

CHAIRMAN'S FOREWORD

This report is the review by the Joint Committee of Public Accounts and Audit (JCPAA) of the Auditor-General's reports tabled in the third quarter of 1997-98. From these, the Committee selected three reports for further examination.

The Committee reviewed *Audit Report No. 35*, into the then *DEETYA International Services, Department of Employment, Education, Training and Youth Affairs*, (DIS) because of concerns raised in the report about DIS' operational framework. The audit report found that DIS' mission statement and planning documents pointed to a commercial operation, but the level of "commerciality" it wished to achieve had not been clearly defined.

The review focussed on the strategic direction being pursued by DIS and the planning processes which have been put into place, in order to meet desired objectives. The review took into account DIS' current operational framework, based on the cost recovery model, which was adopted since the audit and (the former) DEETYA's own internal survey.

By adopting the cost recovery model DIS intends to free itself from a drive for profit. However, DIS proposes to compete for contracts in the international market for the provision of expertise in the field of education and training against vigorous competition from the United Kingdom, Germany and Denmark. How DIS plans to meet its intended aim is not clear, particularly with a greatly reduced staff.

A refocussed operational direction for DIS' operations is a step in the right direction. However, the Department remains unable to articulate a clear mission for DIS' operations or plan strategically to achieve desired outcomes. Taking account of these reservations, a follow-up audit is necessary and an assessment made of DIS' ability to compete in the international market place.

Audit report No. 38 into the sale of Brisbane, Melbourne and Perth Airports reviewed the extent to which the Government's sales objectives were achieved.

The issues on which the Committee focussed included the sale management; the bid assessment and the sale outcome. A specific area of concern was the weakness in the contracting process.

The sale of the airports was the largest ever Commonwealth Government trade sale. It was concluded successfully and the net proceeds compared favourably with current market values of international airport privatisation in Europe.

However, there were weaknesses in the contracting process. Some contracts were not signed and others filed, without the signatures of all of the parties concerned. External factors and tight deadlines are no justification for lapses in the process.

It is incumbent on the Office of Asset Sales and IT Outsourcing, who were responsible for the management of the sale, to improve its sale management processes in future Commonwealth asset and trade sales.

The selection of *Audit Report No. 39* into the Child Support Agency (CSA) for further scrutiny, was made on the basis of continuing negative community perceptions about the administration of the Child Support Scheme.

The complexity of standard letters and forms is a major concern amongst CSA clients and the source of many complaints. The Agency must take immediate steps to simplify the language and style it uses in its letters and publications.

The CSA has made some improvement to the administration of the Child Support Scheme. However, client understanding of the Scheme's arrangements continues to be inadequate. Improving awareness of clients' rights under the Client Charter is essential.

The CSA operates in a highly sensitive and emotive environment. The difficult task facing the Agency, in lessening negative perceptions, is not underestimated. However, these conditions compel the CSA to continue to improve its management of the Scheme and enhance its client relations.

Bob Charles MP
Chairman

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Senator the Hon B Gibson, AM

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Senator the Hon J Faulkner²

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Senator A Murray

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Secretary

Dr Margot Kerley

¹ Discharged 10 December 1998

² Appointed 10 December 1998

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Mr A Griffin, MP

Mr A Somlyay, MP

Review Staff:

Ms Marie Kawaja

Ms Tiana Gray

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MP

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Senator J Hogg

Mr P Georgiou, MP

Senator A Murray

Mrs S Stone, MP

Review Staff:

Ms Marie Kawaja
Ms Tiana Gray

DUTIES OF THE COMMITTEE

The Joint Committee of Public Accounts and Audit is a statutory committee of the Australian Parliament, established by the *Public Accounts and Audit Committee Act 1951*.

Section 8(1) of the Act describes the Committee's duties as being to:

- (a) examine the accounts of the receipts and expenditure of the Commonwealth, including the financial statements given to the Auditor-General under subsections 49(1) and 55(2) of the *Financial Management and Accountability Act 1997*;
- (b) examine the financial affairs of authorities of the Commonwealth to which this Act applies and of intergovernmental bodies to which this Act applies;
- (c) examine all reports of the Auditor-General (including reports of the results of performance audits) that are tabled in each House of the Parliament;
- (d) report to both Houses of the Parliament, with any comment it thinks fit, on any items or matters in those accounts, statements and reports, or any circumstances connected with them, that the Committee thinks should be drawn to the attention of the Parliament;
- (e) report to both Houses of the Parliament any alteration that the Committee thinks desirable in:
 - (i) the form of the public accounts or in the method of keeping them; or
 - (ii) the mode of receipt, control, issue or payment of public moneys;

- (f) inquire into any question connected with the public accounts which is referred to the Committee by either House of the Parliament, and to report to that House on that question;
- (g) consider:
 - (i) the operations of the Audit Office;
 - (ii) the resources of the Audit Office, including funding, staff and information technology;
 - (iii) reports of the Independent Auditor on operations of the Audit Office;
- (h) report to both Houses of the Parliament on any matter arising out of the Committee's consideration of the matters listed in paragraph (g), or on any other matter relating to the Auditor-General's functions and powers, that the Committee considers should be drawn to the attention of the Parliament;
- (i) report to both Houses of the Parliament on the performance of the Audit Office at any time;
- (j) consider draft estimates for the Audit Office submitted under section 53 of the *Auditor-General Act 1997*;
- (k) consider the level of fees determined by the Auditor-General under subsection 14(1) of the *Auditor-General Act 1997*;
- (l) make recommendations to both Houses of Parliament, and to the Minister who administers the *Auditor-General Act 1997*, on draft estimates referred to in paragraph (j);
- (m) determine the audit priorities of the Parliament and to advise the Auditor-General of those priorities;
- (n) determine the audit priorities of the Parliament for audits of the Audit Office and to advise the Independent Auditor of those priorities; and
- (o) undertake any other duties given to the Committee by this Act, by any other law or by Joint Standing Orders approved by both Houses of the Parliament.

GLOSSARY

AGS	Australian Government Solicitor
ANAO	Australian National Audit Office
APS	Australian Public Service
CSA	Child Support Agency
CSOs	Community Service Obligations
DEETYA	Department of Employment, Education, Training and Youth Affairs
DIS	Department of Education, Training and Youth Affairs International Services (current title)
DoFA	Department of Finance and Administration
DoTRD	Department of Transport and Regional Development
DSS	Department of Social Security
EWA	Employer Withholding of Arrears
FAC	Federal Airports Corporation
HRD	Human Resource Development
JCPAA	Joint Committee of Public Accounts and Audit
OASITO	Office of Asset Sales and IT Outsourcing