

Report 387

Annual Report 2000–2001

Joint Committee of Public Accounts and Audit

September 2001
Canberra

© Commonwealth of Australia 2001
ISBN [Click **here** and type ISBN Number]



Contents

Chairman's Foreword	v
Membership of the Committee	vii
Highlights of the Year	viii

THE REPORT

1	JCPAA Purpose, Objectives and methods of Operation	1
2	Summary of Reports Tabled and Other Activities	5
3	Work in Progress	11

APPENDICES

Appendix A	Committee Meetings and Hearings	15
Appendix B	Committee Expenses	17



Foreword

Since the *Financial Management and Accountability (FMA) Act*, the *Commonwealth Authorities and Companies (CAC) Act* and the *Auditor-General Act*, came into effect on 1 January 1998, the Joint Committee of Public Accounts and Audit has completed a systematic review of the effectiveness of this suite of legislation. The Committee's reports on Corporate Governance Arrangements for Government Business Enterprises, and on the operation of the FMA and CAC Acts tabled last financial year were complemented by the Review of the *Auditor-General Act 1997* which has just been completed.

The reviews of the reformed Commonwealth financial management framework resulted in few recommendations being made and it was the Committee's unanimous view after three years of operation that the system was working well.

Inquiry Highlights in 2000–2001

Recent Committee inquiries into public service agencies have demonstrated shortcomings with respect to contract management. Such findings are significant in an environment where many government services have been subject to commercial contestability and contracting out, and in which responsibility for successful risk management has been devolved to agency heads. The Committee embarked on an inquiry into *Contract Management in the Australian Public Service* in an attempt to identify systemic problems in contract administration and to develop better practice standards which can be applied across agencies.

The Committee also held public hearings and collected evidence on the Commonwealth Community Education and Information Program. As a result of this inquiry the Committee developed and tabled its revised *Guidelines for Government Advertising, Report No. 377* in September 2000.

Following the tabling of *Auditor-General's Report No. 38, 1999–2000, Coastwatch—Australian Customs Service*, the Committee advertised an

Inquiry into Coastwatch. The Inquiry reviewed the effectiveness of the existing Coastwatch organisation, the challenges it faces, and examined options for the future. The Committee concluded that the organisation was performing well and had successfully detected and co-ordinated the interception of illegal entry vessels in northern Australian waters.

In its Coastwatch report, the Committee noted that the problem of people smuggling needed to be dealt with on an international level by addressing the issue in the source countries. This approach is currently being undertaken by the Minister for Immigration and Multicultural Affairs, the Minister for Foreign Affairs, and their respective Departments.

Recent Committee Auditor-General report reviews have found that accountability and risk management in agencies could be improved. However, the Committee did note that there had been improvements in contract administration among some agencies.

Audit Committee of Parliament

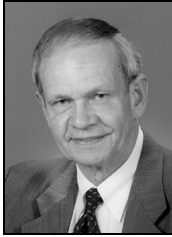
As part of its responsibility to consider the budget estimates of the Australian National Audit Office (ANAO), the Committee was briefed on the performance of the office by the Independent Auditor. The Committee then resolved to ask the Independent Auditor to prepare a performance audit of ANAO as part of his routine audit responsibilities. This request was repeated in a recommendation in the Committee's report on the *Auditor-General Act 1997*, tabled in September 2001.

6th Biennial Conference of the Australasian Council of Public Accounts Committees

The Committee hosted the 6th Biennial Conference of the Australasian Council of Public Accounts Committees (ACPAC) in Parliament House, Canberra during 4-6 February 2001. In addition to representatives of public accounts committees and Auditors-General from the Australian States, Territories, New Zealand and Papua New Guinea, observers from Canada, Papua New Guinea, South Africa, Fiji, Hong Kong and the United Kingdom were present. It was decided to expand the forum to admit Canada and South Africa as members, if they so wished.

