
The Parliament of the Commonwealth of Australia

Report 433

Annual Report 2011–12

Joint Committee of Public Accounts and Audit

November 2012
Canberra

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Foreword

I am pleased to present the 2011–12 annual report of the Joint Committee of Public Accounts and Audit (JCPAA). This annual report is issued pursuant to section 8B of the *Public Accounts and Audit Committee Act 1951*. Tabling of the annual report is both an important accountability mechanism and a mark in history setting out the various operations of the Committee over time.

The JCPAA's activities throughout 2011–12 were guided by the Committee's broad set of duties, which include:

- examining the financial affairs of authorities of the Commonwealth;
- considering the operation and resources of the Australian National Audit Office (ANAO), and examining all reports of the Auditor-General that are tabled in Parliament;
- approving or rejecting any nomination for appointment of any person to the office of the Auditor-General or Independent Auditor of the ANAO; and
- increasing parliamentary and public awareness of the financial and related operations of government.

New responsibilities

In the course of the last year, the Committee was delegated significant new responsibilities with the establishment of the Parliamentary Budget Office (PBO). Its first role in this regard was approving the appointment of the inaugural Parliamentary Budget Officer.

The appointment of the right person to establish and lead the PBO was of the utmost importance to the Committee. Noting that a thorough and transparent appointment process had been undertaken by the Parliamentary Service Commissioner, and after meeting with Mr Phil Bowen, the Committee unanimously agreed to his appointment.

Release of major report on National Funding Agreements

Another achievement was the completion and publication of the Committee's report on the inquiry into National Funding Agreements. The report highlighted the lack of parliamentary scrutiny for the billions expended under the Intergovernmental Agreement on Federal Financial Relations framework, as well as issues with performance reporting. The Committee made 15 recommendations to address issues surrounding agreement implementation and to ensure the full potential of the framework is realised, including:

- improving key performance indicators and data collection processes;
- enhancing parliamentary scrutiny through the tabling of COAG Reform Council reports; and
- an annual statement by the Prime Minister outlining the contribution of national funding agreements to the well-being of all Australians.

The Government response, tabled in August 2012, agreed with five recommendations, but noted eight and disagreed with two of the recommendations. The Committee is still considering the adequacy of the Government's response.

Ongoing review of Auditor-General's reports

The JCPAA continued its ongoing examination of ANAO reports, reviewing 74 of the Auditor-General's reports. Out of these, the Committee undertook:

- the annual review of the ANAO Defence Materiel Organisation Major Projects Report; and
- three inquiries examining in detail nine audit reports on a range of programs and key areas of Government expenditure. The Committee focused on areas including: key performance indicators (KPIs); government grants; and procurement.

Sound key performance indicators are integral to ensuring accountability, but the Committee noted many agencies struggling to develop meaningful and measurable KPIs. Over the next twelve months the Committee will be looking to see whether the Auditor-General's new powers to assess KPIs contribute to an improvement in the Government's overall KPI framework.

In terms of grant administration, the Committee raised concerns about the transparency of decision-making processes and the quality of support offered to Government ministers. The Committee also uncovered examples of confusion and oversight errors in grant reporting.

The JCPAA's ongoing interest in government procurement led to the selection of two key audit reports for further review: one examining a major Government tender; and another looking at procurement panels. A key lesson for Australian Government agencies is the importance of clarity around decision-making,

particularly for tenders involving multiple ministers or departments. Agencies also need to reassess any procurement arrangements in place to ensure that they continue to achieve the best value possible.

Increased transparency

The Committee continues to look for ways to maximise openness and transparency. We opened up the JCPAA's 2011 meeting with the Tax Commissioner to the public, and invited external stakeholders to assist in scrutiny of the Australian Tax Office.


This year, the annual meeting with the heads of key agencies responsible for public sector governance and administration was also run as a public hearing. The meeting provided the Committee with an opportunity to discuss whole-of-government issues and trends, review the overall performance of the APS, and ask questions about the 2011-12 Annual Report Requirements for Commonwealth Agencies. The Committee's report included suggestions to improve the accessibility of information, thereby assisting parliamentarians and the public in assessing the performance of the APS.

