Joint Committee on Public Accounts and Audit

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Inquiry into Policy and Program Design and Implementation

2022 - 2023

Department:	Department of the Treasury
Topic:	Treasury role in the implementation of the Black Economy Taskforce report
Reference:	Written 01 February 2024
Senator:	Julian Hill

Question:

What role does Treasury consider that it has in terms of monitoring and reporting, and then evaluating the implementation of the Black Economy Taskforce report?

Answer:

It is Treasury's responsibility to lead and coordinate the whole-of-government implementation of the Government response to the Black Economy Taskforce Final Report (the Government response).

In the 2023-24 MYEFO, the Government provided Treasury with additional resources to conduct a five-year review of the shadow economy, and these resources have been used to establish a shadow economy policy taskforce.

This shadow economy policy taskforce will also assess emerging risks and trends in the shadow economy, as well as recommendations that were agreed in the Government response but were identified by the Australian National Audit Office as requiring further work, in order to determine an appropriate course of action.

Senate Standing Committee on Public Accounts and Audit

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Inquiry into the into Policy and Program Design and Implementation

2023 - 2024

Department: Department of the Treasury
Topic: Black economy advisory board members
Reference: Spoken
Senator: Julian Hill

Question:

CHAIR: Could take on notice how the members were selected for the black economy advisory board and then the successor shadow economy advisory forum.
Mrs Berger-Thomson: I can take that on notice.

Answer:

The Black Economy Taskforce final report recommended that an Advisory Board be established that include members of the private and public sectors to provide strategic advice on the black economy. Treasury established the Black Economy Advisory Board (BEAB), with the board meeting for the first time in September 2018.

The BEAB was disbanded, and responsibilities transferred to the Australian Taxation Office which established the Shadow Economy Advisory Forum (SEAF) on 1 July 2021. The co-chair of the BEAB was retained as co-chair of the SEAF.

The SEAF is chaired by the Deputy Commissioner of Taxation for Small Business and an external co-chair. SEAF members are selected by the co-chairs based on an evaluation process that considers the risks occurring in the shadow economy against the experience and knowledge of the members, including identifying other suitable industry bodies or advocacy groups who may add value to the SEAF. Membership of the SEAF is reviewed annually.

Joint Committee on Public Accounts and Audit

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Inquiry into Policy and Program Design and Implementation

2022 - 2023

Department:	Department of the Treasury
Topic:	Treasury program development
Reference:	Written (1 February 2024)
Senator:	Julian Hill

Question:

How does Treasury determine whether to manage something as a program?

Answer:

The relevant Senior Executives in Treasury determine the appropriateness of managing an activity as a program based on the nature and lifecycle of the activity as well as associated risk. To inform these decisions, the Treasury launched its program management framework in the second half of the 2022-23 financial year.

Joint Committee on Public Accounts and Audit

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Inquiry into Policy and Program Design and Implementation

2022 - 2023

Department: Department of the Treasury
Topic: Policy and program development and implementation across agencies
Reference: Written 01 February 2024
Senator: Julian Hill

Question:

What arrangements does Treasury have in place to coordinate policy and program
development and implementation across agencies?
What planning arrangements were in place for this program of work?

Answer:

Treasury introduced a new Program Management Framework in the first half of 2022. This
Framework includes tools to support areas in undertaking coordination of program
development and implementation across agencies. The Program Management Framework
includes six program management fundamentals: governance; stakeholder management and
engagement; risk management; controls; records management; performance reporting; and
evaluation and review. Additionally, in its management of the largest legislative program in
Australia, Treasury also uses a comprehensive Legislation Program Governance Framework
to ensure timely and effective delivery of legislative measures, in accordance with
Government priorities.

Treasury's planning arrangements for the implementation of the Government response to the
Black Economy Taskforce Final Report occurred at the initiative-level and lacked the
Program Management Framework that was later introduced to manage large implementation
tasks.