Bob Charles MP
Chairman

Membership of the Committee - 39th Parliament ¹



Bob Charles MP
Chairman



David Cox MP
Vice Chairman



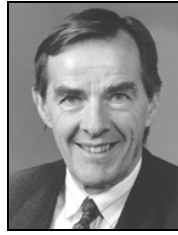
Kevin Andrews MP



Senator Helen
Coonan



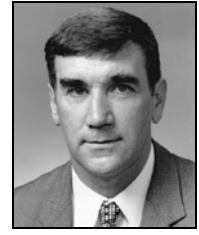
Petro Georgiou MP



Senator the Hon
Brian Gibson AM



Julia Gillard MP



Senator John Hogg



Peter Lindsay MP



Senator Andrew
Murray



Senator the Hon
Nick Sherry



The Hon Alex
Somlyay MP



Stuart St Clair MP



Lindsay Tanner MP



Kelvin Thomson MP



Senator John
Watson

¹ The JCPAA Committee of the 39th Parliament commenced on 10 December 1998. Members of the JCPAA of the 39th Parliament between 1 July 2000 – 30 June 2001 were: Bob Charles MP (Chairman), David Cox MP (Deputy Chair), Kevin Andrews MP, Petro Georgiou MP, Julia Gillard MP, Peter Lindsay MP (*replaced Mal Brough MP from 7/3/2000*), Kelvin Thomson MP (*replaced Tanya Plibersek MP from 10/4/2000*), the Hon Alex Somlyay MP, Stuart St Clair MP, Lindsay Tanner MP (*replaced Allan Griffin MP from 9/8/1999*), Senator Helen Coonan, Senator the Hon Nick Sherry (*replaced Senator the Hon Rosemary Crowley from 28/6/2000*), Senator the Hon Brian Gibson AM, Senator John Hogg, Senator Andrew Murray, Senator John Watson.

Highlights of the Year

Reports presented

Report 377, *Guidelines for Government Advertising*, September 2000

Report 378, *Review of Auditor-General's Reports 1999-2000, Second Quarter*, October 2000

Report 379, *Contract Management in the Australian Public Service*, October 2000

Report 380, *Review of Auditor-General's Reports 1999-2000, Third Quarter*, March 2001

Report 381, *Annual Report 1999–2000*, April 2001

Government responses received

Report 372, *Corporate Governance and Accountability Arrangements for Commonwealth Government Business Enterprises*, December 1999—Received 2 June 2000

Report 373, *Review of Auditor-General's Reports 1998–99, Second Half*, March 2000—Received 3 and 29 September 2000.

Report 376, *Review of Auditor-General's Reports 1999–2000, First Quarter*, May 2000—Received 11 July 2001.

Report 378, *Review of Auditor-General's Reports 1999–2000, Second Quarter*, October 2000—Received 21 February, 25 March 2001 and 18–19 June 2001.

Report 379, *Contract Management in the Australian Public Service*, October 2000—Received 19 June 2001

Report 380, *Review of Auditor-General's Reports 1999–2000, Third Quarter*, March 2001—Received 23 July 2001.

Other Committee Activities

25 August 2000—Inspection of HMAS *Manoora*, at Sydney Harbour.

5 September 2000—The Chairman presented a speech on 'Assessing Public Sector Board Performance', at the Corporate Governance in the Public Sector Conference, Rydges Hotel Canberra.

11 September 2000—Darwin Briefing and Inspection: Headquarters Northern Command, Darwin Customs Base, HMAS Dubbo.

11–12 September 2000—Coastwatch surveillance Australia briefing return flight Darwin–Broome; inspection of Willy Creek Detention Centre.

13 September 2000—Reef Helicopter base, Thursday Island and Inspection of surveillance helicopters and Customs House.

21 September 2000—The Chairman presented a speech on ‘*The Degree to which Reviews of Corporate Governance Legislation reflects private sector principles*’, Governance Seminar at the Hotel Kurrajong, Canberra.

27 November 2000—CEA Technologies, Fyshwick Inspection.

5–10 January 2000—The Chairman gave an address on ‘*The Establishment of a Forum of Public Accounts within the APPF*’ at the 8th Annual Conference of the Asia Pacific Parliamentary Forum (APPF), Parliament House Canberra.

4–6 February 2001—6th Biennial Conference of the Australasian Council of Public Accounts Committees at Parliament House Canberra.

