

Part 3

Management and accountability



Corporate governance

The PBO's operations are governed by the requirements of the *Parliamentary Service Act 1999*, the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and other legislation as applicable.

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

The continued development of the PBO's governance framework, processes and arrangements was a focus during 2015–16.

Supporting the PBO's operations is a strong record keeping culture. The PBO adopts full digital record keeping practices. Of the 165 agencies that completed the National Archives of Australia annual Check-up Digital survey, the PBO was ranked the fourth highest agency. Contributors to the PBO's culture are: the PBO works digitally by default, senior management supports digital information management as a priority, everyone contributes to digital information management, and our information is authentic, reliable and accurate.

The major components of the PBO's governance framework during the year comprised the PBO Executive, the Audit Committee, a risk management framework, a fraud control plan and a business continuity 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 Australian National Audit Office, and the PBO's internal auditors also attended these meetings.

Risk management

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

The strategic and fraud risks were reviewed, updated and documented in 2015–16 risk management plans.

Following the review of its strategic risks, the PBO continued to embed risk management practices at the operational level through its divisional and branch work planning processes.

In the second half of 2015–16, the PBO undertook its first protective security risk assessment to support requirements under the Australian Government's Protective Security Policy Framework. As at 30 June 2016, the protective security risk management plan 2016–2018 was drafted. This plan was subsequently approved in July 2016.

A full review of the PBO's approach to risk was undertaken through the 2015–16 Comcover risk management benchmarking program. The result of the program noted the PBO is operating at an advanced level of risk maturity and is in the top 30 per cent of all agencies who participated. The results further showed that the PBO is above average on all aspects of risk management and is at a risk maturity level higher than its peer group of similar Commonwealth entities.

Operating at an advanced level reflects the PBO's approach to risk management as a proactive activity that is integrated with the development of the PBO's strategic and business planning processes. In particular the PBO has ensured the accountability and responsibility for all aspects of risk management is clearly articulated.

Fraud prevention and control

In 2015–16 the PBO took all reasonable measures to minimise the incidence of fraud. The review of fraud risks and update of the PBO's fraud risk management plan for 2015–16 contributed to raising awareness and preventing fraud within the PBO.

Provision of corporate services to the PBO

To minimise the staff and resources dedicated to corporate services, the PBO has shared services arrangements with other parliamentary departments for the delivery of most of the PBO's back-office services.

During 2015–16, the Department of the Senate continued to provide the PBO's financial transactions, records management administration and payroll services. The PBO's information and communication technology (ICT) services continued to be provided by the Department of Parliamentary Services.

Following the implementation of the PBO's workflow management system in May 2016, the PBO decided to move records management administration services from the Department of the Senate to the PBO to remove the overlap in functions with administering the workflow management system and the records management system. This change, effective from 1 July 2016, optimises the efficiency and effectiveness of records management administration within the PBO and achieves minor savings in the PBO's supplier expenses.

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 ICT matters.

External scrutiny

During 2015–16, the PBO continued its involvement with parliamentary committees. 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 2015–16, the JCPAA continued to play an important oversight role in relation to the PBO's resourcing and was consulted on the PBO's 2016–17 work plan.

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 a PBO activity report.

Human resource management

To meet its mandate effectively the PBO relies heavily on the skills base, experience and commitment of its employees. Efficient recruitment and continuing to develop and retain its existing workforce was a high priority for the PBO in 2015–16.

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 reviewed its remuneration arrangements following the release of the Australian Government's *Workplace Bargaining Policy 2015*.

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 2015–16. 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. The PBO provides SES with a mobile phone and tablet. Employees also have access to the Capital Hill Early Childhood Centre in Parliament House, on-site gym facilities and free car parking.

Secondment program

Following initiation of a secondment program with selected Commonwealth agencies in 2014–15 to seek assistance in augmenting the PBO workforce in the lead up to the 2016 general election, the PBO broadened this program to suitable Commonwealth employees at equivalent levels to the Parliamentary Service Levels 5 and 6 and the Parliamentary Executive Level 1. The program, advertised on the PBO's website, is aimed at seeking secondees with strong quantitative analysis skills and an aptitude for economic and financial modelling across a range of program areas.

2016 Parliament of Australia graduate program

During 2015–16, the PBO participated in the 2016 Parliament of Australia graduate program. The program allows participants from APS graduate programs to undertake a placement of up to six months with the PBO to learn about the role and functions of the PBO, as well as the Parliament generally. Five graduates from the 2015 and 2016 programs were placed with the PBO in 2015–16.

Jawun Indigenous Community Australian Public Service Secondment Program

Jawun is a not-for-profit organisation managing secondments from corporate and government partners to Jawun Indigenous partner organisations. During 2015–16, through the Australian Public Service Commission (APSC), a PBO employee participated in the 2015 Jawun Indigenous Community APS Secondment Program in August and September 2015.

The objectives of participation in the program were to increase both the employee's and the PBO's cultural awareness and broader awareness of Indigenous matters, and provide positive outcomes for the Indigenous communities. The PBO's participation in the program contributes to the commitment to establish respectful, sustainable and enduring partnerships between the parliamentary departments and Aboriginal and Torres Strait Islander people under the Australian Parliamentary Service Reconciliation Action Plan.

The PBO has submitted a nomination to the APSC to participate in the 2016 program.

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 up to date.

The PBO's assets are primarily comprised of the protected ICT network software, the workflow management system, 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 the PBO's Accountable Authority Instructions and financial procedures, which are consistent with the *Commonwealth Procurement Rules*. The PBO's purchasing processes focus on the core principle of value for money.

Consultants

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

During 2015–16, 11 new consultancy contracts were entered into, involving a total expenditure of \$107,001 (inclusive of GST). In addition, three ongoing consultancy contracts were active during the 2015–16 year, involving total actual expenditure of \$13,209 (inclusive of GST).

The majority of consultancy expenditure was for internal audit and risk management services.

Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website, www.tenders.gov.au.

Procurement initiatives to support small business

The PBO supports small business participation in the Commonwealth Government procurement market. Small and medium enterprises (SME) and small enterprise participation statistics are available on the Department of Finance's website: www.finance.gov.au/procurement/statistics-on-commonwealth-purchasing-contracts/.

Procurement practices support SMEs by the use of the Commonwealth Contracting Suite for low-risk procurements valued under \$200,000 and electronic systems to facilitate on-time payment.