Joint Committee on Public Accounts and Audit

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Inquiry into Policy and Program Design and Implementation

Department:	Department of the Treasury
Topic:	Assessment of recommendations
Reference:	Written 01 February 2024
Senator:	Julian Hill

Question:

The ANAO reported discrepancies in Treasury's self-assessment in Table 2.1 (ANAO Report p.29) with their own assessments of the agreed recommendations that lacked implementation responsibilities.
a) Can you elaborate on this discrepancies?
b) Why was there a discrepancy in understanding regarding who was the lead entity responsible?
How were roles and responsibilities defined and agreed across the various agencies?

Answer:

a) Table 2.1 of the Australian National Audit Office (ANAO) report lists
    four recommendations that the ANAO considered to lack implementation responsibilities.

    Treasury assessed recommendations 5.1, 11.1 and 11.2 as in progress or partly
    implemented, while the ANAO found they were not implemented.

    Treasury assessed recommendation 12.2 as implemented, while the ANAO found it was
    partly implemented.

    Treasury's assessment was based on work undertaken across government that related to
    the recommendations. In contrast, the ANAO's assessment took into account the
    adequacy of governance arrangements to support and track implementation. The ANAO
    determined that clearly defined implementation responsibilities and arrangements were
    not present for the recommendations, or that there was no evidence provided to
    demonstrate how the existing arrangements met the intent of the recommendations.

    Treasury has since significantly matured its governance culture, including by introducing
    a new Program Management Framework in the first half of 2022. Treasury is well placed
    to improve its management of coordination tasks in the future under this framework.

b) In considering lead agency responsibility, Treasury had sought to identify the agencies
    with lead responsibility for these areas of work in the Commonwealth. However, the
    ANAO assessment required clearly defined implementation responsibilities and
    arrangements linked to the implementation of the Government Response to the Black
    Economy Taskforce Final Report, and evidence of those arrangements.

    The ANAO found that in respect of these four recommendations, roles and
    responsibilities were not clearly defined and agreed across agencies.

IQ24-000018

Joint Committee on Public Accounts and Audit

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Inquiry into the Policy and Program Design and Implementation

2022 - 2023

Department:	Department of the Treasury
Topic:	Has Treasury improved its processes around the reallocation of funding
Reference:	Written (1 February 2024)
Senator:	Julian Hill

Question:

Has Treasury improved its processes around the reallocation of funding as discussed in the report (See opportunity for improvement para 2.21)?

Answer:

Yes. Since 2020 Treasury has matured internal processes to manage and document the reallocation of funding. This includes the development of agreed protocols for any internal reallocation of funding and seeking approval from the Executive Board prior to the movement of funds occurring.

Joint Committee on Public Accounts and Audit

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Inquiry into Policy and Program Design and Implementation

Department:	Department of the Treasury
Topic:	Cross-agency program governance
Reference:	Written (1 February 2024)
Senator:	Julian Hill

Question:

Do you think cross-agency program governance could have been strengthened? Why?
Can you update us on the arrangements to establish cross-agency monitoring and evaluation.

Answer:

Treasury accepts that there is scope to improve cross-agency program governance.

Treasury has significantly matured its governance and information management systems and culture since the shadow economy work program commenced. Treasury is well placed to improve its management of risks around coordination tasks.

ATO and Treasury have recently updated the ATO-Treasury protocol which provides the agreed collaborative working arrangements between the Treasury and ATO. The updated protocol was published on the ATO website on 20 December 2023. The ATO and Treasury are currently working closely to confirm an agreed approach to the ongoing monitoring and evaluation of policy, programs and related initiatives.

Joint Committee on Public Accounts and Audit

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Inquiry into the Policy and Program Design and Implementation

2022 - 2023

Department: Department of the Treasury
Topic: Treasury's response to Recommendation 1
Reference: Written (1 February 2024)
Senator: Julian Hill

Question:

Treasury agreed in part to the ANAO's first recommendation regarding Treasury's need to implement policies and procedures that are fit for purpose. Can Treasury please comment on Recommendation 1 and how it will address this.

