

Summary of activities for 2010-11

- 2.1 The following section details the activities of the Committee for 2010-11, including:
- tabled Committee reports;
 - other major Committee activities; and
 - inquiries in progress (as at 30 June 2011).

Tabled Committee reports

Reviews of Auditor-General reports

- 2.2 In December 2010, the Committee tabled a report¹ reviewing in detail nine Auditor-General's reports.² The audit reports reviewed covered a wide range of programs and agencies, these reports were:
- *Administration of Grants by the National Health and Medical Research Council* (Audit Report No. 07 2009-10);
 - *The Australian Taxation Office's Implementation of the Change Program: a strategic overview* (Audit Report No. 08 2009-10);

1 Joint Committee of Public Accounts and Audit, *Report 418 – Review of Auditor-General's Reports Nos. 04 to 38 (2009/10)*, available from http://www.aph.gov.au/house/committee/jcpaa/auditgen1_10/report.htm.

2 This report concluded the previous Committee's examination of 37 audit reports presented to the Parliament by the Auditor-General between September 2009 and May 2010. The Committee selected nine reports for further scrutiny at public hearings conducted between March and June 2010.

- *Processing of Incoming International Air Passengers* (Audit Report No. 10 2009-10);
- *AusAID's Management of the Expanding Australian Aid Program* (Audit Report No. 15 2009-10);
- *The National Broadband Network Request for Proposal Process* (Audit Report No. 20 2009-10);
- *Administration of Climate Change Programs* (Audit Report No. 26 2009-10);
- *Coordination and Reporting of Australia's Climate Change Measures* (Audit Report No. 27 2009-10);
- *Management of the AusLink Roads to Recovery Program* (Audit Report No. 31 2009-10); and
- *Building the Education Revolution – Primary Schools for the 21st Century* (Audit Report No. 33 2009-10).

2.3 The report contained four recommendations directed to the relevant agencies.

2.4 As at 30 June 2011, the Committee was finalising its review of the 26 Auditor-General's reports tabled between May and November 2010. The Committee selected five reports for further scrutiny at public hearings conducted in March 2011. The audit reports examined were:

- *Conduct by Infrastructure Australia of the First National Infrastructure Audit and Development of the Infrastructure Priority List* (Audit Report No. 02 2010-11);
- *The Establishment, Implementation and Administration of the Strategic Projects Component of the Regional and Local Community Infrastructure Program* (Audit Report No. 03 2010-11);
- *Green Loans Program* (Audit Report No. 09 2010-11);
- *Direct Source Procurement* (Audit Report No. 11 2010-11);
- *Home Insulation Program* (Audit Report No. 12 2010-11).

2.5 The report completing this review was tabled in July 2011 and contained four recommendations, with the majority addressing issues raised through the Committee's examination of the direct source procurement audit.

Reviews of Major Projects Reports

- 2.6 In May 2011, the Committee tabled its review of the third ANAO/Defence Materiel Organisation "Major Projects Report" (MPR) 2009-10.³ The Committee's report incorporated ongoing issues raised as part of the review of the pilot 2007-08 MPR, and also provided discussion on the Auditor-General's major findings in relation to the 2008-09 MPR.⁴
- 2.7 As part of its inquiry into the 2009-10 MPR, the Committee received four submissions and held a public hearing, with evidence given by representatives from the ANAO and the Defence Materiel Organisation.
- 2.8 The report contained nine recommendations that included: further development to the Major Projects Report Work Program; enhancements to the presentation of project level data in the report; and additional analysis to be provided to the Committee to inform future improvements.

Policy inquiry reports

- 2.9 The Committee completed two major policy inquiries in 2010-11. These were its inquiry into the Auditor-General's role in scrutinising government advertising and review of the *Auditor-General Act 1997*.
- 2.10 In conducting the inquiry of the Auditor-General's role in government advertising, the Committee received 26 submissions and held eight public hearings with oral evidence provided by 23 witnesses. While this inquiry began in the 42nd Parliament, it was resumed by the JCPAA in the 43rd Parliament and a subsequent report was released in March 2011 containing one recommendation.⁵ The Government's response to the recommendation is due by September 2011.
- 2.11 For its inquiry into the *Auditor-General Act 1997*, the Committee received 19 submissions and held four public hearings with oral evidence provided by witnesses from three separate agencies/bodies. The Committee tabled a report in December 2011 which contained 13 recommendations. Recommendations included to: enhance the Auditor-General's role in

3 Joint Committee of Public Accounts and Audit, *Report 422 – Review of the 2009-10 Defence Materiel Organisation Major Projects Report*, available from, <http://www.aph.gov.au/house/committee/jcpaa/defenceannual0310/index.htm>.

