

---

The Parliament of the Commonwealth of Australia

# Report 412

**Audit reports reviewed during the 41<sup>st</sup> Parliament**

Joint Committee of Public Accounts and Audit

August 2008  
Canberra

---

© Commonwealth of Australia 2008  
ISBN 978-0-642-79086-6 (Printed version)  
978-0-642-79087-3 (HTML version)



# Contents

Foreword .....	v
Membership of the Committee - 41 <sup>st</sup> Parliament .....	vii
Membership of the Sectional Committee - 41 <sup>st</sup> Parliament .....	viii
Membership of the Committee - 42 <sup>nd</sup> Parliament .....	ix
Sectional Committee Secretariat .....	x
List of recommendations.....	xi

## **THE REPORT**

1 Introduction .....	1
2 Audit Report No. 50, 2004-05, Drought Assistance.....	5
3 Job Network Services.....	27
4 Audit Report No. 58, 2004-05, Helping Carers: the National Respite for Carers Program.....	57
5 Department of Defence audit reports.....	77
6 Consultancies and contracts.....	111
7 Audit Report No. 17, 2005-06, Administration of the Superannuation Lost Members Register .....	131
8 Information Technology .....	143
9 Audit Report No. 21, 2005-06, Audit of Financial Statements of Australian Government Entities for the Period Ended 30 June 2005.....	177

---

10	Audit Report No. 28, 2005-06, Management of Net Appropriation Agreements..	195
11	Audit Report No. 31, 2005-2006, Roads to Recovery .....	217
12	Audit Report No. 32, 2005-06, Management of the Tender Process for the Detention Services Contract .....	233
13	Audit Report No. 34, 2005-2006, Advance Passenger Processing .....	251
14	Audit Report No. 49, 2005-2006, Job Placement and Matching Services .....	269
15	Audit Report No. 47, 2005-06, Funding for Communities and Community Organisations .....	287
16	Audit Report No. 41, 2005-06, Administration of Primary Care Funding Agreements .....	305
17	Audit Report No. 43, 2005-2006, Assuring Centrelink Payments – The Role of the Random Sample Survey Programme .....	317
18	Audit Report No. 12, 2006-07, Management of Family Tax Benefit Overpayments .....	339
19	Audit Report No. 24, 2006-2007, Customs’ Cargo Management Re-engineering Project.....	355
20	Audit Report No. 37, 2006-2007, Administration of the Health Requirement of the <i>Migration Act 1958</i> .....	375
21	Audit Report No. 29, 2006-2007, Implementation of the <i>Sydney Airport Demand Management Act 1997</i> .....	391



## Foreword

The Joint Committee of Public Accounts and Audit, as prescribed by the *Public Accounts and Audit Committee Act 1951*, examines all of the reports of the Auditor-General tabled in the Parliament. The Committee periodically selects several of those reports for further detailed scrutiny at public hearings.

The Committee will typically select audits for public review where the Australian National Audit Office (ANAO) has been particularly critical, where the agency concerned has a history of poor performance, where there is a high financial risk or safety risk to the community, or where the Committee is the obvious candidate to conduct a parliamentary review.

This omnibus report summarises reviews of 25 Auditor-General's reports prior to the 2007 federal election. While the reports cover a highly diverse range of government programs, a number of key themes are clear. Shortcomings identified in several of the audits point to a need for a greater focus on sound project management, contract management and risk management in the public sector, and better compliance with the accountability, record-keeping and reporting standards expected by the Parliament.

The Committee in this Parliament will be guided by these principles in its reviews of audit reports. In addition, the Committee will institute regular meetings with the Auditor-General, the Secretary of the Department of Prime Minister and Cabinet and the Australian Public Service Commissioner to discuss means of promoting better practice across the public sector. The Committee has also given its support to accountability initiatives such as the pending Major Projects Report, which will see the ANAO report to the Parliament on the status of high-value Defence projects while they are still in train, rather than solely through longer-term performance audits.

This report is presented on behalf of the Committee in the previous Parliament, which undertook all of the public hearings. Unfortunately, factors including changes to Committee personnel and priority given to policy inquiries led to a

longer delay than would normally be the case in tabling a number of the reviews included in this omnibus report.

