

MEDIA STATEMENT



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AUDITOR GENERAL FINDS PROCUREMENT AND BOARD MANAGEMENT CONCERNS IN LATEST REPORT

In his three-part report tabled in Parliament today, Auditor General Colin Murphy has found a number of weaknesses in agency procurements, has delivered some important advice for Boards and Committees and the agencies working with them, and has found a decision by a Minister to not table information in Parliament was reasonable and appropriate.

The first part of the Public Sector Performance Report, assessed how well the regional offices of six agencies were implementing four core principles for procurement, including open and effective competition, value for money, probity and accountability and transparency.

Mr Murphy found that no agency fully complied with procurement policy and guidelines and may be missing opportunities to get best value for taxpayer dollars.

Issues identified in the report include agencies not sourcing the appropriate number of quotes for services, poor controls for identifying and managing conflicts of interest, the use of exemptions from open competition that were not justified, not publishing awarded contracts when required and 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.

Mr Murphy said the WA public sector spends billions of dollars each year procuring goods and services.

"It is important agencies ensure their procurements result in value for money and fair access for suppliers," he said.

"Parliament and the community need to know that they are getting good value for their money – and much more needs to be done to give that assurance."

The second item in the report includes the findings of an examination of concerns raised with the Auditor General by the Plumbers Licensing Board (the Board) regarding the administration of funds collected from plumbers and the quality of support provided by the Department of Commerce (Commerce).

Mr Murphy found there was a lack of clarity over roles and responsibilities, an ineffective working relationship and communication between Commerce and the Board, and that the administration of the Board's finances by Commerce was deficient from late 2007 onwards.

"While we did not find evidence to substantiate concerns that funds had been used for activities outside the Board's mandate, we did find that there was ongoing confusion regarding the control of funds received from plumbers' fees.

"We also found that because the Board did not receive timely and reliable financial information from Commerce it was unaware of its deteriorating financial position in sufficient time to take action to address it."

The Public Sector Commission's *Principles of Good Corporate Governance for Western Australian Public Sector Boards and Committees* was used to inform the examination.

"I would urge all Boards and Committees and the agencies that support them to ensure they meet the PSC principles, particularly in making sure that roles and responsibilities are clear, Boards are involved in significant decisions that affect them, and that supporting agencies provide timely, accurate and complete information."

In the final part of the Public Sector Performance Report, the Auditor General found a decision by the Minister for Tourism not to provide information on the annual funding agreement between Tourism WA and the University of Western Australia for the Perth International Arts Festival was reasonable and appropriate.

"Tourism WA uses an appropriate confidentiality clause in its funding contracts, and the information in question could also be shown to have commercial value and its disclosure could cause commercial harm to the State," Mr Murphy said.

"Importantly, the Minister's decision was supported by appropriately documented assessment against reasonable criteria for determining commercial sensitivity and possible detriment to the State."

The Auditor General's *Public Sector Performance Report (Report 9 – June 2012)* containing sections: Regional Procurement, Department of Commerce Support to the Plumbers Licensing Board and an opinion on a decision by a Minister to not provide information to Parliament, can be viewed at www.audit.wa.gov.au.

ENDS

Note to media: The agencies included in the first part of the report (Regional Procurement) are listed on page 8.