Other activities and comments

The 2011-12 year has also seen us focus on promoting engagement through multiple forums. At the 2012 Australasian Council of Public Accounts Committee (ACPAC) meeting, we offered to build and host a website for ACPAC members to assist with coordination and information sharing. We have also been working with the ANAO and regional parliaments on capacity building through secondments for the staff of the Indonesian and Papua New Guinea public accounts committee equivalents.

I thank all members of the JCPAA for the ongoing commitment to the Committee's mandate, putting aside politics in the scrutiny of the use of public resources. In the coming year we look forward to celebrating 100 years of the Commonwealth public accounts committee. We will also be continuing to seek opportunities to add to the integrity and transparency of Australian Government agencies' decisions and actions in relation to expenditure of public monies.

Robert Oakeshott MP
Chair



Membership of the Committee

Chair Mr Robert Oakeshott MP

Deputy Chair Ms Yvette D'Ath MP

Members Hon Dick Adams MP

Mr Jamie Briggs MP

Ms Gai Brodtmann MP

Mr Darren Cheeseman MP

Mr Josh Frydenberg MP

Ms Deborah O'Neill MP

Ms Laura Smyth MP

Hon Alex Somlyay MP

Senator Mark Bishop

Senator Glenn Sterle (26/10/10-07/02/12)

Senator Helen Kroger (30/09/10-12/09/12)

Senator Louise Pratt (from 27/06/12)

Senator Anne Ruston (from 13/09/12)

Senator Dean Smith (from 9/05/12)

Senator Nick Sherry (7/02/12-1/06/12)

Senator Matt Thistlethwaite

Committee Secretariat

Secretary	Mr David Brunoro
Inquiry Secretaries	Dr Narelle McGlusky (until 20/04/12) Ms Vikki Darrough (from 8/08/11)
A/g Inquiry Secretary	Mr James Nelson (from 28/05/12)
Research Officers	Ms Lynette Mollard (until 20/01/12) Mr Shane Armstrong (from 6/02/12)
Administrative Officers	Ms Dorota Cooley (until 20/07/12) Ms Louise Goss (from 14/11/11)



List of abbreviations

ACPAC	Australasian Council of Public Accounts Committees
ANAO	Australian National Audit Office
APS	Australian Public Service
ATO	Australian Taxation Office
BAKN	Audit Committee of the Indonesian Parliament
BPK	Indonesian Audit Office
DMO	Defence Materiel Organisation
FMA Act	<i>Financial Management and Accountability Act 1997</i>
JCPAA	Joint Committee of Public Accounts and Audit
MPR	Major Projects Report
PAAC Act	<i>Public Accounts and Audit Committee Act 1951</i>
PACs	Public Accounts Committees
PBO	Parliamentary Budget Office
PNG	Papua New Guinea
OECD	Organisation for Economic Co-operation and Development

The role and functions of the Joint Committee of Public Accounts and Audit

Introduction

- 1.1 The Joint Committee of Public Accounts and Audit (JCPAA) is a committee of the Commonwealth Parliament, established pursuant to the *Public Accounts and Audit Committee Act 1951* (PAAC Act).¹
- 1.2 The PAAC Act provides for Committee members to be drawn from both the House of Representatives and the Senate. Following the 2010 Federal Election and subsequent 'Agreement for a Better Parliament – Parliamentary Reform',² the Chair of the JCPAA for the 43rd Parliament is an Independent Member of the Parliament, and the Deputy Chair a Government Member.
- 1.3 The JCPAA is one of the oldest committees in the Parliament, with its mandate essentially unchanged since 1913: to hold Commonwealth agencies to account for the lawfulness, efficiency and effectiveness with which they use public monies.
- 1.4 Committees such as the JCPAA perform a key role within a parliamentary democracy calling organisations to account for their performance, in particular their management of Commonwealth resources.