I flag that the Committee in this Parliament considers its scrutiny of the reports of the Auditor-General to be core business, and will manage its work program so as to prevent a recurrence of the delay in tabling reviews of audit reports.

Through adhering to this process in a timely and effective manner the Committee, on behalf of the Parliament, can hold the executive and the performance of its agencies in spending taxpayers' money to account, and can help ensure that the recommendations of the Auditor-General are being properly implemented.

Sharon Grierson MP  
Committee Chair



# Membership of the Committee

## 41<sup>st</sup> Parliament

Chair	Mr Phil Barresi MP (from 6/2/07)	
	Hon Tony Smith MP (from 9/2/06 until 6/2/07)	
	Mr Bob Baldwin MP (until 7/2/06)	
Deputy Chair	Ms Sharon Grierson MP	Senator Mark Bishop (from 11/5/06)
Members	Hon Bronwyn Bishop MP	Senator Grant Chapman (from 23/3/07)
	Mr Russell Broadbent MP	Senator John Hogg
	Dr Craig Emerson MP	Senator Gary Humphries
	Ms Jackie Kelly MP	Senator Claire Moore (until 11/5/06)
	Dr Dennis Jensen MP (from 29/5/06)	Senator Andrew Murray
	Ms Catherine King MP	Senator Fiona Nash (until 23/3/07)
	Mr Andrew Laming MP	Senator John Watson
	Mr Lindsay Tanner MP	
	Mr Ken Ticehurst MP (until 29/5/06)	



## Membership of the Sectional Committee

### As at the end of the 41<sup>st</sup> Parliament

Chair            Mr Phil Barresi MP

Deputy Chair   Ms Sharon Grierson MP

Members        The Hon Bronwyn Bishop MP

Senator John Hogg

Mr Russell Broadbent MP

Senator John Watson

Dr Craig Emerson MP

Ms Jackie Kelly MP

Ms Catherine King MP

Mr Andrew Laming MP

Mr Lindsay Tanner MP





## Membership of the Committee

### 42<sup>nd</sup> Parliament as at 22 August 2008

Chair Ms Sharon Grierson MP

Deputy Chair Mr Petro Georgiou MP

Members	Hon Bob Baldwin MP	Senator Mark Bishop
	Hon Arch Bevis MP	Senator Sue Boyce
	Mr David Bradbury MP	Senator David Bushby
	Mr Mark Butler MP	Senator John Hogg
	Ms Catherine King MP	Senator Kate Lundy
	Mr Scott Morrison MP	
	Mr Shayne Neumann MP	
	Mr Stuart Robert MP	

## Sectional Committee Secretariat

### As at the end of the 41<sup>st</sup> Parliament

Committee Secretary Mr Russell Chafer

Research Officer Mr Muzammil Ali  
Ms Katie Ellis

Administrative Officer Miss Emily Shum

### 42<sup>nd</sup> Parliament

Committee Secretary Mr Russell Chafer

Research Officers Mr Shane Armstrong  
Dr Kris Veenstra

Administrative Officer Miss Naomi Swann  
Mr Angus Hogg



## List of recommendations

### 2 Audit Report No. 50, 2004-05, Drought Assistance

#### Recommendation 1 (p.17)

The Committee recommends that the Department of Agriculture, Fisheries and Forestry and Centrelink provide the Committee with a progress report detailing responses to the ANAO's Recommendation 2 concerning the promotion of drought assistance measures.

#### Recommendation 2 (p.23)

The Committee recommends that the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) provides it with details of the Family Relationships Services Program evaluation.

#### Recommendation 3 (p.25)

The Committee recommends that FaHCSIA provide a copy of the evaluation report in relation to drought funding to the Committee.

### 3 Job Network Services

#### Recommendation 4 (p.35)

The Committee recommends that the Department of Education, Employment and Workplace Relations (DEEWR) provide a breakdown of estimates and actual expenditure on service fees and outcome fees for the Job Network programme in its annual reports.

**Recommendation 5 (p.39)**

The Committee recommends that DEEWR provide an evaluation in its annual report of progress against the transition objectives identified for the extension of Third Employment Services contract.

**Recommendation 6 (p.55)**

The Committee recommends that DEEWR undertake a comprehensive review of the existing Employment Services Contract prior to its expiry in 2009 and that the results of this review inform future renegotiations or extensions of the contract.