22 March 2001—The Chairman delivered a speech on ‘*Trends in Public Sector Contracting*’ to an Australian Corporate Lawyers Association seminar, in Canberra

17 May 2001—The Chairman delivered a speech on ‘*Community and Government Expectations of Performance in Outsourcing and Contracting*’ to the Institute of Engineers and the Quality Society of Australasia in Canberra.

28 May 2001—Senator John Watson, representing the Chairman, delivered a speech on ‘*Ecology of the Public Accounts Committee*’ to a CPA Study Group on Public Accounts Committees in Toronto, Canada.



1

JCPAA Purpose, Objectives and Methods of Operation

Introduction

The Joint Committee of Public Accounts and Audit (JCPAA) is a committee of the Commonwealth Parliament. The Committee is established pursuant to the *Public Accounts and Audit Committee Act 1951* (the PAAC Act) and is empowered to scrutinise the monies spent by Commonwealth agencies from funds appropriated to them.

Purpose

The purpose of the JCPAA is to hold Commonwealth agencies to account for the probity, efficiency and effectiveness with which they implement policy and use public monies, and to act as audit committee of the Parliament by supporting the independence of the Auditor-General on behalf of the Parliament.

Duties

The duties of the JCPAA are described in detail in sections 8 and 8A of the *Public Accounts and Audit Committee Act 1951*. In general terms, the duties are to:

- examine the financial affairs of authorities of the Commonwealth to which the Act applies;
- review all reports of the Auditor-General that are tabled in each house of the Parliament;
- consider the operations and resources of the Audit Office;

- approve or reject, the recommendation for appointment of Auditor-General or Independent Auditor; and
- increase parliamentary and public awareness of the financial and related operations of government.

Examining the Financial Affairs of Commonwealth Authorities

Pursuant to section 8(1)(a-b, f) of the PAAC Act, the Committee may examine the accounts of the receipts and expenditure of the Commonwealth and the financial affairs of authorities to which this Act applies. The Committee may determine to inquire into, and report on, any items or matters which it thinks should be drawn to the attention of the Parliament.

Reviewing Reports of the Auditor-General

A key element of the JCPAA 's accountability work is its statutory responsibility to examine and report on audit reports tabled in Parliament by the Auditor-General, pursuant to section 8(1)(c-e) of the PAAC Act.

Early in the 38th Parliament the Committee changed its review process. Under the new procedures, the JCPAA selects reports of the Auditor-General which raise significant accountability issues for review at 'round table' public hearings. Witnesses from the ANAO and officials from each audited agency are examined at these hearings. In the 39th Parliament, the committee has continued this review practice.

The purpose of the quarterly hearings is to allow the JCPAA to give immediate attention to recommendations of the Auditor-General, to enable matters at issue between ANAO and agencies under scrutiny to be raised, and responded to, in public. This process enables the Committee to make timely reports to Parliament on what further action, if any, needs to be taken by departments and agencies under review to protect the interests of the Commonwealth.

The adoption of the new procedures has facilitated more timely and effective parliamentary scrutiny of audit reports. It is already evident that the procedures have revitalised, and focused agency attention on, an integral part of the process by which Parliament holds the Executive to account for its stewardship of public monies.

Considering the Operations and Resources of the Audit Office

In its role as the Audit Committee of the Parliament, the JCPAA has assumed additional responsibilities concerning the Audit Office. Under section 8(1)(g-i) of its Act, the Committee is required to consider the operations and resources of the Audit Office, including funding, staff and information technology. It is also required to consider reports of the Independent Auditor on operations of the Audit

Office. The Committee's responsibilities extend to reporting to the Parliament on any issues arising from these considerations, on any other matter relating to the Auditor-General's functions and powers or on the performance of the Audit Office, as it sees fit.

The JCPAA is also required, under section 8(1)(j-l), to consider draft estimates for the Audit Office and the level of fees determined by the Auditor-General and to make recommendations to both Houses of Parliament and the Minister who administers the *Auditor-General Act 1997* on the draft estimates.

Pursuant to section 8(1)(m-n) of the PAAC Act, another new responsibility for the Committee arising out of its role as the Audit Committee is to determine the audit priorities of the Parliament and to advise the Auditor-General of those priorities. It must also determine the audit priorities of the Parliament for audits of the Audit Office and advise the Independent Auditor of those priorities.

