

PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

# **Report 480: Annual Report 2018-19**

Joint Committee of Public Accounts and Audit

November 2019  
CANBERRA

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# Chair's Foreword

Since its establishment in 1913, the Joint Committee of Public Accounts and Audit (the Committee) has ensured the accountability and transparency of public administration and expenditure and has become an enduring mechanism of scrutiny in the institution of Parliament. Uniquely the Committee has retained the authority to determine its own work program and priorities, which is an important attribute contributing to its bipartisan approach.

In this context, I am pleased to present the 2018-19 Annual Report of the Committee. This report is presented to the Parliament pursuant to Section 8B of the *Public Accounts and Audit Committee Act 1951 (Cwlth)* and showcases the work of the predecessor Committee (of the 45th Parliament), which ceased with the prorogation of the 45th Parliament on 11 April 2019.

The final year of the previous Committee was busy and productive, with eight reports presented in the Parliament, containing 67 recommendations, and a total of 18 public hearings being held.

While this report outlines the work of the predecessor Committee, it also includes a recommendation for the coordination of Government Responses to the Committee's reports, to bring this practice in line with common practice across Government.

Specifically, the Committee has recommended that a single consolidated whole-of-government response to each report be coordinated and provided to it. This approach would enable the Committee to consider government responses in a timely and streamlined way.

As the newly appointed Chair, along with my colleagues, I would like to take this opportunity to acknowledge and thank the Chair and Members of the previous Committee, and I am looking forward to continuing the important work of this Committee.

Ms Lucy Wicks MP  
Chair

# Members

## *Chair*

Ms Lucy Wicks MP

## *Deputy Chair*

Mr Julian Hill MP

## *Members*

Ms Angie Bell MP

Senator Claire Chandler

Hon Dr David Gillespie MP

Senator Kimberley Kitching

Senator Matt O'Sullivan

Senator Rex Patrick

Ms Alicia Payne MP

Senator Paul Scarr

Ms Kate Thwaites MP

Mr Bert van Manen MP (from 17.09.19)

Mr Ross Vasta MP (until 17.09.19)

Senator Jess Walsh

Mr Tim Watts MP

Mr Rick Wilson MP

Mr Trent Zimmerman MP

## **Committee Secretariat**

Ms Stephanie Mikac, Secretary

Ms Kate Harkins, Inquiry Secretary

Ms Fran Denny, Inquiry Secretary

Ms Ophelia Tynan, Senior Researcher

Dr Ashley Stephens, Senior Researcher

Mr Ben Veava, Researcher

Ms Carissa Skinner, Office Manager



# Terms of Reference

The Joint Committee of Public Accounts and Audit is a Joint Statutory Committee established by the *Public Accounts and Audit Act 1951* (Cwlth) (PAAC Act).

Pursuant to section 8B of the PAAC Act the Committee is required to prepare a report of its duties during the year and 'table the report in each House of the Parliament'.



# Abbreviations

ACPAC	Australasian Council of Public Accounts Committees
AFP	Australian Federal Police
AGSVA	Australian Government Security Vetting Agency
ANAO	Australian National Audit Office
ARH	Armed Reconnaissance Helicopter
ARTC	Australian Rail Track Corporation
ATO	Australian Taxation Office
DCA	Department of Communication and the Arts
IAHP	Indigenous Australians Health Program
ICT	Information and Communications Technology
JCPAA	Joint Committee of Public Accounts and Audit
LHD	Landing Helicopter Dock
MPR	Major Projects Report
NCSR	National Cancer Screening Register
PASAI	Pacific Association of Supreme Audit Institutions
PBO	Parliamentary Budget Office
PDSS	Project Data Summary Sheets
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PGPA Rule	<i>Public Government, Performance and Accountability Rule 2014</i>
PMRA	Public Management Reform Agenda

PSPF Protective Security Policy Framework

TUSOPA Telstra Universal Service Obligation Performance Agreement

# Recommendation

## Recommendation 1

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1.32 The Joint Committee of Public Accounts and Audit recommends that the process for receiving Government Responses including Executive Minutes to its reports be streamlined by:

- providing responses by the Government to the Joint Committee of Public Accounts and Audit (the Committee) recommendations in a consolidated single-document format for each Committee report presented; and
- the Department of the Prime Minister and Cabinet be the whole-of-government co-ordinating agency for all responses to the Committee's reports in line with the current practice and process in place for parliamentary committees.