**Recommendation 7 (p.55)**

The Committee recommends that DEEWR regularly assess the effectiveness of its risk management, monitoring, and penalty regimes in ensuring the highest standard of service from Job Network providers.

**6 Consultancies and contracts****Recommendation 8 (p.117)**

The Committee recommends that all agencies include in their proforma contract and tendering documentation, advice pertaining to the Australian Government's accountability framework.

**Recommendation 9 (p.118)**

The Committee recommends that all departments, that have not yet done so, incorporate into their procurement process documentation:

- details of the four tests for the inclusion of confidential clauses in contracts, as detailed in Finance's *Guidance on Confidentiality of Contractors' Commercial Information*; and
- advice highlighting the importance of procurement officers seeking specific reasons for the use of confidential clauses, and for these reasons to be clearly documented.

**Recommendation 10 (p.120)**

The Committee recommends that the Department of Finance and Deregulation be given authority to monitor agencies' compliance with Finance's *Guidance on Confidentiality of Contractors' Commercial Information* in relation to the Senate Order.

**Recommendation 11 (p.126)**

The Committee recommends that, in an effort to minimise inefficient use of legal services, PM&C, Finance, and any other relevant bodies, implement monitoring systems to ensure that legal advices obtained by agencies, with implications broader than that specific agency's circumstances, are appropriately distributed to other relevant government agencies.

**Recommendation 12 (p.126)**

The Committee recommends that PM&C and Finance establish a repository of legal advices obtained by government agencies, for use by all government bodies where practicable.

**7 Audit Report No. 17, 2005-06, Administration of the Superannuation Lost Members Register****Recommendation 13 (p.140)**

The Committee recommends that the ATO evaluate and report in its Annual Report on the effectiveness of the Letters Project in reuniting lost members with their superannuation and reducing the number of inactive members in the Lost Members Register.

**Recommendation 14 (p.141)**

The Committee recommends that the ATO reassess full implementation of the recommendations arising from this audit that require system redevelopment work within the context of broader superannuation system changes.

**8 Information Technology****Recommendation 15 (p.153)**

The Committee recommends that the AGIMO Chief Information Officer Committee and Forum formally disseminate the ANAO's recommendations from Audit Report 23, 2005-06 to appropriate agencies, including seeking updates on progress and implementation.

**Recommendation 16 (p.161)**

The Committee recommends that all Commonwealth agencies, as a matter of urgency, review their compliance with the *Australian Government Protective Security Manual* and the *Australian Government Information and Communications Technology Security Manual*.

**Recommendation 17 (p.162)**

The Committee recommends that AGIMO provide greater assistance to Chief Executives of departments and agencies to ensure that they have the required knowledge to be fully compliant with PSM and ACSI 33 requirements.

**Recommendation 18 (p.165)**

The Committee recommends that DSD formally remind all agencies of their responsibility to comply with ISIDRAS reporting as required by the Protective Security Manual.

**Recommendation 19 (p.171)**

The Committee recommends Centrelink's prompt examination of options to address the risk posed by inactive records within Centrelink's major production systems.

**11 Audit Report No. 31, 2005-2006, Roads to Recovery**

**Recommendation 20 (p.231)**

The Committee recommends that the Department of Infrastructure, Transport, Regional Development and Local Government assess whether the staffing and resources, including the new IT systems, of teams supporting R2R and future such programs are adequate to perform their monitoring and information functions.

**13 Audit Report No. 34, 2005-2006, Advance Passenger Processing**

**Recommendation 21 (p.266)**

The Committee recommends that the Department of Immigration and Citizenship (DIAC) ensure that its staff, including senior managers, receive appropriate training in their obligations and responsibilities under the FMA Act and regulations.

## 14 Audit Report No. 49, 2005-2006, Job Placement and Matching Services

### Recommendation 22 (p.280)

The Committee recommends that DEEWR establish a process which determines the adequacy of complaints handling by JPOs. A reporting system should be established to ensure that complaints are handled in an appropriate and timely manner by JPOs and that this information is communicated to DEEWR for assessment purposes.