1 The Act can be viewed at the Committee's website: <http://www.aph.gov.au/jcpaa>

2 *The Australian Labor Party & the Independent Members (Mr Tony Windsor and Mr Rob Oakeshott) ('the Parties') – Agreement, 'The Committee System', signed 7 September 2010, p.6.*

Committee duties

- 1.5 The duties of the Committee, as outlined in the PAAC Act, include:
- to examine the financial affairs of authorities of the Commonwealth;
 - to examine all reports of the Auditor-General that are tabled in the Parliament;
 - to consider the operation and resources of the Australian National Audit Office (ANAO);
 - to approve or reject any nomination for appointment of any person to the office of the Auditor-General or Independent Auditor of the ANAO;
 - to increase parliamentary and public awareness of the financial and related operations of government; and
 - 'any other duties given to the Committee ...by any other law'.³
- 1.6 In the last year, an amendment to the *Parliamentary Service Act 1999*, incorporating the Parliamentary Budget Office (PBO) into legislation, named the JCPAA as the PBO's oversight body. In many regards, the Committee's oversight duties for the PBO are similar to those undertaken in oversight of the ANAO.
- 1.7 The following section provides more detail on the Committee's specific roles and functions. Further information is also accessible on the JCPAA's website at www.aph.gov.au/jcpaa, or by contacting the Committee secretariat at jcpaa@aph.gov.au or on 02 6277 4615.

Examining the financial affairs of Commonwealth authorities

- 1.8 The PAAC Act provides that the Committee may report to the Parliament, with any comment it thinks fit, on any items or matters concerning the financial accounts and affairs of Commonwealth authorities, any report of the Auditor-General tabled in Parliament, or any circumstances connected with either. This allows the Committee to essentially set its own work program – a power unique amongst parliamentary committees – and ensures a high degree of autonomy from executive government.

Review of Auditor-General's reports

- 1.9 The Committee is responsible for examining all of the Auditor-General's reports on behalf of the Parliament. This process is supported by regular briefings from ANAO officers to the Committee on the findings of tabled audit reports.

3 The duties of the JCPAA are described in detail in sections 8 and 8A of the Committee's Act.

- 1.10 Following these briefings, the Committee selects audit reports for further examination, typically where: the ANAO has been largely critical of an agency; the agency audited has a history of performance issues; or there may be a high financial or safety risk to the community.
- 1.11 Public hearings are then conducted on the selected reports with witnesses present from both the audited agency and the ANAO. Guided by the findings of the audit report, at the hearings the Committee generally focuses on determining how particular deficiencies or issues arose, as well as what actions the agency is undertaking to rectify the shortcomings identified in the audit, in particular progress on implementing the ANAO's recommendations.
- 1.12 The Committee periodically tables reports in Parliament on its reviews of Auditor-General's reports. The Committee's reports incorporate the evidence taken during public hearings and may include recommendations by the Committee in addition to those already presented by the Auditor-General.
- 1.13 Other committees are also able to review ANAO reports that are relevant to their area and portfolio coverage.⁴

Review of the Defence Materiel Organisation Major Projects Report

- 1.14 In addition to the review of ANAO reports referred to above, each year the JCPAA scrutinises the Defence Materiel Organisation (DMO) through examining the ANAO's annual DMO Major Projects Report (MPR).
- 1.15 The MPR was developed following requests from the 41st Parliament for the ANAO to produce an annual report on major Defence acquisition projects.⁵ The annual MPR gives the Parliament accessible, transparent and accurate information about the status of Defence's major acquisition projects, and provides a basis for longitudinal analysis of project performance.
- 1.16 Each MPR is automatically referred to the JCPAA in accordance with its statutory obligations to examine all reports of the Auditor-General. The Committee currently examines each MPR through a public hearing, and prepares a report to Parliament.
- 1.17 In support of this process, the JCPAA also annually reviews and endorses the MPR Guidelines prior to the ANAO's production of each report.

4 The House of Representatives Standing Order 215(c) requires that the JCPAA be notified in writing if a House committee decides to review an Auditor-General report.

5 Joint Committee of Public Accounts and Audit, *Report 411: Progress on equipment acquisition and financial reporting in Defence*, August 2008, p. 158; Senate Foreign Affairs, Defence and Trade References Committee, *Materiel Acquisition and Management in Defence*, March 2003, p. 79.

