

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 2016–17, particularly in relation to the development of our security and information management policies and procedures to strengthen governance in these areas.

Supporting the PBO's operations is a strong record keeping culture. The PBO adopts full digital record keeping practices. 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 we conduct quality assurance activities to ensure that 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 2016–17 risk management plans.

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

Following the first protective security risk assessment undertaken in 2015–16, our focus during 2016–17 was to develop security policies and procedures to further strengthen controls to manage these risks.

We also undertook a business continuity exercise and identified opportunities for improvements to our policies and procedures.

A full review of the PBO's approach to risk was undertaken through the 2016–17 Comcover risk management benchmarking program. The result of the program noted we are operating at an advanced level of risk maturity and are in the top 35 per cent of all agencies who participated. The results further showed that the PBO performs above average on all aspects of risk management and is rated at a risk maturity level higher than its peer group of similar Commonwealth entities.

This reflects the PBO's approach to risk management as a proactive activity that is fit for purpose and integrated with the development of the PBO's strategic and business planning processes. In particular we have ensured the accountability and responsibility for all aspects of risk management are clearly articulated.

Fraud prevention and control

In 2016–17 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 2016–17 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 2016–17, the Department of the Senate continued to provide the PBO's financial transaction processing and payroll services. The PBO's information and communication technology (ICT) services continued to be provided by the Department of Parliamentary Services (DPS).

Interdepartmental committees

The four parliamentary department heads meet on a regular basis to discuss various matters relating to governance, policy and operational matters of significance to the departments.

The PBO also participates in a range of interdepartmental committees through which the parliamentary departments coordinate common and joint activities, particularly in relation to human resources, ICT and other corporate matters.

External scrutiny

During 2016–17, the PBO continued its involvement with parliamentary committees and was subject to an independent review under section 64T of the Parliamentary Service Act. Further information on these activities is provided in Part 2 and below. There were no other external reports, reviews or judicial decisions involving the PBO.

Joint Committee of Public Accounts and Audit

The JCPAA continued to play an important oversight role in relation to the PBO's resourcing and was consulted on our 2016–17 work plan.

On 14 November 2016, the JCPAA announced an independent review to focus on how the PBO could build on its foundations and strengthen its abilities. The review was completed in March 2017. The review is discussed further in Part 2.

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, we provided the Committee with our detailed activity report.

Human resource management

To meet its mandate effectively the PBO relies heavily on the skills base, experience and commitment of its employees. Continuing to develop and retain our existing workforce was a high priority for the PBO in 2016–17.

During the year, we implemented an online learning management system to deliver essential corporate training to our employees in a flexible manner. Key learning areas to be undertaken over a two year rolling program include security, records management, fraud, risk, work health and safety and cultural awareness. The implementation of this training and awareness program was identified as a risk treatment strategy on our 2015–16 strategic risk management plan—to mitigate the risk that the PBO does not

effectively embed and comply with legislative and governance requirements. In 2016–17, all employees undertook the security and records management training.

Following the 2016 election, we also explored internal and external development opportunities with staff to broaden their skills, knowledge and experience through participation in other PBO activities or projects, internal rotation or external secondments.

Further information on the technical capability building of our employees is discussed in Part 2.

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 subsection 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 Parliamentary Budget Officer is engaged as a full-time public office holder under section 64X of the Parliamentary Service Act. The Parliamentary Budget Officer's remuneration is determined by the Remuneration Tribunal.

The PBO did not make any performance payments to employees during 2016–17. 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.

2017 Parliament of Australia graduate program

During 2016–17, the PBO participated in the 2017 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 2016 and 2017 programs were placed with the PBO in 2016–17.

Work health and safety

The following information for the 2016–17 reporting period is provided in accordance with Schedule 2, Part 4 of the *Work Health and Safety Act 2011*.

All new employees undertook an induction program, which included information on work health and safety issues, an outline of the legislative and policy framework, and information on their obligations as employees.

The PBO has appointed Health and Safety Representatives and a Health and Safety Committee which meets quarterly.

The PBO provides sit-to-stand workstations to almost all employees to encourage healthy work practices. Support is provided to employees to ensure correct workstation setup and, where appropriate, professional expertise is sought to complement existing practices.