# 2018-19 in Review

## Reports Presented

**Report 472**, *Commonwealth Procurement – Second Report*, October 2018.

**Report 473**, *Defence Major Projects Report (2016-17)*, September 2018.

**Report 474**, *Annual Report 2017-18*, August 2018.

**Report 475**, *Defence First Principles Review, Naval Construction and Mental Health in the AFP*, February 2019.

**Report 476**, *Australian Government Funding*, February 2019.

**Report 477**, *Commonwealth Financial Statements – Second Report, and Foreign Investment in Real Estate*, March 2019.

**Report 478**, *Issuing of a Certificate under section 37 of the Auditor-General’s Act 1997*, April 2019.

**Report 479**, *Australian Government Security Arrangements*, April 2019.

## Government Responses Received

**Report 463**, *Commonwealth Financial Statements*, received 16 July and 2 August 2018.

**Report 470**, *Defence Sustainment Expenditure*, received 21 and 25 September 2018.

**Report 472**, *Commonwealth Procurement – Second Report*, received 2 April and 19 June 2019.

**Report 473**, *Defence Major Projects Report (2016-17)*, received 13 December 2018.

**Report 479**, *Australian Government Security Arrangements*, received 26 June 2019.

## Other Committee Activities

**August 2018** – Met with incoming delegation from the Finance and Budget Committee of the National Assembly of Vietnam.

**August 2018** – Presented the keynote address at the 21<sup>st</sup> Pacific Association of Supreme Audit Institutions.

**September 2018** – Met with incoming delegations from the Parliament of Malaysia, and the Sarawak State Legislative Assembly, Malaysia.

**September 2018** – Endorsed guidelines for the 2018-19 Defence Major Projects Report.

**April 2019** – Endorsed the proposed annual budgets of the Australian National Audit Office (ANAO) and the Parliamentary Budget Office (PBO) for 2019-20.

**April 2019** – Endorsed the appointment of Ms Eileen Hoggett as Independent Auditor of the ANAO.

**April 2019** – Approved two changes to the PGPA Rule in relation to digital reporting of annual reports, and the reporting of executive remuneration in annual reports.

**April 2019** – Advised to the Auditor-General the 2019-20 audit priorities of the Parliament.

**June 2019** – Work commenced on the upcoming 15th Biennial Australasian Council of Public Accounts Committees Conference (6 to 8 November 2019).



# 1. Introduction

## Annual Report Requirements

- 1.1 The 2018-19 Annual Report of the Joint Committee of Public Accounts and Audit (the Committee) is presented pursuant to section 8B of the *Public Accounts and Audit Committee Act 1951* (the PAAC Act).

## Committee Role and Duties

- 1.2 The duties and powers of the Committee are provided for by the PAAC Act. Other legislation relevant to the work of the Committee includes the *Public Governance, Performance and Accountability Act 2013 (Cwlth)* (the PGPA Act), the *Parliamentary Service Act 1999*, and the *Auditor-General Act 1997 (Cwlth)*.
- 1.3 The key duties of the Committee are oversight of aspects of the administration and work of the:
  - Australian National Audit Office (ANAO);
  - PGPA Act; and
  - Parliamentary Budget Office (PBO).
- 1.4 The Committee also reviews aspects of Defence acquisition and sustainment and considers broader associated aspects of public administration through the ANAO's *Defence Major Projects Report*.<sup>1</sup>
- 1.5 Section 8 of the PAAC Act provides the Committee with a self-referral power to report to both Houses of the Parliament any items or matters that 'the Committee thinks should be drawn to the attention of the Parliament'.<sup>2</sup>

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<sup>1</sup> Joint Committee of Public Accounts and Audit, [Report 474: Annual Report 2017-18](#), August 2018, p. 31.

## Australian National Audit Office

- 1.6 The PAAC Act and the *Auditor-General's Act 1997* establish the Committee's role in relation to the ANAO, which is to:
- Examine all reports of the Auditor-General that are tabled in the Parliament;
  - Consider the operations and resources of the ANAO, and the reports of the Independent-Auditor on ANAO operations;
  - Consider the ANAO's draft budget;
  - Determine the audit priorities of the Parliament and advise the Auditor-General of those priorities; and
  - Consider any nomination for Auditor-General and Independent-Auditor by the relevant Minister.<sup>3</sup>
- 1.7 The Committee has an ongoing working relationship with the ANAO, which enables it to maintain a broad and informed view of Commonwealth expenditure as well as monitor developments in public policy and progress of Government programs.