Consideration of the operations and resources of the ANAO

Advise on the Parliament's audit priorities

- 1.18 While the Auditor-General is given the authority to autonomously determine the work program undertaken by the ANAO,⁶ the JCPAA is responsible for determining and advising the Auditor-General of the Parliament's audit priorities.
- 1.19 As part of the identification of the Parliament's priorities, the JCPAA seeks input from all other parliamentary committees, asking advice on any programs or functions within their portfolio they believe should be audited. The consolidated list is then referred to the Auditor-General for consideration in the finalisation of the ANAO's work program for the proceeding financial year.
- 1.20 An Independent Auditor is tasked with auditing the ANAO's financial statements, as well as periodically conducting performance audits of the ANAO. In its role overseeing the ANAO, the Committee engages with the Independent Auditor, including providing advice on the Parliament's priorities for future audits of the ANAO.

Review the annual budget of the ANAO

- 1.21 Under the PAAC Act, the Committee is required to consider 'draft estimates' for the ANAO and the level of fees determined by the Auditor-General.
- 1.22 In support of this process, the ANAO submits the draft estimates and briefs the Committee on its ability to meet its mandate within the funding envelope. The Committee then:
- is able to make formal representations to the Government on behalf of the ANAO if necessary; and
 - make a statement to both Houses of Parliament on budget day, expressing the Committee's opinion as to whether the ANAO has been given sufficient funding to perform its functions.
- 1.23 The intention of this process and the Committee's power in considering the draft estimates for the ANAO is to dissuade governments from attempting to influence the Auditor-General through restrictions to the ANAO's funding.

6 *The Auditor-General Act 1997, Part 3 – The Auditor-General.*

Appointment of the Auditor-General or Independent Auditor

- 1.24 The JCPAA plays an important role in the appointment of a new Auditor-General. While the Minister for the Public Service and Integrity is responsible for nominating and recommending to the Governor-General a new Auditor-General, this proposal must first be approved by the Committee on behalf of the Parliament.
- 1.25 Similarly, the Committee also approves or rejects any nomination for the position of the Independent Auditor of the ANAO. The Independent Auditor is appointed from the private sector on a part-time basis to serve as the ANAO's external auditor.

Oversight of the Parliamentary Budget Office

- 1.26 In August 2011, the Government tabled a response to the report of the Joint Select Committee on the Parliamentary Budget Office, agreeing that the Joint Committee of Public Accounts and Audit should 'have oversight of the Parliamentary Budget Officer and their office ... in line with similar provisions in the *Auditor-General Act 1997* (Cwlth).'⁷
- 1.27 The subsequent amendment to the *Parliamentary Service Act 1999*, incorporating the Parliamentary Budget Office (PBO) into legislation, formalised the JCPAA as the oversight body. This role includes: approving the appointment of the Parliamentary Budget Officer; considering the operations and resources of the Office; and reporting to Parliament on relevant matters relating to the PBO.

Other activities

Commissioner of Taxation hearing

- 1.28 In the 41st Parliament, the then Committee initiated an inquiry into numerous taxation matters. During the course of the inquiry the Commissioner of Taxation agreed to biannual appearances before the Committee to update the Parliament and public on recent developments in tax administration.
- 1.29 Following a decision taken at the 2011 meeting, the Committee now meets annually with the Commissioner of Taxation, and key stakeholders including the Auditor-General, the Inspector-General of Taxation, the Commonwealth Ombudsman, as well as representatives from small

7 A copy of the report of the Joint Select Committee on the Parliamentary Budget Office, and the subsequent Government response is accessible at:
http://www.aph.gov.au/parliamentary_business/committees/house_of_representatives_committees?url=jscpbo/index.htm

business and tax professional organisations to scrutinise the activities of the Australian Tax Office.

Annual report requirements for Commonwealth agencies

- 1.30 Annual reports of Australian Government agencies are an important source of both current performance and historical information.
- 1.31 Each year, in accordance with the *Public Service Act 1999*, draft *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies* are submitted by the Department of the Prime Minister and Cabinet to the JCPAA for approval. As these provide the basis for agency reports, the Committee carefully considers any proposals to amend, add or omit any requirement.
- 1.32 The Committee considered and reported on the 2011–12 requirements as part of the Australian Public Service Annual Update.

Australian Public Service Annual Update

- 1.33 The annual meeting with the heads of key agencies responsible for public sector governance and administration provides the JCPAA with a regular opportunity to discuss whole-of-government issues and trends, and review the overall performance of the Australian Public Service (APS).
- 1.34 Previously held as a private briefing, to increase transparency, the Committee decided to open up the 2012 meeting to the public. Following the success of this format, the Committee has agreed to continue to hold the APS Annual Update as a public hearing.