The PBO has an Employee Assistance Program to provide access to free confidential professional counselling services to assist staff and their families with any personal or work-related matters, and offer guidance and advice to managers on staff management.

During 2016–17, no health and safety incidents were reported to Comcare, the PBO was not subject to any Comcare investigations and Comcare did not issue any notices under the Work Health and Safety Act.

Commitment to reconciliation

On 8 July 2016, during NAIDOC week, the four parliamentary departments launched the Australian Parliamentary Service Reconciliation Action Plan (RAP) 2016–18. The RAP works to build understanding and respect between the Parliamentary Service and Aboriginal and Torres Strait Islander culture. In doing so the RAP acknowledges the important role the Parliamentary Service has in facilitating reconciliation and articulates a number of commitments focused on respect, relationships and opportunities. The RAP also includes a number of case studies of initiatives taken to facilitate respectful relationships with Aboriginal and Torres Strait Islander people.

The four parliamentary departments each have a RAP Champion, who together comprise the Parliamentary Service RAP Champions Group. The RAP Champions Group meets quarterly to review and monitor progress against the RAP. In 2017, the PBO chaired the RAP Champions group.

Parliamentary Service Indigenous Employee Network

During 2016–17, the Parliamentary Service Indigenous Employee Network was established to provide a safe supportive environment for all Parliamentary Service employees to meet and express their views, experiences and concerns pertaining to Aboriginal and Torres

Strait Islander issues both professionally and personally. The network is supported by the PBO.

As part of National Reconciliation Week in 2017, the Parliamentary Service Indigenous Employee Network held a flag handover ceremony. The ceremonial flags were handed to the RAP Champions before being flown at the Australian Parliament House entrances.

Share our Pride learning module

One of our actions under the RAP is to engage our employees in cultural learning opportunities to increase their understanding and appreciation of Aboriginal and Torres Strait Islander cultures, histories and achievements.

Within the first few months of their employment with the PBO, all new employees undertake the Share our Pride online learning module, developed by Reconciliation Australia.

Protocols for Welcome to Country and Acknowledgement of Country

The Parliamentary Service RAP Champions prepared protocols to assist Parliamentary Service employees in organising a Welcome to Country or providing an Acknowledgement of Country at a parliamentary department meeting or event. These protocols were an initiative under the RAP and were released in March 2017.

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 2016–17, through the Australian Public Service Commission (APSC), one of our Parliamentary Executive Level 1 employees participated in the 2016 Jawun Indigenous Community APS Secondment Program. The secondment involved a six-week placement in the Kimberley region of Western Australia with the objectives 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.

Our 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 RAP.

Compliance with finance law

In 2016–17, the PBO had no significant issues relating to non-compliance with the finance law.

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 2016–17, eight new consultancy contracts were entered into, involving a total expenditure of \$58,258 (inclusive of GST). There were no ongoing consultancy contracts active during the period.

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.

Other mandatory information

Advertising and market research

The PBO did not undertake any advertising campaigns in 2016–17.

The PBO paid \$9,158 (including GST) for recruitment advertising. The PBO did not engage any other advertising or market research services.

Information publication scheme

The Parliamentary Budget Officer and the Parliamentary Budget Office are defined as exempt agencies in subsection 7(1) and Division 1 of Part I of Schedule 2 of the *Freedom of Information Act 1982*.

Section 45A of the Freedom of Information Act also protects the confidentiality of documents related to PBO requests that may be held by other agencies.

Disability reporting mechanism

Since 1994, non-corporate Commonwealth entities have reported on their performance as policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy. In 2007–08, reporting on the employer role was transferred to the Australian Public Service Commission’s State of the Service reports and the *APS Statistical Bulletin*. These reports are available on the Commission’s website at www.apsc.gov.au. From 2010–11, entities have no longer been required to report on these functions.

The Commonwealth Disability Strategy has been overtaken by the National Disability Strategy 2010–2020, which sets out a 10-year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high-level, two-yearly report will track progress against each of the six outcome areas of the strategy and present a picture of how people with disability are faring. Further information is available on the Department of Social Services’ website at www.dss.gov.au.

Ecologically sustainable development and environmental performance

As the PBO is located in Parliament House, all facilities and environmental management activities are undertaken by DPS and included in its annual report.