Improving Public Awareness of Committee Activities

Information about the JCPAA is available on the Internet. The Committee's web site contains background information on the Committee and its members; details of current inquiries; advice on how to make submissions to the Committee and on appearing as witnesses at public hearings. Copies of recent JCPAA reports are published on the Internet. The Committee's web site address is: <http://www.aph.gov.au/house/committee/jpaa/index.htm>

In addition, members of the public can send submissions and requests for information through electronic mail. The committee's e-mail address is: jcpa@aph.gov.au

How the Committee Operates

Conduct of Inquiries

The Committee normally advertises its inquiries in the national media and on the Internet and invites interested individuals and organisations to make written submissions. Oral evidence is taken at public hearings (although in certain circumstances witnesses may request that evidence be given in camera). The majority of hearings are open to the public and interested parties can obtain verbatim transcripts of the public hearings free of charge or access them on the Internet.

The Committee presents the findings of its inquiries in reports which are tabled in both houses of Parliament. Copies are distributed to all witnesses and Commonwealth agencies with a responsibility for matters raised in the reports. The reports are also available to the public through the Commonwealth Bookshop and the Internet.

Consideration of JCPAA reports

In all cases, the Chairman of the JCPAA refers reports of the Committee to the Minister for Finance and Administration once they have been tabled in the Parliament. The Minister for Finance and Administration then refers the matter(s) on to the responsible Minister(s) for attention. The Department of Finance and Administration may need to consult with relevant agency(s) in the first instance.

Government Responses to reports

JCPAA recommendations that involve matters of Government 'policy' are addressed by way of a separate Government Response through the responsible Minister(s). The Government has given a commitment to provide a response within three months from the date of tabling the report.

An *Executive Minute* is the means by which responses are provided to 'administrative' matters raised in a report of the JCPAA. This replaces the *Finance Minute* previously prepared by the Department of Finance and Administration for all Committee reports.

The response to administrative matters (the *Executive Minute*) is expected to be provided to the JCPAA, through the relevant Minister, within six months of tabling of a report. The Chairman of the JCPAA tables the *Executive Minute* in the Parliament as soon as practicable after it is received.

The JCPAA reports that are reviews of Auditor-General reports generally make recommendations on administrative matters which stem from unrelated Auditor-General reports affecting different agencies. For these reports, agencies should respond individually to the Committee by an Executive Minute, through their responsible Minister.

JCPAA reports on other inquiries will require a single coordinated response on administrative matters.

The Committee Secretariat

The Committee is supported by a full time secretariat. Additional advice relating to particular inquiries may be obtained from appropriate officers from the Department of Finance and the Australian National Audit Office. From time to time officials from Government departments are seconded to the secretariat. In addition, the Committee may employ consultants to provide specialist advice.



2

Summary of Reports Tabled and Other Activities

The Committee tabled five reports in the financial year 2000–2001. This section contains a summary of each report and briefly describes other Committee activities during the year.

One of the statutory duties of the Joint Committee of Public Accounts and Audit (JCPAA) is to scrutinise all reports presented by the Auditor-General and to report the results of the Committee's findings to Parliament. These review reports are included below in the summary of reports tabled during the financial year.

Report 377, Guidelines for Government Advertising, September 2000

The Committee reviewed the processes surrounding the Community Education and Information Program (CEIP), as part of its review of *Audit Report No. 12, 1998–99, Taxation Reform, Community Education and Information Program*. The CEIP was an information campaign on taxation reform conducted in the months prior to the announcement of the 1998 election.

The report was tabled on 4 October 2000 and contains guidelines for Commonwealth Government advertising developed by the Committee.

Report 378, Review of Auditor-General's Reports, 1999-2000, Second Quarter, October 2000

This report reviewed three of the thirteen reports tabled by the Auditor-General in the second quarter of 1999–2000. The three reports were:

- *Audit Report No. 13* reviewing management of major Defence acquisition projects;
- *Audit Report No. 14*, reviewing Commonwealth debt management;
- *Audit Report No. 24* reviewing management and regulation of plasma fractionation.

