

PARLIAMENTARY INQUIRY QUESTION ON NOTICE

Department of Health and Aged Care

Joint Committee of Public Accounts and Audit

24 April 2024

PDR Number: IQ24-000040

Details of the External Review of Financial Controls and Assurance Framework

Spoken

Hansard page number: 5

Senator: Linda Reynolds

Question:

Senator REYNOLDS: I've got two questions, but I'll take one of them on notice. In your letter to the committee, you mentioned the comprehensive external review of financial controls and your assurance framework. I wonder if you could take on notice to provide a bit more information to the committee about how you've set that up and what type of assurance and what risk methodologies drive that. That is obviously relevant to how you're responding to these. Would you mind taking that on notice, Mr Wann?

Mr Wann: We would be more than happy to do that, Senator.

Answer:

Question 1 – Set-up of the External Review of Finance Controls and Assurance

The Department of Health and Aged Care has engaged a supplier through the Management Advisory Services Panel to conduct an independent review of the department's financial control and assurance framework.

The aim of the review is to assess the maturity of financial functions, undertaking a fit for purpose assessment of the control and assurance framework, and compare the department's implemented controls and assurance activities against global best practice.

The review is overseen by a Governance Board, chaired by the Chief Financial Officer.

The relevant Subject Matter Experts (SMEs) across functions have been engaged to ensure that the supplier has access to the information required, that the information provided is accurate, and that all findings are appropriately validated for the consideration of implementing future improvements.

The review is expected to be completed in July 2024.

Question 2 – Types of Assurance and Risk methodologies driving the above

The scope of the independent review of the department's financial control and assurance framework is to:

- assess whether the components of the framework are fit for purpose and proposed improvements,
- provide a comparison to best practice, including public sector, private sector and international entities,
- assess the maturity of the function, and
- benchmark the department's framework, with reference to the level of investment compared to other entities of similar size and scope of operations.

The department's summary of the key financial control and assurance framework has been included at [Attachment A](#).

The supplier will examine key components of framework, along with material financial functions. Details of the financial functions included within the scope of the review have been included at [Attachment B](#).

The examination will include an assessment of risk, in line with the department's Enterprise Risk Framework, and propose enhancements, where required. This will be achieved through an assessment of all the components of the department's financial framework, comprising:

- 10 Financial Control elements,
- 11 Assurance activities,
- PGPA Act and associated instruments and policies, and
- Other relevant public sector standards and regulatory requirements.

In addition, the supplier is consulting world-wide with SMEs, including audit offices, government central agencies, and accounting professional associations, to compile a 'global best practice' resource compendium against which the department's functions will be assessed.

Attachment A

Review of Financial Controls and Assurance - Department of Health and Aged Care - VERSION 3.0

Financial Controls

Commonwealth Resource Management Framework (governed by <i>Public Governance, Performance and Accountability Act 2013</i>)		
PGPA associated instruments and policies (eg. CPRs, CGRGs, RMGs, Estimates Memorandums)		
1. Accountable Authority Instructions and Finance Business Rules	2. Financial delegations	
3. Enterprise Risk Management*	4. Finance Strategy 2020-24	5. Fraud Control and Investigation*
6. Advisory services / Guidance material - Grant toolkit - Procurement Advisory Services Guidance - Financial Services Guidance		7. Financial literacy program
8. Analysis and reporting of expenditure		

Assurance activities related to above financial controls

1. Accountable Authority Instructions and Finance Business Rules		2. Financial delegations	
9. Non-compliance self assessment and reporting			
10. SES Financial Assurance Census			
6. Advisory services / Guidance material			
11. Procurement Assurance Program		12. Grants Assurance program	
13. Financial Services Assurance Program			
8. Analysis and reporting of expenditure			
14. Reporting assurance			
15. EC and the Administered Program Board monitor and approve reallocations of departmental and administered appropriation funding*			
Assurance Activities relevant to all control elements			
16. CFO Reporting to ARC*		17. Internal Audit Program**	

Engagement with outside entities

18. Engagement model with Grants Hub and Payment Agency***	19. Engagement model to provide Shared Services
20. Grants Hub / Payment Agency assurance framework, MRLs and monthly reports	21. Shared Services Certification framework

Attachment B

