Request for Tender was seeking Delivery Partners to deliver expert business advisory and facilitation services to eligible businesses for the Entrepreneurs' Programme.

ANAO Report No.42 (2021-22) Procurement of Delivery Partners for the Entrepreneurs' Programme

On June 24 2022, the ANAO tabled their performance audit of the Procurement of Delivery Partners for the Entrepreneurs' Programme. The objective of the audit was to examine whether the design and conduct of the procurement process for delivery partners for the program complied with the Commonwealth Procurement Rules, and whether the signed contracts are being appropriately managed.

The department accepted its approach to this procurement was deficient in significant respects and fell short of the appropriate transparency, consistency and fairness. The department agreed to all 10 recommendations and expedited a program of work to focus on improving procurement culture and capability.

Status

The department is committed to addressing the cultural and capability uplift required to ensure our procurement practices are transparent, consistent and fair, and comply with the Commonwealth Procurement Rules.

The department's Executive Board and Audit and Risk Committee are actively overseeing the implementation of the ANAO recommendations. Of the 10 recommendations, 2 are on track for closure and the remaining are on track for implementation by the end of 2022 and early 2023.

Since the tabling of the ANAO audit, the department has undertaken a range of activities to address the findings.

- The Executive Board has endorsed strengthened probity and procurement policies and guidance.
- The department has updated its procurement framework to improve guidance on: the use of evaluation criteria in planning and tender documents; responsibilities and expectations for contract management; and, records management expectations.
- The department is strengthening its probity framework to improve alignment with the Commonwealth Procurement Rules and the Commonwealth Grants Rules and Guidelines. The framework includes guidance on when to engage probity advisers, and provides assurance the department is receiving independent and objective advice through oversight of probity advisers in use.
- The department has strengthened its Conflict of Interest policy. A new platform for general conflict of interest declarations has also been implemented, improving user experience and access to data for monitoring and reporting.
- All Senior Executive Service staff have received briefings on key insights and common audit themes from the ANAO, as well as specialised training on probity in procurement and grants.
- The ANAO has also delivered a similar presentation to Executive Level staff.
- Dedicated grants and procurement staff have completed probity and conflicts of interest training.
- The department has undertaken assurance reviews of complex and significant procurements and grants, including those under contract and in development, to ensure alignment with the Commonwealth Procurement Rules and Commonwealth Grants Rules and Guidelines.

Entrepreneurs' Programme Contract Management Improvements

The Entrepreneurs' Programme managers have implemented a range of measures to address the contract management related audit findings. These include:

- Establishing contract management plans for each delivery partner with support from the Department of Finance.
- Providing contract management training to all Entrepreneurs' Programme contract management staff.
- Appointing a contract manager with oversight of all delivery partner contracts.
- Implementing the Entrepreneurs' Programme Delivery Partner Performance Capability Framework to guide our expectations of providers' performance.
- Applying processes to verify contractual obligations have been met by a provider, prior to invoice payment.

Tenderers involved in the procurement

The department has written to all unsuccessful tenderers in the 2019 procurement in relation to the non-compliance issues identified in the ANAO audit report. Tenderers were also invited to a briefing with Senior Executives where the department outlined its response to the audit, listened to their concerns and answered questions.

The department is committed to act as a model litigant and has provided details to the tenderers on how to claim for compensation under the *Government Procurement (Judicial Review) Act 2018 (Cth)*. The department is seeking to settle legitimate claims quickly and treat claimants fairly and consistently.