### Recommendation 23 (p.284)

The Committee recommends that DEEWR expressly informs job seekers of the 'unsubscribe' facility within the Department's SMS job-matching facility to comply more fully with the *Spam Act 2003*.

### Recommendation 24 (p.285)

The Committee recommends that DEEWR implements Recommendation 2 (b) and (c) of the ANAO's report.

### Recommendation 25 (p.286)

The Committee recommends that DEWR's review of the JobSearch website consider the appropriateness of ongoing government ownership and also that the results of the review be reported to the Committee.

## 15 Audit Report No. 47, 2005-06, Funding for Communities and Community Organisations

### Recommendation 26 (p.298)

The Committee recommends that FaHCSIA seek stronger assurances from successful grant applicants that they possess adequate insurance policies or currency certificates on approval of their grant application.

### Recommendation 27 (p.306)

That FaHCSIA lodge a progress report with the Committee, by the end of February 2009, advising of progress in responding to the Auditor-General's recommendations.

## **16 Audit Report No. 41, 2005-06, Administration of Primary Care Funding Agreements**

### **Recommendation 28 (p.312)**

The Committee recommends that as far as possible, Health attempt to have as many contracts signed as possible prior to a project beginning and funding being dispersed. Where contracts are not signed beforehand, the Committee recommends that elements which are easily defined be entered into an interim contractual measure.

## **17 Audit Report No. 43, 2005-2006, Assuring Centrelink Payments – The Role of the Random Sample Survey Programme**

### **Recommendation 29 (p.330)**

The Committee recommends that a copy of the revised RSS questionnaire, implementing the ANAO's recommendation 7 be provided to the Committee.

### **Recommendation 30 (p.336)**

That Centrelink advise the Committee of progress in implementing the receipting process for calls to call centres in relation to customers reporting their circumstances. In addition, the Committee would like to be kept informed of whether the receipting mechanism makes a difference in the rates for payment correctness.

## **18 Audit Report No. 12, 2006-07, Management of Family Tax Benefit Overpayments**

### **Recommendation 31 (p.351)**

The Committee recommends that FaHCSIA provide the Committee with a written update in December 2009 in relation to the strategies being used in responding to the issue of non-lodgement.

### **Recommendation 32 (p.354)**

The Committee recommends that the role of Centrelink's Financial Services Officers be extended to include advice to groups of customers who may find the provision of information helpful in their calculations about FTB entitlements.



---

**Recommendation 33 (p.356)**

The Committee recommends that the FAO implement a program of intensive assistance to the non-lodger population potentially based on the Government's large debtor measure and provide a report to the Committee on measures adopted to strengthen assistance.

**19 Audit Report No. 24, 2006-2007, Customs' Cargo Management Re-engineering Project****Recommendation 34 (p.374)**

The Committee recommends that Customs provide a written report in the form of a submission to the Committee on the status of the implementation of the ANAO's recommendations and the recommendations of the review conducted by Booz Allen Hamilton within 6 months of the tabling date of this report.

**20 Audit Report No. 37, 2006-2007, Administration of the Health Requirement of the *Migration Act 1958*****Recommendation 35 (p.387)**

The Committee recommends that DIAC institute clear guidelines for review of the Health Risk Matrix outside of the provision for annual review to take into account events and developments which may act as prompts for review outside of the annual review period.

**Recommendation 36 (p.390)**

The Committee recommends that DIAC conclude clear protocols with each State and Territory to enable improved compliance of visa holders with health undertakings.

**Recommendation 37 (p.390)**

The Committee recommends that DIAC produce a clear set of guidelines for the monitoring of health undertakings to assist in the improvement of visa holder compliance with health undertakings.

**Recommendation 38 (p.392)**

The Committee recommends that DIAC and DoHA revise their training programs to include a focus on improving staff skills in performance monitoring and assessment to assist in greater departmental compliance with performance management requirements.

21 Audit Report No. 29, 2006-2007, Implementation of the *Sydney Airport Demand Management Act 1997*

Recommendation 39 (p.403)

The Committee recommends that a standard definition of aircraft movement be used for the purposes of administering and reporting on compliance with the SADM Act and that this definition directly relate to aircraft movement on runways.

Recommendation 40 (p.404)

The Committee recommends that the SADM Act be used as the sole guide for slot compliance procedures.