Policy inquiries

- 1.35 The Committee also, on occasion, exercises its power to undertake policy inquiries. These inquiries may arise either from findings of the Auditor-General or at the initiative of the Committee.
- 1.36 Over the term of the 43rd Parliament, the JCPAA has tabled reports of three major inquiries: two that assisted in scrutinising the role of the Auditor-General; and the most recent report on National Funding Agreements examining the arrangements surrounding Federal financial relations with States and Territories.

Responses to JCPAA reports

- 1.37 The JCPAA's reports can include both 'policy recommendations' and/or 'administrative recommendations'.⁸ Administrative recommendations can be implemented and decided on by the relevant affected agencies. Policy recommendations may have direct implications to existing Government policy and therefore necessitate the relevant Minister or Cabinet to respond.
- 1.38 The Government has given a commitment for responses to be provided within six months of the date of a report's tabling.
- 1.39 Upon receipt, the Committee reviews each Government response and considers:
- whether it addresses the issues raised in the report recommendations; and
 - if any further action should be taken by the Committee in regard to the Government's response.

External engagement and communication

- 1.40 The JCPAA seeks to disseminate information on its role and activities, and to contribute to enhancing public sector accountability. The Committee ensures relevant information is accessible through its website at www.aph.gov.au/jcpaa.
- 1.41 The Committee, often through the Chair, Deputy Chair and secretariat, endeavour to meet with visiting delegations, attend seminars, make presentations, and encourage regional engagement in support of the Committee's work.

Regional engagement

- 1.42 Over the last twelve months, the JCPAA has been working with the ANAO and regional parliaments on capacity building, including planning for secondments for the staff of the Indonesian and Papua New Guinea public accounts committee equivalents.

8 See Department of Finance and Deregulation, *Joint Committee of Public Accounts and Audit Reports: A guide for Agencies when preparing a response*, available from: <http://www.finance.gov.au/financial-framework/governance/joint-committee-of-public-accounts-and-audit.html>

Australasian Council of Public Accounts Committees

- 1.43 The JCPAA is an active member of the Australasian Council of Public Accounts Committees (ACPAC). ACPAC provides a forum for public accounts committees to: exchange information and opinions; consider ways to improve quality and performance in scrutinising government expenditure; and promote communication between committees and Auditors-General, experts, the media and the public.
- 1.44 Membership consists of parliamentary public accounts committees from around Australia, New Zealand, Papua New Guinea, Fiji and the Solomon Islands. ACPAC holds biennial conferences for member and interested non-member committees from the region, and smaller members-only mid-term meetings on alternate years. These conferences are a valuable opportunity to exchange views and experiences between the different jurisdictions.

Summary of activities for 2011–12

- 2.1 In 2011–12, the Joint Committee of Public Accounts and Audit (JCPAA) held 20 meetings and tabled eight reports (including the JCPAA’s 2010-11 annual report). This chapter details the activities of the Committee, including:
- reports tabled;
 - other Committee activities; and
 - engagement with other parliaments and organisations.

Tabled Committee reports

Policy inquiry into National Funding Agreements

- 2.2 In February 2011, the JCPAA resolved to conduct an inquiry into national funding agreements to review and report on the operation of agreements between the Commonwealth and State and Territory Governments.
- 2.3 Eighteen submissions and five supplementary submissions were received. Six public hearings were held during 2011: four in Canberra, one in Brisbane and one in Sydney. The Committee heard from a variety of witnesses including Commonwealth central agencies, state auditors-general, academics and end users.
- 2.4 The Committee tabled its report in November 2011, with 15 recommendations, to address issues surrounding implementation and to ensure the full potential of the framework is realised.
- 2.5 The Government response to the report was tabled in August 2012. While the Government agreed with five recommendations, it noted eight recommendations and disagreed with two.