## PGPA Act

- 1.8 The PGPA Act provides a new resource management, planning and performance framework for the Commonwealth, requiring entities to produce corporate plans, portfolio budget statements, annual performance statements, and annual reports.<sup>4</sup>
- 1.9 The PGPA Act requires the Committee to:
- Approve any rules made to prescribed annual report requirements for Commonwealth entities<sup>5</sup>; and
  - Be consulted on any independent review of the operation of the PGPA Act and associated rules.<sup>6</sup>

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<sup>2</sup> Section 8 (e), *Public Accounts and Audit Committee Act 1951*.

<sup>3</sup> See Sections 8 and 8A of *Public Accounts and Audit Committee Act 1951*.

<sup>4</sup> Joint Committee of Public Accounts and Audit, [Report 474: Annual Report 2017-18](#), August 2018, p. 30.

<sup>5</sup> Section 46, *Public Governance, Performance and Accountability Act 2013*.

<sup>6</sup> Section 112, *Public Governance, Performance and Accountability Act 2013*.

## Parliamentary Budget Office

- 1.10 Since 2012, the Committee has had an oversight and review role in relation to the PBO as provided for under section 64 of the *Parliamentary Service Act 1999*.
- 1.11 The Committee's duties are to:
- Consider the PBO's work plans;
  - Consider the PBO's draft budget and make relevant associated recommendations to the Parliament;
  - Consider the operations and resources of the PBO<sup>7</sup>; and
  - Endorse the proposed appointment of the Parliamentary Budget Officer.<sup>8</sup>
- 1.12 The *Parliamentary Service Act 1999* also provides that after a general election, the Committee may request the Parliamentary Budget Officer 'to cause an independent review' of the operations of the PBO.<sup>9</sup>

## Defence Major Projects Report

- 1.13 In 2006, the Committee recommended that the ANAO receive 'additional funding to produce an annual report on progress in major defence projects'. This approach was previously endorsed (2003) by the Senate Foreign Affairs, Defence and Trade References Committee which made a similar recommendation. In May 2008, the then Government provided funding for this report.<sup>10</sup>
- 1.14 Chapter five of the Committee's [Report 411: Progress on Equipment Acquisition and Financial Reporting in Defence](#) included 'a broad outline of the key features' that were to form the Defence Major Projects Report (MPR).<sup>11</sup>
- 1.15 The Defence MPR is modelled on the Ministry of Defence and the United Kingdom National Audit Office MPR.<sup>12</sup>

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<sup>7</sup> Section 64(S), *Parliamentary Service Act 1999*.

<sup>8</sup> Section 64XA, *Parliamentary Service Act 1999*.

<sup>9</sup> Section 64(T), *Parliamentary Service Act 1999*.

<sup>10</sup> Joint Committee of Public Accounts and Audit, [Report 416: Review of the Major Projects Report 2007-2008](#), November 2009, p. 1.

<sup>11</sup> Joint Committee of Public Accounts and Audit, [Report 416: Review of the Major Projects Report 2007-2008](#), November 2009, p. 1.

- 1.16 In late November 2008, the Auditor-General tabled the first MPR (2007-08).<sup>13</sup> In accordance with its obligations under the PAAC Act, the Committee examined the MPR for the first time in 2009.
- 1.17 Since 2009, the Committee has conducted nine MPR related inquiries.

## External Engagement and Broader Aspects of Public Administration

- 1.18 The Committee seeks to promote public awareness of its role and draws on its relationships across the Parliament, public sector, and broader community. The Committee engages with the national and international community by hosting parliamentary delegations, and attending public accounts forums such as conferences and special meetings (for example, the Pacific Association of Supreme Audit Institutions' Congress).
- 1.19 The Committee is a member of the Australasian Council of Public Accounts Committees (ACPAC), a forum of parliamentary public accounts committees from Australia, New Zealand, Papua New Guinea, Fiji and the Solomon Islands.<sup>14</sup> The ACPAC aims to 'exchange information and opinions about public accounts committees, in order to improve their performance and increase the accountability of government expenditure'.<sup>15</sup>
- 1.20 The ACPAC convenes a biennial conference of its member jurisdictions, associated member jurisdictions and interested stakeholders. The Committee will host the next ACPAC Conference in Canberra from 6 to 8 November 2019.

