



Australian Government
Department of Agriculture,
Fisheries and Forestry

24.31 Drought Resilience Adoption and Innovation Hubs
Final Communication – Assurance Engagement Report

S. 47E(d)

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s. 47E(d), s. 22(1)(a)(ii)

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Report Ref.	Internal Audit findings	s. 47E(d)	Recommendations
4.1.1	Finding One: Northern WA/ NT Hub's complex governance structure may impede its ability to identify and manage conflicts of interest appropriately. The Northern WA/ NT Hub's conflict of interest policies and procedures do not reflect the complexity of its governance arrangements. Additionally, its current policies and procedures could be enhanced to better align with best practice. Risk: By not having in place appropriate policies and procedures to address conflicts of interest, there is a risk that conflicts of interest in relation to investment decisions (awarding grant funding to projects) or procurements will not be managed effectively, compromising decision-making and exposing the department to reputational and compliance risks.	s. 47E(d)	Recommendation One: Internal Audit recommends that the department requires the Northern WA/ NT Hub to update their suite of conflict of interest policies, procedures and registers that adequately reflects best practice guidance provided by the Australian Charities and Not-for-profits Commission (ACNC). In discussing with Northern WA/ NT Hub, the department may wish to request the Northern WA/ NT Hub consider the simplification of its governance structure to increase the intrinsic level of transparency and accountability within the organisation and accordingly reduce the amount of policies and procedures required to appropriately manage potential or actual conflicts of interest in relation to investment decisions (awarding grant funding to projects) and procurements.
4.1.1	Finding Two: Northern WA/ NT Hub does not have a documented process in place, for either investment decisions (awarding grant funding to projects) or procurements, which outlines requirements for: • competition, including evaluation criteria and number of tenders to be sought • value for money, including cost benchmarking • ethics, transparency and accountability, including conflicts of interest • record keeping.	s. 47E(d)	Recommendation Two: Internal Audit recommends the department require Northern WA/ NT Hub to prepare and implement a documented process which outlines how investment decisions (awarding grant funding to projects) and procurements must be made, including requirements regarding: • competition, including evaluation criteria and number of tenders • value for money, including cost benchmarking • ethics, transparency and accountability, including conflicts of interest • record keeping.

s. 22(1)(a)(ii)

s. 22(1)(a)(ii)

Report Ref.	Internal Audit findings	s. 47E(d)	Recommendations
	Risk: By not having in place a documented process which outlines how investment decisions (awarding grant funding to projects) or procurements must be made, there is a risk that conflicts of interest will not be managed effectively, impacting the ability of the Hub to deliver FDF objectives.		
4.1.2	Finding Three: There are instances where there is a lack of evidence to support the appropriate implementation of Northern WA/ NT Hub's conflicts of interest procedures relating to investment decisions (awarding grant funding to projects) and procurements. Risk: The lack of complete and properly approved declarations could lead to undetected conflicts, compromising decision-making and exposing the Commonwealth to reputational and compliance risks.	s. 47E(d)	Recommendation Three: The department should require the Northern WA/ NT Hub to manage, and document the management of, conflicts of interest relating to investment decisions (awarding grant funding to projects) and procurements in a manner that is consistent with its updated policies and procedures.

s. 22(1)(a)(ii), s. 47E(d)

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Finding One: Northern WA/ NT Hub’s complex governance structure may impede its ability to identify and manage conflicts of interest appropriately. The Northern WA/ NT Hub’s conflict of interest policies and procedures do not reflect the complexity of its governance arrangements. Additionally, its current policies and procedures could be enhanced to better align with best practice.

Risk: By not having in place appropriate policies and procedures to address conflicts of interest, there is a risk that conflicts of interest in relation to investment decisions (awarding grant funding to projects) or procurements will not be managed effectively, compromising decision-making and exposing the department to reputational and compliance risks.

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Recommendation One

Recommendation One: Internal Audit recommends that the department requires the Northern WA/ NT Hub to update their suite of conflict of interest policies, procedures and registers that adequately reflects best practice guidance provided by the ACNC. In discussing with Northern WA/ NT Hub, the department may wish to request the Northern WA/ NT Hub consider the simplification of its governance structure to increase the intrinsic level of transparency and accountability within the organisation and accordingly reduce the amount of policies and procedures required to appropriately manage potential or actual conflicts of interest in relation to investment decisions (awarding grant funding to projects) and procurements.

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Finding Two

Finding Two: Northern WA/ NT Hub does not have a documented process in place, for either investment decisions (awarding grant funding to projects) or procurements, which outlines requirements for:

- competition, including evaluation criteria and number of tenders to be sought
- value for money, including cost benchmarking
- ethics, transparency and accountability, including conflicts of interest
- record keeping.

Risk: By not having in place a documented process which outlines how investment decisions (awarding grant funding to projects) or procurements must be made, there is a risk that conflicts of interest will not be managed effectively, impacting the ability of the Hub to deliver FDF objectives.

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s. 47E(d)

s. 47E(d)

s. 22(1)(a)(ii)

Recommendation Two

Recommendation Two: Internal Audit recommends the department require Northern WA/ NT Hub to prepare and implement a documented process which outlines how investment decisions (awarding grant funding to projects) and procurements must be made, including requirements regarding:

- competition, including evaluation criteria and number of tenders
- value for money, including cost benchmarking
- ethics, transparency and accountability, including conflicts of interest
- record keeping.

s. 47E(d)

s. 47E(d)

Finding Three

Finding Three: There are instances where there is a lack of evidence to support the appropriate implementation of Northern WA/ NT Hub's conflict of interest procedures relating to investment decisions (awarding grant funding to projects) and procurements.

Risk: The lack of complete and properly approved declarations could lead to undetected conflicts, compromising decision-making and exposing the Commonwealth to reputational and compliance risks.

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s. 47E(d), s. 47G(1)(a), s. 47F(1)

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Recommendation Three

Recommendation Three: The department should require the Northern WA/ NT Hub to manage, and document the management of, conflicts of interest relating to investment decisions (awarding grant funding to projects) and procurements in a manner that is consistent with its updated policies and procedures.

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s. 22(1)(a)(ii), s. 47E(d), s. 47F(1)

s. 22(1)(a)(ii), s. 47E(d)

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