The JCPAA's report does not analyse in detail all of the findings and recommendations contained in these audit reports. It draws attention to the key evidence taken at the JCPAA's public hearings, highlighting any commitments given by witnesses and, where appropriate, presenting the Committee's observations on the evidence received and any recommendations the Committee wishes to make.

Report 378 contains ten recommendations—two in relation to management of major Defence acquisition projects; three in relation to Commonwealth debt management; and five in relation to the management and regulation of plasma fractionation.

Executive Minute responses on this report were received on 21 February, 25 March 2001, 18 June 2001 and 19 June 2001. The Committee's recommendations were all agreed to by the relevant Ministers.

Recommendation 1 proposed that the Defence Audit and Program Evaluation Committee ensure that ANAO and JCPAA recommendations are monitored and reviewed in a timely manner.

Defence **supports** this recommendation and advised that the Chairman of the Defence Audit Committee has made it clear that he expects all significant recommendations and matters of concern raised in audit and JCPAA reports to be addressed urgently.

The Minister for Defence, in particular, told the Committee that the Department of Defence has developed the Audit Recommendations Management System (ARMS) to monitor the implementation of all agreed internal audit, ANAO and JCPAA recommendations. All significant recommendations and matters of concern raised in ANAO and JCPAA reports are 'to be addressed urgently with responsible areas required to develop clear implementation and reporting plans'.

Recommendation 2 proposed that the ANAO carry a follow-up audit on the major Defence acquisition projects. The ANAO **accepted** the recommendation and a follow-up audit is included in the draft audit work program for 2001-2002.

Recommendations 3, 4 and 5 proposed that the Australian Office of Financial Management (AOFM) take action to enhance its own management, monitor risks and identify weaknesses and quickly implement all ANAO recommendations. AOFM **supported** these recommendations.

Recommendation 6 proposed that the audit committee of the Department of Health and Aged Care (DHAC) conduct regular internal audits of the Therapeutic Goods Administration's (TGA) performance and provide to the Committee an updated status report of the effectiveness of its auditing program (particularly in relation to the Commonwealth Serum Laboratories' (CSL) compliance with the Code of Good Manufacturing Practice). DHAC **supported** this recommendation.

Recommendation 7 proposed that Commonwealth Serum Laboratories be required on a regular basis to provide positive declarations to the TGA regarding the volume, source and final destination of all foreign plasma imported into Australia.

TGA **supported** this recommendation. TGA responded that CSL have confirmed they have appropriate corporate governance arrangements in place to monitor and reconcile shipments of plasma in and out of the country. They are currently assessing how these regulatory requirements might be further strengthened.

Recommendation 8 proposed that agencies implement administrative arrangements to ensure TGA is notified of all Quarantine Entries made by AQIS of imported human blood and blood products.

TGA **supported** this recommendation and is currently in consultation with AQIS and Australian Customs Service and CSL on this matter. TGA has recommended that all blood and blood products entering Australia be regulated as prohibited imports, therefore enabling tighter controls on the imports.

Recommendation 9 proposed that the CEO of the DHAC assess the skill base and training needs of its contract managers and ensure that appropriate legal and technical advice is readily available to them.

DHAC **supported** the recommendation and has taken a number of steps to improve its contract administration in the area of blood and blood products.

Recommendation 10 proposed that the ANAO undertake a timely performance audit of the DHAC's handling of the Plasma Fractionation Agreement extension review.

The ANAO **accepted** the recommendation and a follow-up audit is included in the draft audit work program for 2001-2002.

Report 379, Contract Management in the Australian Public Service, October 2000

With the move to greater outsourcing of programs and services, public sector agencies must ensure their staff has a range of skills, knowledge and experience to manage contracts efficiently and effectively. In view of the

public monies allocated to purchasing goods and services, and the complexities of managing government contracts, it is essential that this aspect of public administration be given sufficient and ongoing scrutiny. In 1998–99, for instance, there were 111 753 purchasing transactions of goods and services of value greater than \$2000 reported by Commonwealth Government agencies, totalling \$7.9 billion.

