

Joint Committee of Public Accounts and Audit

Inquiry into the Annual Performance Statements 2021–22

QUESTION ON NOTICE

Date of hearing: 28 July 2023

Outcome: Corporate and Enabling Services

Department of Education Question No. IQ23-000035

MP Julian Hill on 28 July 2023, Proof Hansard page 24-25

External audit function on performance statements for departments - scheduling and timing suggestions

Question

CHAIR: You acknowledge that we've covered in the previous session some of the specifics or more granular suggestions about timing of the process. I'd invite all of you to take on notice if you have any specific suggestions or observations about that timing flow, if you could get them in to us within a couple of weeks. I think it would be a fair bet—the committee hasn't discussed it—that we'd be likely to repeat our previous recommendation that this become mandatory and an annual activity, the external audit function on performance statements for departments of state and big Commonwealth entities. On that basis, then, tidying up the flow of things so it has maximum utility and minimal friction would just make sense. I don't think there's any resistance. We need guidance collectively about what broadly the parameters of any suggestions that we'd make are so they're not silly. I'll leave that with you. I think that addresses the first point. I made some notes. That was a really good opening set of statements about some of the areas for improvement.

Answer

The Department of Education offers the following suggestion to support timely inclusion of improvements to performance information recommended by the Australian National Audit Office through its audits of annual performance statements.

Better align the annual performance statement audit to the performance cycle reporting

(Split the annual performance statement audit into two parts)

- *Part 1: September to December*
This part of the audit to focus on assessing the entity's performance information in the current year Portfolio Budget Statements and corporate plan. Audit activity would assess whether the entity's performance information is appropriate to measure and assess its performance in achieving its purpose, and whether it will support the entity to fairly present its performance in the annual performance statements.
- *Part 2: January to August*
This part of the audit would then focus on the preparation of the annual performance statements including effectiveness of internal controls, accuracy and completeness of the results and analysis, and assessment of the overall presentation and disclosure of the statements.

Implementation options could include:

- A. *Part 1* and *Part 2* completed within a performance cycle of 12 months; or
- B. *Part 1* and *Part 2* completed over a two-year period with alternating audit focuses, Year 1 – appropriateness of performance information (*Part 1*), and Year 2 – preparation of the annual performance statements (*Part 2*).

Splitting the audit into two parts will allow audit observations and findings to inform the development of following year's Portfolio Budget Statements and corporate plan.

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Department of Education Question No. IQ23-000036

The Committee provided in writing.

Actions taken to address audit findings

Question

The audit noted the then Department of Education, Skills and Employment had moderate or significant audit findings related to the methodology, completeness and accuracy of performance reporting.

Please advise what actions the department is taking to address these findings in their respective departments?

Answer

The Department of Education is undertaking a range of actions to address the findings from the Australian National Audit Office audit of the 2021–22 Department of Education, Skills and Employment Annual Performance Statements (APS). These actions include:

- implementing a new Data Extraction and Calculation Checklist to support data quality and assurance in the 2022–23 APS process
- refining templates and internal quality assurance processes for the 2022–23 APS, including clearer evidentiary requirements and review of documents, data extraction and calculations by the department's Chief Data Officer for a sample of measures
- reviewing performance measures to ensure they remain appropriate for measuring and assessing the department's performance
- enhancing the department's Performance Measure Assessment Tool to further support data quality and assurance for the 2023–24 performance cycle
- obtaining independent assurance on:
 - new or significantly changed performance measures to ensure they meet 16EA of the Public Governance, Performance and Accountability Rule 2014 and Department of Finance guidance
 - the calculation of results for each performance measure in the 2022–23 APS.
- monitoring the implementation and operation of these actions to continue to make improvements as required over time, including through oversight by the department's Audit and Assurance Committee and Performance Reporting Sub-Committee.

The department's Chief Data Officer is implementing additional improvements to enhance data quality assurance practices across the department. This includes developing a Data Quality Framework and establishing best practice coding guidelines to encourage consistent, transparent and appropriate departmental coding practices for data management and analysis.

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Department of Education Question No. IQ23-000037

The Committee provided in writing.

Enterprise level performance framework

Question

The 2021-22 performance statements audit noted the value in developing an enterprise level performance framework and that only the Department of Social Services had commenced preparing this, noting other entities had aspects of this process in place.

Has your entity begun planning an enterprise level performance framework, and if not why?

Answer

The Department of Education Performance Framework was approved by the accountable authority on 2 May 2023.

The Framework outlines how the department undertakes its performance information development, monitoring and reporting. It is an internal document that provides guidance to all staff contributing to the performance information cycle.

The department will review the Framework during 2023-24 as part of its approach to continuous improvement. This process will include consultation with other entities to learn from their performance reporting practices.