



Australian Government
Department of Industry,
Innovation and Science

UNCLASSIFIED

Acting Minister for Industry, Innovation and Science
CC: Assistant Minister for Industry, Innovation and Science

Min ID: MS17-002930

For Information

Subject: NOTIFICATION OF SIGNIFICANT INSTANCES OF NON-COMPLIANCE WITH FINANCE LAW

Timing: Routine – 10 working days

Recommendation:

That you **note** the attached letter to the Minister for Finance, providing notification of significant instances of non-compliance with the finance law. Details regarding this are in **MS17-002593**.

Noted/Please discuss

Michaelia Cash **Date:** / /2017

Comments:

*This brief not seen by Minister.
Minister had noted advice on non-compliance in cabinet brief. I have advised Minister that Secretary had written to Finance Minister.*

Section 47F 8/11/17

Key Points:

1. Section 19 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) requires the responsible Minister to be notified of any significant issues that have affected, or may affect, the entity including significant instances of non-compliance with the finance law. A copy of the notification must be sent to the Minister for Finance.
2. You were provided with a brief outlining details associated with the identification of significant instances of non-compliance with the finance law (**MS17-002593** refers).
3. We understood that a copy of the original brief would be sufficient for the Minister for Finance, however we have since been advised by the Department of Finance that a separate letter is required.
4. The attached letter has been signed by the Accountable Authority and is attached for your information.
5. The department will work with your office to arrange for the letter to be provided to the Minister for Finance.

Consultation: National Measurement Institute

Clearance Officer:

Section 47F

General Manager, Finance Group
Corporate Division

Section 47F

Contact Officer:

Section 47F

Financial Frameworks, Finance Group
Corporate Division

Section 47F

MLO Version: 24/10/2017

ATTACHMENTS

A: Letter to the Minister for Finance



Australian Government
**Department of Industry,
Innovation and Science**

COPY

Secretary

Senator the Hon Mathias Cormann
Minister for Finance
Parliament House
CANBERRA ACT 2600

Dear Minister Cormann

In accordance with Section 19 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) I, as the Accountable Authority of Department of Industry, Innovation and Science (the department), am required to notify you as the Minister for Finance of any significant instances of non-compliance with finance law incurred by the department.

The department has identified significant instances of non-compliance with the Commonwealth Procurement Rules (including consequential breaches relating to Section 23 of the PGPA Act). These relate to activities undertaken by a division in the department notably, but not limited to, a failure to estimate the total expected value of a large volume of procurement activities resulting in the incorrect procurement method being used and contracts not being correctly reported on AusTender. Additionally, for the transactions sampled, there was no evidence of approval of commitments of relevant money under Section 23 of the PGPA Act and a lack of documentation supporting contractor procurement decisions more generally.

These breaches are considered significant due to the nature of the non-compliance and the number of occurrences. For the 2016-17 Financial Year (to May 2017) there were over 2100 invoices paid at a total cost of approximately \$3.6 million. The breaches identified above apply to each invoice as each one represents a separate procurement activity.

Corrective action has been undertaken, including the establishment of a panel arrangement to ensure that the division's need for operational efficiency and flexibility is met within a compliant framework. The responsible Minister for the department has been notified of this.

Yours sincerely

A handwritten signature in black ink that reads "Heather Smith".

Heather Smith
Secretary

20 October 2017