

**THEMATIC COMPILATION OF RELEVANT INFORMATION SUBMITTED
BY AUSTRALIA**

ARTICLE 9, PARAGRAPH 1 UNCAC

PUBLIC PROCUREMENT

AUSTRALIA (THIRTEENTH MEETING)

The Australian Government Department of Finance has developed a number of training and support tools to help officials understand their responsibilities within the Commonwealth Resource Management Framework and how to use or manage public resources under the *Public Governance, Performance and Accountability Act 2013*. These include e-learning modules, training videos, guidance and standard contract terms.

The Commonwealth Procurement Rules (CPRs) require that officials undertaking procurement recognise and deal with 'actual, potential and perceived' conflicts of interest.

The Australian National Audit Office (ANAO), plays a key role in auditing procurement undertaken by all Commonwealth agencies including the agencies within ACLEI's jurisdiction, and also emphasises the importance of these integrity measures.

Corruption in procurement processes is not a risk unique to law enforcement agencies. However, in investigations conducted by the Australian Commission for Law Enforcement Integrity (ACLEI) into agency procurement processes, the main corruption vulnerabilities identified relate to abuse of office and failures to appropriately disclose or manage conflicts of interest.

Abuse of office in a procurement context can involve staff members responsible for contract management circumventing procurement governance and integrity frameworks to manipulate outcomes in favour of a preferred tenderer, which may result in a contract not being awarded to the best qualified tenderer or at an inflated price. This can give rise to misuse of Commonwealth resources and potentially create a scenario where the official is paid kickbacks from the successful tenderer.

Conflicts of interest in a procurement context can give rise to staff members involved in the procurement deriving personal interests (for example, through increased dividends if the contract is awarded to a company in which they are a shareholder) or providing undue benefits to personal associates (for example, through granting contracts to companies owned or operated by family or associates).

As this is a risk common to all agencies, ACLEI is working with other agencies across Government – including the Commonwealth Fraud Prevention Centre at the Attorney-General's Department – to ensure that agencies have access to the latest information and best practice guidance on addressing this risk.

ACLEI's website is shortly due to be updated to reflect the high corruption risk posed by procurement and contracting.

State and Territory integrity agencies have concluded multiple investigations into corrupt conduct in procurement processes, identifying corruption risks ranging from fraud and conflicts of interest, to abuse of office, false invoicing, bribery and secret commissions. Recommendations from these investigations have included safeguarding confidential tender information; identifying and assessing corruption risks at each stage of procurement; properly declaring and managing conflicts of interest; undertaking adequate due diligence on contractors and suppliers, and implementing systems for identifying and reporting red flags related to projects and procurement activities.

All Commonwealth agencies are required to report procurements over relevant thresholds through AusTender (www.austender.gov.au). In addition, agency Annual Reports must include reporting on expenditure on consultancy and non-consultancy contracts.