The Committee's inquiry into contract management focused on the accountability framework, better practice approaches to contracting fundamentals, and the needs of contract management personnel. The key findings and recommendations were:

- The *Ombudsman Act 1976* should be amended to extend the jurisdiction of the Ombudsman to include all government contractors.
- Agencies must establish and maintain an effective contract register.
- Agencies must indicate in their Annual Reports if they have any contracts, exceeding \$2000 in value, exempted from notification in the Purchasing and Disposals Gazette.
- All CEOs under the *Financial Management and Accountability Act 1997*, whenever they claim reporting exemptions under commercial-in-confidence, should issue a certificate stating which parts of a contract are to be withheld and why.
- Agencies should, as part of their internal audit program, review the adequacy and effectiveness of their contract key performance measures and monitoring frameworks.
- The Department of Finance and Administration, in its next edition of *Competitive Tendering and Contracting Guidance for Managers*, should ensure that its advice and guidance on risk management address all phases of the contract lifecycle.

The Committee believes that the implementation of these measures will enhance the quality of contract accountability and administration.

The Committee was informed on 14 November 2000 that DOFA was co-ordinating an Executive Minute response on this report. ANAO indicated in June 2001 that recommendation no. 4 to examine current reporting practices in relation to contracts had been accepted and the results of the examination had been included in Audit Report No. 38 2000–2001 tabled in Parliament on 24 May 2001. DIMA told the Committee on 9 January 2001 that it has no difficulties in providing reasons for contracts being considered commercial-in-confidence. However, it believed that it would be too expensive to provide this information retrospectively, given the devolved nature of its contract management and the significant number of current contracts.

Recommendation 1 proposed that the *Ombudsman Act 1976* be amended to extend the jurisdiction of the Ombudsman to include all government contractors.

Recommendation 2 proposed that when claiming commercial-in-confidence, CEOs should issue a certificate stating which parts of a contract and why these parts are to be withheld.

Recommendation 3 proposed that all agencies must establish and maintain an effective contract register.

Recommendation 4 proposed that the Auditor-General conduct a review of agency performance in complying with the reporting requirements of the Gazette Publishing System.

Recommendation 5 reaffirmed the need for the Auditor-General to have access to contractors' premises.

The ANAO **accepted** Recommendation 4 and included an examination of the current reporting practices of agencies in relation to contracts through the Gazette publishing system and annual reports in Audit Report No. 38 2000-2001, *The Use of Confidentiality Provisions in Commonwealth Contracts*. This was tabled on 24 May 2001.

Report 380, Review of Auditor-General's Reports, 1999-2000, Third Quarter, March 2001

This report reviewed three of the twelve reports tabled by the Auditor-General in the third quarter of 1999–2000. The three reports were:

- *Audit Report No. 26*, reviewing Army Individual Readiness Notice;
- *Audit Report No. 30*, examining the Federation Cultural and Heritage Projects Program;
- *Audit Report No. 44*, reviewing the management of Job Network contracts.

Report 380 contains four recommendations—one in relation to Army Individual Readiness Notice; two in relation to the Federation Cultural and Heritage Projects Program; and one in relation to the management of Job Network contracts.

Recommendation 1 proposed that Army define rigorously what constitutes sufficient warning time, a sufficient level of readiness and the cost implications of readiness and sustainability.

Recommendation 2 proposed that the Department of Communications, Information, Technology and the Arts implement its draft guidelines for the administration of grant programs.

Recommendation 3 proposed that all applicants, successful or otherwise, should be notified of the decision as soon as possible in writing.

Recommendation 4 proposed that the Auditor-General carry out a follow-up audit on Job Network.

The ANAO **accepted** the Recommendation no. 4 and included the follow-up audit of Job Network in its 2001–2002 Work Program.

Report 381, Annual Report, 1999-2000, March 2001

Report 381 is a report on the Committee's activities in 1999–2000. It contains information on reports tabled in 1999–2000 and comments on current inquiries in the 1999–2000 financial year.

Work in Progress

Introduction

This section provides a brief description of Committee inquiries and other activities that were active as at 30 June 2000.

Inquiry into Coastwatch

Australia's current offshore and coastal surveillance operation is undertaken by Coastwatch which is an output of the Australian Customs Service. Coastwatch provides air and marine based civil surveillance and response services to a number of government agencies. Its aim is to detect, report and respond to potential or actual non-compliance with relevant laws in coastal and offshore regions.