Review of Auditor-General's reports

- 2.6 Since the last JCPAA annual report, the Committee has undertaken three inquiries reviewing Australian National Audit Office (ANAO) audit reports.
- 2.7 In November 2011, the Committee tabled a report reviewing in detail four Auditor-General's reports selected from 31 audit reports presented to the Parliament by the Auditor-General between December 2010 and May 2011.
- 2.8 The audit reports selected for further review covered the Commonwealth's financial management, as well as a range of programs and agencies:
- Audit Report No.22 2010–11, *Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2010*;
 - Audit Report No.30 2010–11, *Digital Education Revolution Program - National Secondary Schools Computer Fund*;
 - Audit Report No.41 2010–11, *Maintenance of the Defence Estate*; and
 - Audit Report No.46 2010–11, *Management of Student Visas*.
- 2.9 The Committee's report contained four recommendations directed to relevant agencies, with lessons for the broader public service. These recommendations were focused on improving administration across areas such as performance measurement, evaluation and reporting.
- 2.10 In May 2012, the Committee tabled a further report reviewing three of the 34 Auditor-General's reports presented to Parliament between June 2011 and February 2012. The Committee held public hearings in February and March 2012
- 2.11 The audit reports examined were:
- Audit Report No.5 2011–12, *Development and Implementation of Key Performance Indicators to Support the Outcomes and Programs Framework*;
 - Audit Report No.7 2011–12, *Establishment, Implementation and Administration of the Infrastructure Employment Projects Stream of the Jobs Fund*; and
 - Audit Report No.21 2011–12, *Administration of Grant Reporting Obligations*.
- 2.12 The Committee's report contained seven recommendations, addressing issues around transparency and accountability, particularly in terms of decision-making and performance measurement.
- 2.13 As at 30 June 2012, the Committee had another inquiry underway, reviewing nine audit reports presented to Parliament by the

Auditor-General between February and May 2012. The Committee selected two reports for further scrutiny, and held public hearings in June 2012. These reports were:

- Audit Report No.29 2011-12, *Administration of the Australia Network Tender Process*; and
- Audit Report No.31 2011-12, *Establishment and Use of Procurement Panels*.

2.14 The Committee tabled its report in August 2012. The report included two recommendations, and suggested lessons for all APS agencies regarding the importance of government procurement activities being undertaken in a manner that ensures value for money and compliance with financial framework regulations.

Review of the Defence Materiel Organisation Major Projects Report

2.15 In May 2012, the Committee tabled its review of the ANAO/Defence Materiel Organisation (DMO) Major Projects Report (MPR) 2010-11.

2.16 As part of its inquiry into the 2010-11 MPR, the Committee received two submissions and held a public hearing. Evidence was given by representatives from the ANAO, the Department of Defence and the DMO.

2.17 The Committee was pleased to report an overall improvement in the preparation and presentation of data in the 2010-11 MPR but noted that there were a number of outstanding concerns that required further work. To address these, the Committee made three recommendations in the report aimed at improving the accountability and transparency of major defence acquisition projects.

2.18 Following discussions with the ANAO and the DMO, the Guidelines for the 2011-12 MPR were endorsed by the Committee in May 2012.

Commissioner of Taxation public hearing

2.19 In November 2011, the Committee tabled a report on the *Ninth biannual hearing with the Commissioner of Taxation*. This report was based on submissions received from the Australian Taxation Office (ATO) and another interested party, as well as the evidence presented at the ninth biannual hearing in September 2011.

2.20 The ninth biannual hearing was held with a new format allowing the ATO's external scrutiny bodies to participate, including the Ombudsman, the Australian National Audit Office and the Inspector-General of Taxation. Professional body representatives were also invited to attend.

- 2.21 This new format was successful in expanding the scrutiny of the ATO. However, the Committee did note the more extensive arrangements and time involved for witnesses. In light of this, the Committee decided to move to annual, rather than biannual, hearings.
- 2.22 The Committee's report addressed four key themes: the level of service provided; compliance; consultation on policy issues; and external scrutiny and reviews.
- 2.23 The Committee made six recommendations to the ATO across these areas highlighting the importance of early advice on potential tax policy or legislative problems, ensuring timely publication of reviews by the Inspector-General of Taxation, and encouraging collaboration between the external review agencies.