## The Secretariat

- 1.21 The Committee is supported by a Secretariat provided by the Department of the House of Representatives. Additional support may be provided by officers from public sector agencies who are seconded to the Secretariat for short periods of time. If required, the Secretariat may also seek specialist

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<sup>12</sup> Joint Committee of Public Accounts and Audit, [Report 416: Review of the Major Projects Report 2007-2008](#), November 2009, p. 1.

<sup>13</sup> Australian National Audit Office, [Major Projects Report 2007-08](#), November 2008.

<sup>14</sup> Section 3 of the ACPAC constitution provides that 'associate membership of ACPAC is open to representatives of Parliamentary Public Accounts Committees which do not qualify for full membership and which are invited by ACPAC to attend its conferences'.

<sup>15</sup> See [Australasian Council of Public Accounts Committees](#) website, accessed 22 August 2019.

advice relating to particular inquiries from relevant Government Departments and agencies.

## Committee Processes

### Conduct of Inquiries

- 1.22 The Committee conducts its inquiries and reviews in the same way as other committees of the Parliament. The Committee usually advertises its inquiries via a press release and on its website, and invites interested individuals and organisations to make written submissions. The Committee also holds public hearings to take oral evidence relevant to an inquiry. Written submissions and transcripts of evidence from public hearings are made available on the Committee's website.
- 1.23 As is the practice for joint committees, section 8 of the PAAC Act requires the Committee to report its findings to both Houses of the Parliament. All Committee reports presented to the Parliament are made available on the Committee's website.

### Government Responses

- 1.24 Government responses to recommendations made in Committee reports are required to be provided to the Committee and presented in the Parliament within six months of the tabling of the report in the Parliament.<sup>16</sup>
- 1.25 After a report of the Committee has been tabled, Commonwealth entities are informed of any recommendations for which they are responsible. Sometimes, two agencies may be responsible for the same recommendation which at times has created a complexity in the co-ordination of responses, including reporting of these responses. This process was previously co-ordinated by the Department of Finance which would notify agencies of any relevant Committee recommendations and co-ordinate a final response to the Committee.
- 1.26 It is an established practice that for the Committee's reports, responsible Government agencies respond individually to recommendations in the form of a *Government Response* or an *Executive Minute*. The type of response received by the Committee is based on the nature of the recommendations made within a report.

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<sup>16</sup> As resolved by the House of Representatives on 29 September 2010.

- 1.27 Government Responses are provided for *policy* focused recommendations which require a response from the relevant Minister. These responses are tabled in the Parliament and are consistent with the Government Responses provided to other Parliamentary committees.
- 1.28 Executive Minutes are provided for *administrative* focused recommendations for which an Accountable Authority of a Commonwealth entity is responsible. Executive Minutes are not usually tabled by the relevant Minister; instead, they are provided directly to the Committee. The Committee will generally consider and then publish Executive Minutes on its website and consequently present them in the Parliament.

### ***Concluding Comment***

- 1.29 Responses to individual recommendations in Committee reports are usually provided to the Committee by different government agencies, at different times, and in different formats. The Government's practice for other committees of the Parliament is that one document is provided to the relevant committee with responses to each of the recommendations contained in the relevant report.
- 1.30 As the Committee commences the 46th Parliament, it recommends that the process for providing responses to recommendations contained in its reports be streamlined. Specifically, the Committee recommends that the process be consistent with that currently used to provide responses to other parliamentary committee reports, that is, a single consolidated government response for each report.
- 1.31 This would return the process for coordinating government responses to Committee report recommendations to the appropriate Government Department or agency. A return to this process would enable the Committee to better manage responses to its recommendations and consider any follow up with agencies in a consistent and timely manner.

