



## Part 3

# Management and accountability

## Corporate governance

The PBO's operation is governed by the requirements of the *Parliamentary Service Act 1999*, the *Financial Management and Accountability Act 1997* (FMA Act) and other legislation as applicable.

Under the Parliamentary Service Act and the FMA Act, the Parliamentary Budget Officer is accountable for the PBO's performance and compliance with regulatory requirements.

As the PBO is subject to the same governance and reporting requirements that apply to larger FMA Act agencies, the establishment of the PBO's governance framework, processes and arrangements was a priority during 2012–13.

The PBO's governance framework during the year comprised:

- the PBO Executive, consisting of the Parliamentary Budget Officer and SES officers
- an Audit Committee established by the Parliamentary Budget Officer, consisting of two independent members (including the chair) and the Assistant Parliamentary Budget Officer, Corporate Strategy Branch.

### **PBO Executive**

The PBO Executive meets weekly to consider PBO-wide issues.

### **Audit Committee**

The committee provides independent advice and assurance to the Parliamentary Budget Officer regarding the PBO's governance arrangements. The committee met once during the year and endorsed the Audit Committee Charter. The Chief Financial Officer and representatives from the Australian National Audit Office attended the meeting.

The PBO engaged KPMG as its internal auditor during the year. The arrangement is through the Internal Audit, Common Risk Management, Program Evaluation, Fraud Control, Protective Security and Fraud/Security Investigation Services Panel established by the Department of Resources, Energy and Tourism. The arrangement will conclude on 31 July 2015; however, it allows for two 1-year options to extend the arrangement.

### **Parliament House boards**

Within Parliament House, the PBO had membership of the following boards in 2012–13:

- Parliamentary ICT Advisory Board
- Security Management Board.

### ***Parliamentary ICT Advisory Board***

The Parliamentary ICT Advisory Board provides strategic oversight of information and communications technology in Parliament House. The PBO is represented by the Assistant Parliamentary Budget Officer, Corporate Strategy Branch. The board met four times during the year.

### ***Security Management Board***

The Security Management Board is established under section 65A of the Parliamentary Service Act to advise the Presiding Officers on security policy and the management of security measures for Parliament House. The PBO was represented by the Assistant Parliamentary Budget Officer, Corporate Strategy Branch. The board met 10 times during the year.

### **Fraud prevention and control**

During the year the PBO developed a fraud control plan that complies with the Commonwealth Fraud Control Guidelines.

In 2012–13 the PBO took all reasonable measures to minimise the incidence of fraud and is implementing strategies for raising awareness and preventing fraud as set out in the fraud control plan.

## **External scrutiny**

During 2012–13 there were no external reports, reviews or judicial decisions involving the PBO. Information about the PBO's involvement with parliamentary committees follows.

### **Joint Committee of Public Accounts and Audit**

The Joint Committee of Public Accounts and Audit, as the committee overseeing the PBO, played an important role in assisting the PBO to establish itself as an effective arm of the Parliament. Throughout 2012–13, the PBO met with the Committee on a regular basis, particularly in relation to the PBO's work plan and budget and the proposal to enhance the PBO's mandate and resourcing.

### **Senate Finance and Public Administration Legislation Committee**

The PBO appeared regularly before the Senate Finance and Public Administration Legislation Committee throughout the year. At the 2013–14 Budget Estimates hearings in May 2013, the PBO commenced providing the Committee with performance and employee data in advance of the hearing and intends to continue providing this reporting at future Senate Estimates hearings.

## **Human resource management**

To meet its mandate effectively the PBO relies heavily on the skills base, experience and commitment of its employees. Accordingly, the recruitment of employees with appropriate skills and experience was a high priority for the PBO in 2012–13.

Details of the classification level, employment status and gender of the PBO's employees are included in Appendix B.

## Employment arrangements

Consistent with the Australian Government Employment Bargaining Framework requirements for newly established agencies, the PBO's SES employees were engaged on individual determinations under section 24(1) of the Parliamentary Service Act. Non-SES employees were engaged on common law arrangements.

The Parliamentary Budget Officer is engaged as a full-time public office holder under section 64X of the Parliamentary Service Act and his remuneration is determined by the Remuneration Tribunal (applicable determinations in 2012–13 were 2012/12 and 2012/24).

The PBO did not make any performance payments to employees during 2012–13.

Employees have access to a number of non-salary benefits including study assistance, payment of professional membership fees and access to salary sacrifice benefits. Employees also have access to the Capital Hill Early Childhood Centre in Parliament House.

## Purchasing

Purchasing was managed in accordance with the Commonwealth Procurement Rules and the PBO's Chief Executive's Instructions and supporting procedures. The PBO's primary purchasing objectives were:

- to ensure the principle of value for money was consistently obtained through:
  - encouraging competition
  - promoting efficiency, effectiveness and ethical use of resources
  - conducting its business in an environment of accountability and transparency
- to support the business requirements of the PBO through a focus on better practice procurement.

The PBO facilitates its purchasing requirements through a range of coordinated procurement arrangements. These include panels established by other departments and whole-of-government panel lists and contracts.

## Consultants

The Parliamentary Budget Office classifies consultants as individuals, partnerships or corporations engaged to provide professional, independent and expert advice or services to the PBO. It engages consultants where there is a need for independent research or assessment, or where there is a requirement for specialised or professional skills not available in-house.

During the year, eight new consultancy contracts were entered into. The total expense for these contracts in 2012–13 was \$26,784 (GST inclusive). There were no ongoing consultancy contracts active during 2012–13.

The majority of expenditure (95 per cent) on consultancy contracts was for legal services.

Information on the value of contracts and consultancies greater than \$10,000 is available on the AusTender website ([www.tenders.gov.au](http://www.tenders.gov.au)).

## Financial performance

The PBO recorded an operating surplus during the year of \$1.740 million, comprising total revenue of \$6.376 million and expenses of \$4.636 million. The surplus was due largely to the PBO needing to build its capability, including the recruitment of staff progressively over the course of the year.

As at 30 June 2013, the PBO was in a sound net worth and liquidity position, reporting net assets of \$1.740 million, represented by assets of \$4.205 million and liabilities of \$2.465 million.

As at 30 June 2013, the PBO had unspent annual appropriations totalling \$3.062 million, of which \$0.022 million was held as cash. In addition, the PBO had an unspent special appropriation of \$6.0 million. Unspent appropriations are available to settle liabilities as and when they fall due.