



Part 3

Management and accountability

Corporate governance

The PBO's operations are 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.

The PBO is subject to the same governance and reporting requirements that apply to larger FMA Act agencies. The continued development of the PBO's governance framework, processes and arrangements was a focus during 2013–14.

The major components of the PBO's governance framework during the year comprised the PBO Executive, the Audit Committee, a risk management framework, and a fraud control plan. The PBO also participated in Parliament House-wide governance arrangements.

PBO Executive

The PBO Executive consists of the Parliamentary Budget Officer and SES officers and meets weekly to consider PBO-wide issues.

Audit Committee

The Audit Committee provides independent advice and assurance to the Parliamentary Budget Officer about the PBO's governance arrangements. The committee comprises two independent members (including the chair) and the Assistant Parliamentary Budget Officer, Corporate Strategy Branch. The committee met five times during the financial year. The Chief Financial Officer, representatives from the ANAO and the PBO's internal auditors also attended these meetings.

Risk management

Risk management forms an integral part of the PBO's governance arrangements.

In April 2014, the PBO implemented its risk management framework and policy. This document outlines how the PBO manages risk through its policies, processes and structures. The PBO then commenced the development of its first risk management plan and a business continuity management framework and policy, outlining the policies, plans and guidelines through which the PBO manages business continuity.

The business continuity management framework and policy was approved in June 2014. The agency risk management plan, outlining the strategic risks faced by the PBO, was close to completion at 30 June. In 2014–15, the PBO will be finalising other business continuity documents, such as the business continuity plan and business impact analysis.

Following the identification of its strategic risks, the PBO is embedding risk management at an operational level through its divisional and branch work planning processes for 2014–15.

Fraud prevention and control

During 2013–14, the PBO reviewed its fraud control plan to ensure that it complies with the Commonwealth Fraud Control Guidelines. The PBO also commenced an assessment to identify potential fraud risks and any gaps in its control framework. This assessment was in progress as at 30 June 2014.

In 2013–14 the PBO took all reasonable measures to minimise the incidence of fraud. The progression of the fraud risk assessment during 2013–14 contributed to raising awareness and preventing fraud within the PBO.

Interdepartmental committees

The PBO participates in a range of interdepartmental committees through which the parliamentary departments coordinate common and joint activities, particularly in relation to corporate and information technology matters. The Parliamentary Budget Officer and other parliamentary department heads signed the parliamentary departments' first reconciliation action plan—the *Parliamentary Service 2013–15 Reconciliation Action Plan*—in September 2013.

External scrutiny

During 2013–14, the PBO continued its involvement with parliamentary committees, and was subject to a performance audit by the ANAO. Further information on these activities is provided below. There were no other external reports, reviews or judicial decisions involving the PBO.

Joint Committee of Public Accounts and Audit

During 2013–14, the JCPAA continued to play an important oversight role for the PBO. The Parliamentary Budget Officer met with the committee in relation to the PBO's work plan and resourcing and also briefed the new JCPAA on the role and functions of the PBO following the commencement of the 44th Parliament.

Senate Finance and Public Administration Legislation Committee

The PBO appeared before the Senate Finance and Public Administration Legislation Committee throughout the financial year. In advance of each hearing, the PBO continued to provide the Committee with activity and staffing data.

Australian National Audit Office performance audit

In November 2013, the ANAO commenced an independent performance audit, *The Administration of the Parliamentary Budget Office*, examining the effectiveness of the PBO in undertaking its role since its establishment. The audit report was tabled on 5 June 2014. The audit is discussed further in Part 2 on page 19.

Human resource management

To meet its mandate effectively the PBO relies heavily on the skills base, experience and commitment of its employees. Finalising its recruitment and continuing to develop and retain its existing workforce was a high priority for the PBO in 2013–14.

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

Employment arrangements

The PBO's SES employees are engaged under individual determinations under section 24(1) of the Parliamentary Service Act, with their remuneration and superannuation salary set under common law agreements.

All non-SES employees are engaged under common law agreements.

The PBO has commenced a review of its employment arrangements, following the release of the Australian Government Public Sector Workplace Bargaining Policy in March 2014.

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.

The PBO did not make any performance payments to employees during 2013–14. Under the PBO's Performance Management Framework, increments through the PBO's salary ranges are based on performance achievements.

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

The development of human resources policies to support the PBO's employment arrangements and legislative framework was a priority in 2013–14. A number of policies were implemented during the year relating to work health and safety; rehabilitation; public interest disclosures; probation; assignment of duties; salary packaging; and leave, overtime and flexible working arrangements.

2014 Parliament of Australia Graduate Program

During 2013–14, the PBO participated in the 2014 Parliament of Australia Graduate Program. The program allows participants from APS graduate programs to undertake a three-month placement with the PBO to learn about the role and functions of the PBO, as well as the Parliament generally. Two graduates from the 2014 program were placed with the PBO in 2013–14, with a third to commence in July 2014.

Asset management

The PBO's asset management framework includes an asset register that records all assets held by the PBO. An annual stocktake keeps records accurate and up to date.

During 2013–14, the Presiding Officers endorsed the consolidation of information and communication technology (ICT) across the parliamentary departments. In keeping with this decision, the PBO transferred its ICT hardware assets to the Department of Parliamentary Services (DPS). This transfer is reflected in the PBO's 2013–14 financial statements.

The PBO's remaining assets are limited mainly to the protected ICT network software, office fitout and equipment.

The PBO's capital budgeting is integrated with strategic planning, which occurs prior to the beginning of each financial year in conjunction with the PBO's annual operating budget processes.

Purchasing

Purchasing was managed in accordance with PBO's Chief Executive's Instructions and financial policies, which are consistent with the Commonwealth Procurement Rules. The PBO's purchasing processes focus on the core principle of value for money. This is achieved through:

- encouraging competition and non-discriminatory processes
- using Commonwealth resources in an efficient, effective, economical and ethical manner that is not inconsistent with the policies of the Commonwealth
- making decisions in an accountable and transparent manner
- considering the appropriate level of risks
- conducting a process commensurate with the scale and scope of the procurement.

Consultants

The PBO engages consultants where specialist skills are required that are not available inhouse or when independent research, review or assessment is required.

During 2013–14, 10 new consultancy contracts were entered into, involving a total expenditure of \$169,449 (inclusive of GST). No ongoing consultancy contracts were active during the 2013–14 year.

The majority of expenditure (83 per cent) on consultancy contracts was for risk management, research and internal audit services.

Information on the value of contracts and consultancies awarded with a value of \$10,000 or more is available on the AusTender website (www.tenders.gov.au).

Australian National Audit Office access clauses

No contracts were let during the year of \$100,000 or more (inclusive of GST).

Exempt contracts

During 2013–14 the PBO had no exempt contracts.