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## **Recommendation 1**

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**1.32 The Joint Committee of Public Accounts and Audit recommends that the process for receiving Government Responses including Executive Minutes to its reports be streamlined by:**

- **providing responses by the Government to the Joint Committee of Public Accounts and Audit (the Committee) recommendations in a consolidated single-document format for each Committee report presented; and**
- **the Department of the Prime Minister and Cabinet be the whole-of-government co-ordinating agency for all responses to the Committee's reports in line with the current practice and process in place for parliamentary committees.**





## 2. Committee Activities for 2018-19

### Overview

- 2.1 In 2018-19, the Committee presented eight reports in the Parliament, including an annual report (*Report 474: Annual Report 2017-18*). These reports included a total of 67 recommendations.
- 2.2 During the financial year, the Committee also received 24 Government responses to recommendations made in five reports (see Appendix A).<sup>1</sup> All Commonwealth entities are expected to respond to the Committee's recommendations within a six month period. Responses to the Committee's recommendations can be found on the Committee's [website](#).
- 2.3 With the prorogation of the 45<sup>th</sup> Parliament on 11 April 2019, the Committee and its work program ceased. Table 2.1 sets out the Committee's activities for the financial year ended 30 June 2019.

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<sup>1</sup> The 24 responses to recommendations were contained in one Government Response and seven Executive Minutes.

**Table 2.1 Committee Activities (2018-19)**

<b>Metric</b>	<b>2018-19<sup>2</sup></b>
Number of sitting weeks <sup>3</sup>	12
Committee reports tabled in Parliament	8
Recommendations made	67
Government responses received <sup>4</sup>	24
Government responses submitted on time <sup>5</sup>	58%
Recommendations agreed to by agencies <sup>6</sup>	24
Auditor General's reports selected for inquiry <sup>7</sup>	2
Total meetings held	19
Public hearings held	18
Submissions received <sup>8</sup>	78

*Source: Committee Records*

<sup>2</sup> Given the prorogation of Parliament on 11 April 2019, the 2018-19 financial year includes Committee activities from 1 July 2018 to 10 April 2019.

<sup>3</sup> This includes all Senate, House and Joint sitting periods.

<sup>4</sup> This refers to all Government Responses and Executive Minutes received in 2018-19, including responses to reports tabled in previous annual reporting periods.

<sup>5</sup> This figure is based only on those Government Responses received during the reporting period.

<sup>6</sup> This includes all recommendations agreed to as indicated in the Government Responses received in 2018-19.

<sup>7</sup> This includes all inquiries commenced in 2018-19.

<sup>8</sup> This includes submissions and supplementary submissions received relating to reports tabled in 2018-19.

## Australian National Audit Office

### Auditor-General's Reports

- 2.4 In 2018-19, the Auditor-General tabled 48 performance audit reports in the Parliament.
- 2.5 The Committee subsequently presented seven reports into matters which were raised in 14 audit reports, as summarised below.

#### [Report 472: Commonwealth Procurement, Second Report, 17 October 2018](#)

- 2.6 The report included additional comments by non-government Committee Members.<sup>9</sup>
- 2.7 The Committee conducted this inquiry based on the following Auditor-General's reports: *Management of the Contract for Telephone Universal Service Obligations* ([No. 12 of 2017-18](#)); *Management of the Pre-construction Phase of the Inland Rail Programme* ([No. 9 of 2017-18](#)); and *Procurement of the National Cancer Screening Register* ([No. 61 of 2016-17](#)).
- 2.8 By adopting a thematic approach to its inquiry, the Committee sought to encourage improvements and shared learning in the procurement of Commonwealth services.<sup>10</sup>
- 2.9 Audit Report No. 12 (2017-18) assessed the effectiveness of the Department of Communications and the Arts (DCA) to contract-manage the standard of telephone services and payphones under the Telstra Universal Service Obligation Performance Agreement (TUSOPA).<sup>11</sup>
- 2.10 The Committee was concerned by ANAO findings that 'key aspects of TUSOPA do not reflect value for money principles' (which is expected to be a 'central consideration of Commonwealth procurement activities').<sup>12</sup> In

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<sup>9</sup> Joint Committee of Public Accounts and Audit (JCPAA), *Report 472 Commonwealth Procurement, Second Report*, October 2018, pp 99-106.

<sup>10</sup> JCPAA, *Report 472: Commonwealth Procurement, Second Report*, October 2018, p. 2.

<sup>11</sup> JCPAA, *Report 472: Commonwealth Procurement, Second Report*, October 2018, p. 5. The TUSOPA seeks to provide all Australians with reasonable access to standard telephone services and payphones on an equitable basis. JCPAA, *Report 472: Commonwealth Procurement, Second Report*, October 2018, p. 2.