4 A public hearing was held in March 2010 to review the 2008-09 *Major Projects Report*, however a report was not released prior to the 2010 federal election.

5 Joint Committee of Public Accounts and Audit, *Report 421 – Inquiry into the role of the Auditor-General in scrutinising government advertising campaigns*, available from, <http://www.aph.gov.au/house/committee/jcpaa/govtad/index.htm>.

‘reviewing the adequacy of agencies’ performance indicators’; and giving the Auditor-General the ‘authority to follow the dollar’.⁶

- 2.12 A Private Members Bill has been introduced into Parliament by the current Chair of the Committee, Mr Oakeshott which reflects the report’s recommendations.

Other reports

- 2.13 In July 2011, the Committee also issued a report *Eighth biannual hearing with the Commissioner of Taxation*. This report was based on the evidence presented in the eighth biannual hearing in March 2011, and submissions received from the Australian Taxation Office (ATO).⁷ The report addressed four key themes the Committee considers important regarding administration of the ATO: service standards; compliance; policy development; and external scrutiny.
- 2.14 The Committee made nine recommendations to the ATO across these areas including:
- enhanced reporting against the ATO’s Service Standards; and
 - reporting to the JCPAA on complaints handling and compliance activities and the ATO’s responses to recommendations made by external scrutiny bodies such as the ANAO.

Other major Committee activities

Audit priorities of the Parliament

- 2.15 In April 2011, the Committee received the ANAO’s draft audit work program for 2011-12. The JCPAA forwarded the draft program to all other parliamentary committees, in order to assist it in determining the audit priorities of the Parliament.

6 Joint Committee of Public Accounts and Audit, *Report 419 – Inquiry into the Auditor-General Act 1997*, available from, <http://www.aph.gov.au/house/committee/jcpaa/agact/report.htm>.

7 Joint Committee of Public Accounts and Audit, *Report 424 Eighth biannual hearing with the Commissioner of Taxation*, June 2011, available from, <http://www.aph.gov.au/house/committee/jcpaa/taxationbiannual0311/index.htm>.

- 2.16 Following the JCPAA's deliberations and other committees' responses, the JCPAA suggested the following priorities, drawn from the Auditor-General's proposed work program:⁸
- Detention Centres – Quality of Service and Contract Management.
 - Project Overlander – LAND 121;
 - Deployment and Management of Australia-based Staff Overseas and Business Continuity Management at Overseas Missions;
 - Live Animal Exports;
 - Management of Aid to Indonesia; and
 - Management of the Delivery of Aid through partner Government Systems.
- 2.17 Further, the JCPAA expressed support for audits to cover the following cross-portfolio issues:
- Performance Reporting against the New Financial Framework;
 - Freedom of Information;
 - Procurement;
 - Internal Audit; and
 - Evaluation.

Statement on draft estimates for the ANAO

- 2.18 In February 2011, the JCPAA received the ANAO's 2011-2012 budget estimates, and were briefed by the Auditor-General in March 2011. On budget day the Chair of the Committee made a statement to the House on the adequacy of the ANAO's appropriation⁹ with a corresponding statement later delivered in the Senate.
- 2.19 On behalf of the Committee, the Chair noted the Auditor-General's advice that while the ANAO faced a number of cost pressures the Auditor-General was 'conscious of the overall pressures on the Government's budget'. In summary, the Auditor-General advised that the appropriation for the year ahead would be sufficient to 'discharge his statutory obligations and planned audit work plan for 2011-12'.

⁸ ANAO, *Audit Work Program July 2011*, <http://www.anao.gov.au/Publications/Audit-Work-Program>.

⁹ See <http://www.aph.gov.au/house/committee/jcpaa/budgetspeeches/budgetstatement11.pdf>.

- 2.20 With this opinion, the Committee endorsed the proposed budget for the ANAO. The Chair also noted however, that based on the Auditor-General's advice regarding the impact of potential amendments to the *Auditor-General Act 1997*, the Committee would expect the Auditor-General to seek additional budget supplementation in the proceeding financial year, to cover the ANAO's extended mandate.

Annual report requirements for Commonwealth agencies

- 2.21 The 2010-11 *Requirements for Annual Reports for Departments, Executive Agencies and Financial Management and Accountability Act (FMA Act) Bodies* was approved by the Committee on 8 July 2011. These Requirements included three significant amendments from the previous year, which related to: the Commonwealth Disability Strategy (CDS); social inclusion reporting; and Freedom of Information.¹⁰ For example, Commonwealth agencies and *Financial Management and Accountability Act* bodies are no longer required to report in detail on the implementation of the CDS in their annual reports, due to the coverage of the CDS under the broader goals of the National Disability Strategy.