As stated in Treasury's response to Recommendation 1, can Treasury outline in detail the work currently being undertaken to update Treasury's suite of enterprise information.

Answer:

Treasury has updated its Information Governance Framework, a key component of our Integrity Framework and Strategy.

The Framework is underpinned by two core policy documents, the Information Management Policy and the Information Retention and Disposal Policy.

The updated Framework has included a series of short practical guides to make information management in Treasury as practical and accessible as possible. The Framework is designed to align with Treasury's operating environment, key priorities, activities, and capabilities.

Treasury continues to highlight the information management and record keeping roles and responsibilities of staff through training and awareness activities.

Senate Standing Committee on Public Accounts and Audit

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Inquiry into the into Policy and Program Design and Implementation

2023 - 2024

Department:	Department of the Treasury
Topic:	Consultants and contractors used
Reference:	Spoken
Senator:	Julian Hill

Question:

CHAIR: Your initial submission on rec 3 was really waffly, but I think you clarified that in your opening statement. You were obviously in a MYEFO process, and now something's happened, so we'll focus on that now. What's the current status of the 27 recommendations in the Black Economy Taskforce report? Do they still have any status or force, or are we in a hiatus rather than status—to use a rhyme?

Mrs Berger-Thomson: As part of this taskforce funding that we've got, we are going to go through line by line and make sure—there are some, if you look through the report—

CHAIR: Sorry; you said in your opening statement that part of that work would be to review the regulations. That's what you mean.

Mrs Berger-Thomson: Yes.

CHAIR: So they're in abeyance at the moment. You're doing the things you're doing, but we shouldn't necessarily expect a status update on those 27. That's work that you're now doing with the new funding.

Mrs Berger-Thomson: That's right.

CHAIR: Could all three of you take this on notice: to what extent were consultants and contractors used as part of this work? Take it in the spirit that it's intended. If there were some used, you could say who they were, what they were for and how much they cost.

Answer:

No consultants or contractors were used as part of this work.

Joint Committee on Public Accounts and Audit

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Inquiry into Policy and Program Design and Implementation

2022 - 2023

Department: Department of the Treasury
Topic: Treasury's management of information
Reference: Written (1 February 2024)
Senator: Julian Hill

Question:

The ANAO found evidence that Treasury's management of information impaired its ability to support effective governance and coordination regarding the whole-of-government implementation. How is the Treasury addressing management of information going forward?

Answer:

Treasury has updated its Information Governance Framework, a key component of our Integrity Framework and Strategy.

The Information Governance Framework outlines key elements of our approach to managing the information we work with every day. The framework is supported by a suite of guidance documents and training materials to assist staff to effectively manage information.

Treasury continues to highlight the information management and record keeping roles and responsibilities of staff through training and awareness activities.

IQ24-000021

Joint Committee on Public Accounts and Audit

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Inquiry into Policy and Program Design and Implementation

2022 - 2023

Department: Department of the Treasury
Topic: Comments on ANAO Recommendations
Reference: Written (1 February 2024)
Senator: Julian Hill

Question:

Can the department please comment on Recommendation 3, specifically (3a) and (3b), regarding the ANAO's recommendation that the department assess and determine a way forward with the Black Economy Taskforce.

Answer:

Treasury will continue to progress the implementation of the Government Response to the Black Economy Taskforce Final Report (the Government Response), including by reporting to Government and producing a five-year review into the shadow economy to evaluate the implementation of the Government Response.

In the 2023-24 MYEFO, the Government provided Treasury with additional resources to conduct this review and expand its shadow economy policy function. A dedicated team was established in early 2024 to progress this work.