<sup>12</sup> JCPAA, *Report 472: Commonwealth Procurement, Second Report*, October 2018, p. 7.

addition, the DCA 'has not actively managed the contract towards achieving value for money'.<sup>13</sup>

2.11 The Committee subsequently made four recommendations, some of which require the DCA to report back about:

- using flexibility mechanisms under the TUSOPA to improve value for money outcomes;
- the transition from the TUSOPA to the new Universal Service Guarantee; and
- how contract performance reporting assurance processes have been strengthened.<sup>14</sup>

2.12 Audit Report No. 9 (2017-18) assessed whether the Australian Rail Track Corporation's (ARTC) management of the preconstruction phase of the Inland Rail program delivered value for money.<sup>15</sup>

2.13 The Committee acknowledged the ARTC's implementation of the ANAO recommendations to improve the management of the Inland Rail project, including its risk management approach.<sup>16</sup> The Committee made two related recommendations which require the ARTC to:

- report back on the actions taken to develop an appropriate risk management system for the Corporation and the Inland Rail program; and
- provide the Committee with a copy of the procurement rules and/or guidelines used for the Inland Rail project.<sup>17</sup>

2.14 The Committee also made a recommendation to the PBO following regarding the 'projected or anticipated draw-down of equity funding' for the Inland Rail program.<sup>18</sup> During the course of the inquiry, the Committee requested the ARTC provide information which it declined to do so on the basis of 'market and commercial sensitivities'. This raised a broader issue for

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<sup>13</sup> JCPAA, *Report 472: Commonwealth Procurement, Second Report*, October 2018, p. 10.

<sup>14</sup> JCPAA, *Report 472: Commonwealth Procurement, Second Report*, October 2018, pp vii-viii.

<sup>15</sup> JCPAA, *Report 472: Commonwealth Procurement, Second Report*, October 2018, p. 39.

<sup>16</sup> JCPAA, *Report 472: Commonwealth Procurement, Second Report*, October 2018, p. 39.

<sup>17</sup> JCPAA, *Report 472: Commonwealth Procurement, Second Report*, October 2018, p. 42.

<sup>18</sup> JCPAA, *Report 472: Commonwealth Procurement, Second Report*, October 2018, p. 40.

the Committee regarding the 'transparency of easily available information in public Budget and portfolio documentation'.<sup>19</sup>

- 2.15 As a result, the Committee recommended that the PBO consider 'how ... to enhance parliamentary scrutiny of the expected rate(s) of draw-down for investments and value of commitments without compromising commercially sensitive information'.<sup>20</sup>
- 2.16 Audit Report No. 61 (2017-18) assessed whether the Department of Health effectively procured services to operate a National Cancer Screening Register (NCSR).<sup>21</sup>
- 2.17 The Committee acknowledged the Auditor-General's finding that the Department of Health effectively managed an open tender process and considered value for money.<sup>22</sup> The Committee, however, found that the effectiveness of procurement was substantially reduced due to 'inadequate consideration' of risk during planning and 'poor management' of probity and conflicts of interest.<sup>23</sup> Furthermore, it was found that additional costs were incurred due to the Department of Health not meeting objectives in the agreed timeframe.<sup>24</sup>
- 2.18 The Committee made several recommendations, some of which related to the national bowel cancer and cervical cancer screening registers.<sup>25</sup> The Committee also recommended that the Department of Health report back to it on how it:
- is improving consideration of risk during future procurement planning;
  - is improving procurement documentation and record keeping; and
  - will implement the approach set out in the Tender Evaluation Plan to ensure value for money.<sup>26</sup>
- 2.19 Recommendations relating to conflict of interest were also made in the Committee's report.<sup>27</sup>

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<sup>19</sup> JCPAA, *Report 472: Commonwealth Procurement, Second Report*, October 2018, p. 40.

<sup>20</sup> JCPAA, *Report 472: Commonwealth Procurement, Second Report*, October 2018, p. 41.

<sup>21</sup> JCPAA, *Report 472: Commonwealth Procurement, Second Report*, October 2018, p. 54.

<sup>22</sup> JCPAA, *Report 472: Commonwealth Procurement, Second Report*, October 2018, p. 54.

<sup>23</sup> JCPAA, *Report 472: Commonwealth Procurement, Second Report*, October 2018, p. 55.

<sup>24</sup> JCPAA, *Report 472: Commonwealth Procurement, Second Report*, October 2018, p. 55.