The inquiry arose as part of the Committee's review of *Audit Report 38, 1999–2000, Coastwatch—Australian Customs Service*. Public hearings were held in Canberra, Melbourne and Brisbane and the Committee inspected Coastwatch operations in northern Australia.

At 30 June 2001 the Committee was deliberating on its findings.

Review of Auditor-General's Reports, 1999-2000, Fourth Quarter

As part of its responsibilities, the Committee reviews the Auditor-General's Reports and selects those it wishes to examine in more detail through public hearings. This report reviewed three of the sixteen reports tabled by the Auditor-General in the first quarter of 1999–2000. The three reports were:

- *Audit Report No. 40*, reviewing Tactical Fighter Operations;
- *Audit Report No. 42*, reviewing Magnetic Resonance Imaging Services.
- *Audit Report No. 46*, reviewing High Wealth Individuals Taskforce.

At 30 June 2001 the Committee was deliberating on its findings.

Review of Auditor-General's Reports, 2000-2001, First Quarter

The Committee also reviewed four of the sixteen reports tabled by the Auditor-General in the first quarter of 2000—2001. The four reports were:

- *Audit Report No.8*, reviewing Amphibious Transport Ship Project
- *Audit Report No.9*, reviewing Implementation of Whole-of-Government Technology and Infrastructure Consolidation and Outsourcing Initiative
- *Audit Report No.10*, reviewing AQIS Cost-Recovery Systems
- *Audit Report No. 11*, reviewing Knowledge System Equipment Acquisition Projects in Defence

At 30 June 2001 the Committee was deliberating on its findings.

Review of Auditor-General's Reports, 2000-2001, Second & Third Quarters

The Committee reviewed three of the eighteen reports tabled by the Auditor-General in the second and third quarters of 2000—2001. The three reports were:

- *Audit Report No. 16*, reviewing Australian Taxation Office Internal Fraud Control Arrangements
- *Audit Report No. 22*, reviewing Fraud Control in Defence
- *Audit Report No. 26*, reviewing Defence Estate Facilities Operation

At 30 June 2001 the Committee was deliberating on its findings.

Review of *The Auditor-General Act 1997*, August 2001

The success of Australia's democracy owes much to the ability of the Parliament to scrutinise and hold executive government to account. This is a key feature of successful parliamentary democracies.

The Auditor-General, as an independent officer of the Parliament, plays a key role in the accountability framework by supporting the Parliament in its scrutiny function.

It is essential that the legislation underpinning the Auditor-General is current and provides the Australian National Audit Office (ANAO) with sufficient powers and privileges to scrutinise the administration of government agencies.

In view of the Committee's significant legislative responsibilities to guard the independence of the Auditor-General, it was considered timely to conduct a review of the Act.

The Committee received 14 submissions and conducted a public hearing in Melbourne on 15 May 2001.

At 30 June 2001 the Committee was deliberating on its findings.

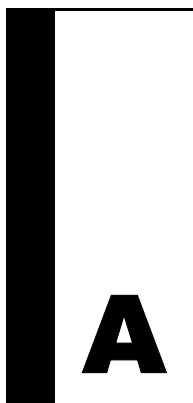
Inquiry into the Accrual Budget Documentation

In April 2001 the Committee announced its review of the effectiveness of, and options for enhancing the format and content of, the current budget documentation. In particular the Committee was concerned with:

- the structure and the continuity of information in the documentation throughout the budgetary cycle;
- the level of detail provided in the documentation; and
- the explanations provided in the documentation for the content and variation of information.

A round table public hearing was held in June 2001 and at 30 June 2001 the Committee was deliberating on its findings.

