

**Joint Committee of Public Accounts and Audit**

**Inquiry into Annual Performance Statements 2021–22**

**QUESTION ON NOTICE**

**Date of hearing: 28 July 2023**

**Outcome: Corporate and Enabling Services**

**Department of Employment and Workplace Relations Question No. IQ23-000250**

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

**28 July 2023 | Timing on Process**

**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 Employment and Workplace Relations is not currently subject to an ANAO Audit on Performance Statements, however, provides the following suggestions and observations from involvement in previous audits.

1. Consider aligning the timing of the interim management letter (IML) to enable improvements and actions in entities' corporate plans.
  - This would commence following the final management letter (FML) from the previous year's audit and sign-off of the performance statements in September/October with an IML issued in December/January.
  - This phase of the audit would assist in determining if the suite of performance information is appropriate to measure and assess the entity's performance in achieving its purpose, and whether it will support the entity to fairly present its performance in the annual performance statements (APS).
  - This phase of the audit should focus on the requirements of 16EA of the PGPA rule based on existing performance measures from the Entity's Corporate Plan.
  - If timed correctly, this phase of audit would have the potential to meaningfully make improvements in time for the entity to publish their next Corporate Plan, and may reasonably be able to fully addresses the following sections of 16EA:
    - (a) relate directly to one or more of those purposes or key activities
    - (d) where reasonably practicable, comprise a mix of qualitative and quantitative measures and
    - (e) include measures of the entity's outputs, efficiency and effectiveness if those things are appropriate measures of the entity's performance.

2. Consider better aligning anticipated findings for the final phase of the audit to the entity's preparation of the APS.
  - This phase of the audit would run from January/February to August/September with issues raised in time to allow the entity to make adjustments to how the APS is presented.
  - This phase would focus on the effectiveness of internal controls, accuracy and completeness of the results and analysis, and assessment of the overall presentation and disclosure of the statements.
3. Historically, the timing of audits may not have aligned to an entity being able to make meaningful improvements in a timely way. Should the audits be expanded to become mandatory, and an annual activity for departments of state and large Commonwealth entities, it may be useful to consider the audit approach going forward to maximise utility of the audit based on available resources and capability both of the ANAO and of entities. For example, changing the approach to go over a two-year period, or annually through a risk-based approach to make sure there are meaningful and successful outcomes through this process, conducting audits over multiple years or by focusing on areas of greater risk.

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**Inquiry into Annual Performance Statements 2021–22**

**QUESTION ON NOTICE**

**Date of hearing: 28 July 2023**

**Outcome: Corporate and Enabling Services**

**Department of Employment and Workplace Relations Question No. IQ23-000251**

Mr Julian Hill MP provided in writing.

**28 July 2023 | Audit Findings and Enterprise Level Performance Framework**

**Question**

1. 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?  
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.
2. Has your entity begun planning an enterprise level performance framework, and if not why?

**Answer**

1. The Department of Employment and Workplace Relations (DEWR) was formed on 1 July 2022, and has responsibility for: employment and national workforce, and skills and training functions transferred from the former Department of Education, Skills and Employment (now the Department of Education); workplace relations functions, transferred from the Attorney-General's Department; and domestic operations and policy for the Pacific Australia Labour Mobility scheme from the Department of Foreign Affairs and Trade.

There was one moderate finding relating to use of Structured Query Language (SQLs) to draw data for performance measures as part of the DESE 2021-22 Performance Statements audit that relates to DEWR. To address this finding, the department has:

- Developed a standardised checklist to be used for performance measures that involve data extraction methods such as Structured Query Language (SQL) to support Performance Measure Owners and Data Stewards when preparing the performance results for 2022-23 statements and support consistency across all extractions.
  - Supported staff through development of templates, guidance and an information session.
  - Adjusted the Performance Measure Assessment Tools (PMATs) templates to more clearly identify where SQL is used for data extraction or calculations.
2. Since forming on 1 July 2022, the department's enterprise level performance framework provides a foundation of accountability, transparency, and guidance to staff on the development, monitoring and reporting of performance information.

The framework aims to ensure that the department's performance reporting is meaningful and in-line with requirements of the *Public Governance, Performance and Accountability Act 2013*, the Public Governance, Performance and Accountability Rule 2014, and the Department of Finance's Resource Management Guides and it includes best practice approaches.

The department has a commitment to continual improvement in performance reporting, and leverages from the experience from the predecessor departments, audit insights, communities of practice and a strong working relationship with the Department of Finance.