<sup>25</sup> JCPAA, *Report 472: Commonwealth Procurement, Second Report*, October 2018, pp 61-65.

<sup>26</sup> JCPAA, *Report 472: Commonwealth Procurement, Second Report*, October 2018, pp 56-58.

**Report 473: Defence Major Projects Report (2016-17), 18 September 2018**

- 2.20 This inquiry was based on the Auditor-General's 2016-17 *Major Projects Report* ([No. 26 of 2017-18](#)). The Major Projects Report (MPR) is a consolidated audit of 27 selected major Department of Defence acquisition projects, totalling approximately \$62 billion.<sup>28</sup>
- 2.21 An issue of continuing concern was the Auditor-General's qualified audit finding on the Armed Reconnaissance Helicopter (ARH) Tiger Helicopters project.<sup>29</sup> The Committee remained concerned about the status and costs of this project. The current Committee will monitor this issue in the upcoming 2018-2019 MPR.
- 2.22 The Committee recommended that the Department of Defence be required to keep it informed of progress in addressing the issues identified which included:
- outlining progress in updating project maturing scores;
  - transitioning from the use of spreadsheet risk registers to tools with better version control measures; and
  - the outcomes of the second quarter 2018 sea trials for the Landing Helicopter Dock Landing Craft.<sup>30</sup>

**Report 475: Defence First Principles Review, Naval Construction and Mental Health in the AFP, 14 February 2019**

- 2.23 This inquiry was based on the following Auditor-General's reports: *Defence's Implementation of the First Principles Review* ([No. 34 of 2017-18](#)); *Naval Construction Programs – Mobilisation* ([No. 39 of 2017-18](#)); and *Managing Mental Health in the Australian Federal Police* ([No. 31 of 2017-18](#)).
- 2.24 Audit Report No. 34 (2017-18) assessed Defence's implementation of the First Principles Review (Review). The Review was 'designed to ensure [the Department of] Defence is fit for purpose and able to respond promptly to future challenges'.<sup>31</sup>

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<sup>27</sup> JCPAA, *Report 472: Commonwealth Procurement, Second Report*, October 2018, pp 67-68.

<sup>28</sup> JCPAA, *Report 473: Defence Major Projects Report*, September 2018, p. 1.

<sup>29</sup> JCPAA, *Report 473: Defence Major Projects Report*, September 2018, p. 3. This represented the second consecutive qualified audit finding.

<sup>30</sup> JCPAA, *Report 473: Defence Major Projects Report*, September 2018, p. vii.

<sup>31</sup> JCPAA, *Report 475: Defence First Principles Review, Naval Construction and Mental Health in the AFP*, February 2019, p. 7.

- 2.25 The ANAO found that the Department of Defence had implemented a substantial number of its most important recommendations. Other important recommendations were yet to be implemented.<sup>32</sup>
- 2.26 The Committee's inquiry focused on the implementation of key recommendations of the audit, which related to:
- creating a strong strategic centre<sup>33</sup>;
  - enabling services, workforce, and behaviour<sup>34</sup>; and
  - reform of the Systems Program Offices.<sup>35</sup>
- 2.27 The Committee recommended that the Department of Defence report back on its progress implementing recommendations of the review in each of these areas.<sup>36</sup>
- 2.28 Audit Report No. 39 (2017-18) reviewed Defence's mobilisation of naval shipbuilding construction programs in Australia. The ANAO found that Defence is currently meeting scheduled milestones, and recommended that it should determine the affordability of naval shipbuilding programs to provide funding advice to government.<sup>37</sup>
- 2.29 The Committee recommended that an update on estimated costings for naval construction programs (which were previously released in 2016) be provided to it.<sup>38</sup>
- 2.30 The Committee observed that the Department of Defence is overdue in releasing a workforce plan. The workforce plan is expected to address

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<sup>32</sup> JCPAA, *Report 475: Defence First Principles Review, Naval Construction and Mental Health in the AFP*, February 2019, p. 7.

<sup>33</sup> JCPAA, *Report 475: Defence First Principles Review, Naval Construction and Mental Health in the AFP*, February 2019, pp 8-9.

<sup>34</sup> JCPAA, *Report 475: Defence First Principles Review, Naval Construction and Mental Health in the AFP*, February 2019, pp 9-10.