Bob Charles MP
Chairman
19 September 2001



Appendix A—Committee Meetings and Hearings in 2000-2001²

General Business of the Full Committee— 39th Parliament

Membership

Bob Charles MP (Chairman)
 David Cox MP (Deputy Chairman)
 Kevin Andrews MP
 Senator Helen Coonan
 Senator the Hon Rosemary Crowley
 (from 12/10/00 till 28/6/2001)
 Senator the Hon John Faulkner AM
 (until 12/10/00)
 Petro Georgiou MP
 Senator the Hon Brian Gibson AM
 Julia Gillard MP
 Senator John Hogg
 Peter Lindsay MP (from 7/3/00)
 Senator Andrew Murray
 Senator the Hon Nick Sherry (from 28/6/00)
 The Hon Alex Somlyay MP
 Stuart St Clair MP
 Lindsay Tanner MP (from 9/8/99)
 Kelvin Thomson MP (from 10/4/00)
 Senator John Watson

Public Hearings in 2000-2001: 0
 Private Meetings in 2000-2001: 18

Coastwatch—39th Parliament

Membership

Bob Charles MP (Chairman)
 David Cox MP
 Petro Georgiou MP
 Senator the Hon Brian Gibson AM
 Senator John Hogg
 Peter Lindsay MP
 The Hon Alex Somlyay MP
 Stuart St Clair MP
 Senator John Watson

Public Hearings in 2000-2001: 5
 In camera hearings in 2000-2001: 2
 Private Meetings in 2000-2001: 13

Auditor-General's Reports Sectional Committee—39th Parliament

Membership

Bob Charles MP (Chairman)
 David Cox MP (Vice-Chairman)
 Petro Georgiou MP
 Senator the Hon Brian Gibson AM
 Julia Gillard MP
 Peter Lindsay MP
 Senator Andrew Murray
 The Hon Alex Somlyay MP
 Lindsay Tanner MP

Public Hearings in 2000-2001: 4
 Private Meetings in 2000-2001: 19

² The 39th Parliament in the 1999–2000 financial year was operational from 1 July 1999–30 June 2000.

Contract Management in the Australian Public Service—39th Parliament

Membership

Bob Charles, MP (Chairman)
David Cox MP
Mal Brough MP (until 7/3/00)
Senator Helen Coonan
Petro Georgiou MP
Senator Brian Gibson
Julia Gillard MP
Senator John Hogg
Lindsay Tanner MP (until 7/3/00)

Public Hearings in 2000-2001: 0
Private Meetings in 2000-2001: 1

Review of the Auditor-General Act 1997—39th Parliament

Membership

Bob Charles MP (Chairman)
David Cox MP
Kevin Andrews MP
Julia Gillard MP
The Hon Alex Somlyay MP
Senator Helen Coonan
Senator the Hon Rosemary Crowley (until 28/6/01)
Senator Andrew Murray
Senator John Watson

Public Hearings in 2000-2001: 1
Private Meetings in 2000-2001: 1

Community Education and Information Programme—39th Parliament

Membership

Bob Charles MP (Chairman)
David Cox MP
Kevin Andrews MP
Senator Helen Coonan
Senator John Faulkner
Petro Georgiou MP
Allan Griffin MP (until 9/8/99)
Senator John Hogg
The Hon Alex Somlyay MP

Public Hearings in 2000-2001: 0
Private Meetings in 2000-2001: 1

Inquiry into the Accrual Budget Documentation—39th Parliament

Membership

Bob Charles MP (Chairman)
David Cox MP
Senator the Hon Rosemary Crowley (until 28/6/01)
Senator the Hon Brian Gibson
Senator John Hogg
Senator Andrew Murray
Lindsay Tanner MP
Senator John Watson

Public Hearings in 2000-2001: 1
Private Meetings in 2000-2001: 1



Appendix B—Committee Expenses during 2000–2001

Although the Committee is a statutory body, it does not receive a separate appropriation. The Committee is funded from the appropriation made to the Department of the House of Representatives. The Committee's annual budget for administrative and staff salary costs is a component of Program 2 (Committee Support) in the Department of the House of Representatives.

The Committee's administrative expenses for 2000–2001 in accrual terms were \$70 000. This included expenditure on: advertising; catering; consultants; conference fees for committee members and staff; publishing; salary, travel and accommodation costs for staff; and miscellaneous expenditure. The Committee operated within its administrative budget for the financial year.

The Chairman of the Committee received an allowance of \$15 300 in recognition of the responsibilities of the position. The amount of the allowance is set by the Remuneration Tribunal and paid by the Department of the House of Representatives pursuant to the *Remuneration and Allowances Act 1990*.