Australian Public Service Annual Update

- 2.24 In August 2011, the Committee held its annual private briefing with the heads of key agencies responsible for public sector governance and administration. Following this briefing, the Committee decided to make future meetings of this type open to the public – increasing transparency and scrutiny of the Australian Public Service (APS).
- 2.25 In June 2012, the Committee held its first APS Annual Update as a public hearing. Representatives from the Australian Public Service Commission, the Department of the Prime Minister and Cabinet, the Department of Finance and Deregulation, and the ANAO updated the Committee on topical APS issues and the status of implementation of recommendations stemming from the *Blueprint for the Reform of Australian Government Administration*.
- 2.26 The Committee is responsible for approving annual report guidelines for Commonwealth departments on behalf of the Parliament. Questions relating to the proposed 2011–12 guidelines were also discussed at the public hearing. Further details are included under 'Other major Committee activities'.
- 2.27 The inaugural report was tabled in Parliament in August 2012. While the report did not contain recommendations, the Committee did make suggestions, largely aimed at improving the accessibility of information to assist parliamentarians and the public in assessing the performance of the public service.

Responses to JCPAA reports

2.28 The table below lists Government responses received by the Committee in 2011–12, either as a policy response tabled by the Government in the Parliament or an administrative response submitted to the Committee from the relevant agency. For further details, including copies of the responses and dates of submission, see the Committee’s website.¹

Report title	Status of response	Full response within six months
Report 418: Review of Auditor-General’s Reports Nos. 04 to 38 (2009-10)	Complete	No
Report 419: Inquiry into the <i>Auditor-General Act 1997</i>	Complete	No
Report 421: The role of the Auditor-General in scrutinising government advertising	Complete	No
Report 422: Review of the 2009-10 Defence Materiel Organisation Major Projects Report	Complete	Yes
Report 423: Review of Auditor-General’s Reports Nos.39 (2009-10) to 15 (2010-11)	Partial	No
Report 424: Eighth biannual hearing with the Commissioner of Taxation	Complete	Yes
Report 426: Ninth biannual hearing with the Commissioner of Taxation	Partial	No
Report 427: Inquiry into National Funding Agreements	Not received	No
Report 428: Review of Auditor-General’s Reports Nos. 16 to 46 (2010-11)	Complete	Yes

Table: Government responses received by the Committee as at 30 June 2012

Other major Committee activities

Oversight of the Parliamentary Budget Office

2.29 On 30 May 2012, the Committee reported to both Houses of the Parliament on its decision to approve the appointment of the inaugural Parliamentary Budget Officer. Since then, the Committee has instituted arrangements for regular consultations with the Parliamentary Budget Officer to discuss: the work plan; operations and resourcing – particularly in the establishment phase; and the draft budget estimates of the Parliamentary Budget Office.

¹ JCPAA Website – All inquiries and reports at:
http://www.aph.gov.au/Parliamentary_Business/Committees/House_of_Representatives_Committees?url=jcpaa/reports.htm

Audit priorities of the Parliament

- 2.30 In April 2012, the Committee received the ANAO's draft audit work program for 2012-13. The JCPAA forwarded the draft program to all other parliamentary committees in order to assist it in determining the audit priorities of the Parliament.
- 2.31 Following the JCPAA's deliberations and other committees' responses, the JCPAA advised the Auditor-General that the Parliament's audit priorities for 2012-13 included:
- food supply and security issues, including in Indigenous communities;
 - quarantine and biosecurity systems, managing exotic pests and diseases, and live animal export;
 - international mail;
 - oversight of regional Natural Resource Management/Catchment Management Authority funding and activities; and
 - the Tasmanian Intergovernmental Agreement Economic Diversification Package.
- 2.32 The JCPAA also expressed support for a range of audits proposed by the Auditor-General in his draft plan across areas related to the Committee's oversight responsibilities, and including the following agencies:
- Parliamentary Budget Office;
 - Defence Materiel Organisation; and
 - Australian Taxation Office.
- 2.33 Other areas of interest the Committee brought to the attention of the Auditor-General included:
- Department of Human Services follow-up of previous ANAO recommendations;
 - Department of Climate Change and Energy Efficiency key risk areas;
 - investigations of Commonwealth Partners and any areas of significant Commonwealth spending; and
 - AusTender's potential role as a 'one stop shop' for tender reporting.