Senate Standing Committee on Public Accounts and Audit

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Inquiry into the into Policy and Program Design and Implementation

2023 - 2024

Department: Department of the Treasury
Topic: Treasury Recommendation 2 clarification
Reference: Spoken
Senator: Linda Reynolds

Question:

CHAIR: These are really good questions relevant to one of our key themes of program and policy design and implementation: how do you measure your progress of not just activity but success. I have just a few housekeeping things, and then we can throw a few other things on notice in the interest of time so we can get the stuff in the report. On Treasury recommendation 2—this is the most pernickety, stupid, retentive thing—I ask you to take this on notice and clarify. Your response said the website was updated on 24 May. You have said it was finalised and an internal review was actioned on 24 May, and then you did a few other things and gave an example. The audit report actually says very clearly that your website was updated on 23 May at paragraph 2.35, but the ANAO comment is that that update did not address all of the issues that they had raised. I'm not clear from your response whether the things you've done have actually addressed the audit's findings. Could you take on notice and clarify to us whether the updates have addressed all of the issues raised in, I think, paragraph 2.33 and elsewhere in that report. Does that make sense?
Mrs Berger-Thomson: It does. My understanding is, yes, it has, but we can double-check

Answer:

Treasury updated its shadow economy website content to address the issues raised in the Australian National Audit Office's final report.

Senate Standing Committee on Public Accounts and Audit

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Inquiry into Policy and Program Design and Implementation

2023 - 2024

Department:	Department of the Treasury
Topic:	Program management framework - lessons learnt
Reference:	Spoken
Senator:	Linda Reynolds

Question:

Senator REYNOLDS: On notice following on from that: could you share with us some of your reflections more about the lessons learnt. As you're going through this to improve this project now, what are the things you are doing, but also, for future circumstances for a department like yours, how would you better establish and manage this? For the ATO and Home Affairs, what, from your perspective, are some of the lessons learnt about how that could work better? Perhaps this includes the cross-agency integration as well.

Dr Barrett: Certainly. I add that one of the things we already had in play and obviously do again—we're not looking in the rear-view mirror for this one, unfortunately—is that the ANAO have done a series of audits with other departments with regard to parliamentary inquiry recommendations and tracking those recommendations. In late 2021, our executive board agreed to implement a framework for tracking parliamentary inquiry recommendations. That's now in place, and the recommendations have oversight of our performance and risk committee and our audit and risk community. Our framework for doing that is built upon the audits that the ANAO undertook and learning from those other departments. Unfortunately, that wasn't in place at the time, but I do think that is another lesson learnt where something has matured in the government space and it hopefully means we won't be in this position again.

Senator REYNOLDS: Thank you.

CHAIR: I might be cheeky and put a similar follow-up to the ATO and Home Affairs. I ask you to take on notice what Treasury could learn from you if you were courageous enough to answer that question to a central agency!

Senator REYNOLDS: I'm sure there's no lack of courage in either agency!

Mrs Berger-Thomson: This comes in at the very end of our submission, but we have actually been undertaking an internal lessons-learned reflection on this. The team that is involved in the audit has been doing internal presentations, including to the whole department, on the lessons learned, so it's something we have been reflecting on.

Senator REYNOLDS: It would be great if we could pick some of those up and share them in our report. That would be very helpful. Thank you.

Answer:

Treasury continues to evolve its capability to serve the needs of the Government and deliver effective economic policy for Australia and remains focused on embedding and maturing our approach to program management, including in the implementation of reviews and inquiries.

The department is using the Australian National Audit Office's findings as an opportunity to reinforce better practices, including:

IQ24-000003

- information management practices
- program management practices
- governance practices, with key programs reporting to Treasury's Performance and Risk Committee.

Some specific practices that were relevant to this independent performance audit are the importance of:
- appropriately resourcing all the stages of a project, including closure
- timely reporting to Government on project milestones, providing updates and seeking authority for key decisions
- establishing and implementing evaluation frameworks, which may also include cross-agency monitoring and evaluation arrangements.