Briefing on public sector governance issues

- 2.22 In recent years, the Committee has set-up private briefings with key representatives from the Australian Public Service (APS) to help inform the Committee of the latest initiatives and/or reforms to drive improvements within the public service. Generally these briefings are attended by the Australian Public Service Commissioner, who plays a central role in evaluating the performance of the APS and helping to build its capability, along with the Secretaries' of the Department of the Prime Minister and Cabinet and the Department of Finance and Deregulation, and the Auditor-General.
- 2.23 The last meeting was held in August 2009. No briefing occurred in 2010, but one had been scheduled for August 2011.

Engagement with the Independent Auditor

- 2.24 In its role overseeing the ANAO, the Committee also engages with the Independent Auditor of the ANAO. In doing so, the Committee can

10 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports: for departments, executive agencies and FMA Act bodies*, 8 July 2011, p. i, available from, http://www.dpmc.gov.au/guidelines/docs/annual_report_requirements_2010-11.pdf.

inform the Independent Auditor of the Parliament's priorities for future audits of the ANAO. At times, the JCPAA also examines the Independent Auditor's reports of the ANAO.

- 2.25 The eighth review by an independent auditor into the ANAO, *Planning and Scoping of Performance Audits by the Australian National Audit Office*,¹¹ was presented to the Parliament in June 2011. This was undertaken by the current Independent Auditor of the ANAO, Mr Geoff Wilson (Chief Executive Officer of KPMG Australia) who has been responsible for the last three performance audits of the ANAO.
- 2.26 The audit's objective was to consider the process for planning and scoping performance audits within the ANAO. The audit found that these activities both at the annual performance audit program level and the individual performance audit level were being undertaken in an 'efficient and effective manner'¹² and did not include any formal recommendations. The report did, however, identify suggested improvements at the individual audit planning and scoping level.

Engagement with other parliaments and organisations

- 2.27 The Committee seeks to disseminate information on its role and activities and to contribute where it can to enhancing public sector accountability. Accordingly, the Committee's Chair and secretariat endeavour to make presentations to seminars and visiting delegations where relevant.
- 2.28 In April 2011, the Committee's Deputy Chair, Mrs Yvette D'Ath gave an update at the Australasian Council of Public Accounts Committee's (ACPAC) 11th Biennial conference in Perth on the work of the Committee since the last conference.¹³ The Deputy Chair also represented the Committee at the ACPAC 2011 Council meeting, held concurrently with the conference.

11 Mr Geoff Wilson, *Planning and Scoping of Performance Audits by the Australian National Audit Office (June 2011)*, available from, http://www.anao.gov.au/AboutUs/~/_media/34F737FCB85147398A00C2E8FBB0BDDA.pdf.

12 Mr Geoff Wilson, *Planning and Scoping of Performance Audits by the Australian National Audit Office (June 2011)*, p. 14, available from, http://www.anao.gov.au/AboutUs/~/_media/34F737FCB85147398A00C2E8FBB0BDDA.pdf.

13 The Clerk Assistant (Committees) from the Department of the House of Representatives also delivered a presentation, *Engaging the community: the experience of the House of Representatives' Committee Office*.

Inquiries in progress (as at 30 June 2011)

2.29 As at 30 June 2011, the Committee continued its reviews of Auditor-General reports, in addition to a policy inquiry into National Funding Agreements.

Review of the Auditor-General's reports

2.30 As at 30 June 2011, the Committee was reviewing the following four Auditor-General's reports:

- *Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2010* (Audit Report No. 22 2010-11);
- *Digital Education Revolution Program – National Secondary Schools Computer Fund* (Audit Report No. 30 2010-11);
- *Maintenance of the Defence Estate* (Audit Report No. 41 2010-11); and
- *Management of Student Visas* (Audit Report No. 46 2010-11).

2.31 These were selected from 31 audit reports presented to the Parliament between November 2010 and May 2011. A report completing the review of these reports is expected to table late in 2011.

Policy inquiry: National Funding Agreements

2.32 In February 2011, the Joint Committee of Public Accounts and Audit commenced a review of the operation of funding agreements between the Commonwealth and State and Territory Governments, including the National Agreements entered into under the *Intergovernmental Agreement on Federal Financial Relations*. The inquiry addresses four terms of reference.¹⁴

2.33 The Committee took evidence at one public hearing in 2010-11 (with additional public hearings scheduled for the remainder of 2011). Eleven submissions had been received as at 30 June 2011. Witnesses included representatives from various stakeholders including the Auditor-General, the National Disability Services ACT and the Independent Schools Council of Australia. The inquiry is likely to be completed and a report tabled by the Committee in late 2011.

14 The terms of reference for this inquiry can be found at <http://www.aph.gov.au/house/committee/jcpaa/natagree/tor.htm>.

Robert Oakeshott MP

Committee Chair