Statement on draft estimates for the ANAO

- 2.34 In March 2012, the Auditor-General submitted the ANAO's 2012-13 budget estimates to the JCPAA, and briefed the Committee on the impact of the proposed budget on the ANAO's capacity to meet its mandate.
- 2.35 The Auditor-General advised that while the ANAO faced a number of cost pressures the appropriation was sufficient to discharge his statutory obligations and his work program for the year ahead.

- 2.36 On this basis, the Committee endorsed the proposed 2012-13 budget for the Audit Office – but noted that any reduction in the draft estimates or additional pressure placed on the Audit Office without corresponding additional funds would be of concern.
- 2.37 On budget day the Chair of the Committee made a statement to the House on the adequacy of the ANAO's appropriation, with a corresponding statement later delivered in the Senate.²

Annual report requirements for Commonwealth agencies

- 2.38 Each year, in accordance with the *Public Service Act 1999*, draft requirements for annual reports for departments, executive agencies and FMA Act bodies are submitted to the JCPAA for approval.
- 2.39 As these provide the basis for agency reports, the Committee carefully considers any proposals to amend, add or omit any requirement. The Committee is also mindful that the requirements are not overly burdensome, nor result in agencies unnecessarily duplicating information that is readily available through other sources.
- 2.40 The Committee decided that its questions relating to the proposed *2011-12 Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, as well as Government reporting more generally, would be canvassed at the JCPAA's 2012 APS Annual Update.
- 2.41 Two significant improvements to reporting arrangements were agreed as a result of the meeting:
- cessation of duplicate reporting of contracts; and
 - enhanced reporting of timeliness of payments to small business.
- 2.42 On 28 June 2012, the Committee approved the 2011-12 Requirements for Annual Reports.

Independent Auditor of the ANAO

- 2.43 On the 4 November 2011, the JCPAA advised the Independent Auditor of the ANAO that it considered that the proposed audit program he submitted to the Committee offered a balanced selection, consistent with parliamentary priorities. Further, the Committee supported the prioritisation of the audit of the Information Technology Audit Capability and Resourcing as the first priority, particularly as the ANAO received additional funding to enhance information technology capability.

2 A copy of the statement is available on the JCPAA website at www.aph.gov.au/jcpaa.

Engagement with other parliaments and organisations

- 2.44 In August 2011, the Chair spoke at the ANAO's celebration of 110 years as a Commonwealth institution, reinforcing the ANAO's contribution to improving public sector administration and the Committee's confidence in the ANAO's audit work.
- 2.45 In September 2011, the JCPAA was invited by the ANAO to meet with a delegation from the Indonesian Government. The visit was part of the ANAO's Government Partnership Fund - Phase II program with the Indonesian Audit Office (BPK). Delegates included representatives from: the BPK, the Audit Committee of the Parliament (BAKN); the Anti-Corruption Commission; and the Attorney-General's Department.
- 2.46 This meeting formed initial discussions between the ANAO, JCPAA and the BAKN in ongoing regional engagement, including plans for a staff secondee from BAKN. In April 2012, the Auditor-General wrote to the Chair proposing the secondment of an officer from the Indonesian public accounts committee to work within the JCPAA secretariat as a capacity-building exercise for the Indonesian committee.
- 2.47 In March 2012, a request was received from the Papua New Guinea (PNG) National Parliament for assistance in seconding a legal adviser from the PNG Public Accounts Committee.
- 2.48 The Committee supported both secondments, and arrangements were put in place for the Indonesian secondment to occur later in 2012. Timing for the PNG secondment is yet to be finalised. These secondments are fully funded by AusAID.
- 2.49 In February 2012, at the invitation of the OECD secretariat, the JCPAA secretariat presented an update to the OECD Parliamentary Budget Officer Network on the establishment of the Australian Parliamentary Budget Office and the JCPAA's oversight role.
- 2.50 In April 2012, the Committee's Chair and Deputy Chair participated in the Australasian Council of Public Accounts Committee's (ACPAC) mid-term council meeting in Canberra. A key outcome of the meeting was the JCPAA's agreement to establish and host a centralised ACPAC website for the benefit of all members and interested stakeholders.

Robert Oakeshott MP
Committee Chair