



Office of the Auditor General Western Australia

Public Sector Performance Report 2012

Report 9 – June 2012

This is the first Public Sector Performance Report for 2012. This report is in three parts:

- Regional procurement
- Department of Commerce Support to the Plumbers Licensing Board
- Ministerial decision not to provide information to Parliament on the amount of funding Tourism WA provided for the Perth International Arts Festival.

Regional Procurement

Background

In 2010-11 government agencies spent some \$9.25 billion procuring goods and services. This procurement is guided by government and agency policies and procedures. These aim to achieve:

- open and effective competition
- value for money
- probity and accountability
- transparency.

This audit focused on procurement by agencies based in Perth with offices in the regions or located in regional Western Australia. Our objective was to establish whether agency procurement in regional areas complies with government policy and good practice.

We asked:

- Do agencies promote open and effective competition?
- Do agencies consider value for money in their purchases and apply *Buy Local Policy* requirements where applicable?
- Do agencies manage potential conflicts of interest?
- Are agency procurements accountable and transparent?

What the audit found

No agency fully complied with procurement policies and guidelines. Common weaknesses included:

- not sufficiently testing the market to ensure value for money
- lack of documentation of purchasing decisions
- not publishing awarded contracts when required
- insufficient guidance to purchasing staff on how and when to apply *Buy Local* and *Value for Money* policies, and when to seek assistance from the Department of Finance procurement office.

Department of Commerce support to the Plumbers Licensing Board

Background

The Plumbers Licensing Board (Board) contacted the Auditor General in April 2011 raising concerns about the use of its funds by the Department of Commerce (Commerce), and the quality of support provided to it by Commerce.

What we did

We examined the use of the Board's funds, and the support provided by Commerce to the Board from July 2004 onwards. We expected to find broad compliance with the Public Sector Commission's *Principles of Good Corporate Governance for Western Australian Public Sector Boards and Committees*, in particular that roles and responsibilities should be clearly defined and enacted; the Board should be involved in significant decisions affecting matters within its mandate; and timely, accurate and complete information should be provided to the Board to enable it to effectively monitor risks, finances, and operational performance.

What we found

- Commerce and the Board did not have a common understanding of roles and responsibilities, particularly control of funds, leading to an ineffective working relationship.
- The lack of clarity over roles and responsibilities resulted in the Board not having a full understanding of the impact on its role and responsibilities of the establishment of the Building Commission.
- The administration and reporting of the Board's finances by Commerce was deficient and the information provided to the Board was inadequate to enable it to effectively monitor risks, finances, and operational performance.
- The Public Sector Commission's *Principles of Good Governance* relating to clarity of roles and responsibilities, involving Boards in significant decisions affecting matters within their mandates, and providing timely, accurate and complete information were not met.