<sup>35</sup> JCPAA, *Report 475: Defence First Principles Review, Naval Construction and Mental Health in the AFP*, February 2019, p. 10.

<sup>36</sup> JCPAA, *Report 475: Defence First Principles Review, Naval Construction and Mental Health in the AFP*, February 2019, pp 8-10.

<sup>37</sup> JCPAA, *Report 475: Defence First Principles Review, Naval Construction and Mental Health in the AFP*, February 2019, p. 22.

<sup>38</sup> JCPAA, *Report 475: Defence First Principles Review, Naval Construction and Mental Health in the AFP*, February 2019, pp 22-25.

workforce size, skill levels and location of workers.<sup>39</sup> The Committee requested a copy of the workforce plan.<sup>40</sup>

2.31 Audit Report No. 31 (2017-18) assessed the effectiveness of the Australian Federal Police (AFP) in managing workplace mental health. The Committee commended the AFP for its work in this area, which had begun prior to the ANAO audit.<sup>41</sup>

2.32 The Committee recommended that the AFP outline its progress on:

- implementing recommendations from a number of relevant reviews since 2015;<sup>42</sup>
- improving governance arrangements for employee mental health at the organisational level;<sup>43</sup> and
- the outcomes of an informal pilot project on identifying exposure of AFP employees to traumatic events.<sup>44</sup>

### Report 476: Australian Government Funding, 14 February 2019

2.33 This inquiry was based on the following Auditor-General's reports: *Monitoring the Impact of Australian Government School Funding* ([No. 18 of 2017-18](#)); and *Primary Healthcare Grants under the Indigenous Australians' Health Program* ([No. 50 of 2017-18](#)).

2.34 This report examined the administration and monitoring of Australian Government funding across the areas of schools and Indigenous health.<sup>45</sup> The report considered:

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<sup>39</sup> JCPAA, *Report 475: Defence First Principles Review, Naval Construction and Mental Health in the AFP*, February 2019, p. 3.

<sup>40</sup> JCPAA, *Report 475: Defence First Principles Review, Naval Construction and Mental Health in the AFP*, February 2019, pp 25-26.

<sup>41</sup> JCPAA, *Report 475: Defence First Principles Review, Naval Construction and Mental Health in the AFP*, February 2019, pp 35-37.

<sup>42</sup> JCPAA, *Report 475: Defence First Principles Review, Naval Construction and Mental Health in the AFP*, February 2019, pp 36-38.

<sup>43</sup> JCPAA, *Report 475: Defence First Principles Review, Naval Construction and Mental Health in the AFP*, February 2019, pp 39-40.

<sup>44</sup> JCPAA, *Report 475: Defence First Principles Review, Naval Construction and Mental Health in the AFP*, February 2019, pp 40-41.

<sup>45</sup> JCPAA, *Report 476: Australian Government Funding*, February 2019, pp 1-2.



- the Department of Education and Training's administration of Australian Government school funding; and
  - the Department of Health's administration of Primary Healthcare Grants under the Indigenous Australians' Health Program (IAHP).
- 2.35 The Committee concluded that current arrangements established by the Department of Education and Training did not provide sufficient assurance that funding was administered in accordance with the *Australian Education Act 2013*.<sup>46</sup>
- 2.36 The Committee made recommendations to improve compliance and monitoring, and suggested that the ANAO conduct a follow-up audit on this matter.<sup>47</sup>
- 2.37 In considering the IAHP, the Committee expressed concern about a long delay in the implementation of a planned funding allocation model for the program.<sup>48</sup> The Committee also emphasised the need for measurable national key performance indicators to assess performance targets.<sup>49</sup>
- 2.38 The Committee recommended that the Department of Health report back to it on these and other matters.<sup>50</sup>

**Report 477: Commonwealth Financial Statements, Second Report, and Foreign Investment in Real Estate, 2 April 2019**

- 2.39 This inquiry was based on the following Auditor-General's reports: *Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2017* ([No. 24 of 2017-18](#)); and *Managing Compliance with Foreign Investment Obligations for Residential Real Estate* ([No. 48 of 2017-18](#)).
- 2.40 This report considered the ANAO's audits of the Consolidated Financial Statements for the Australian Government and the financial statements of Australian Government entities. The Committee highlighted the role of these audits in ensuring that there is accountability to the Parliament and the Australian public for the expenditure of public funds.<sup>51</sup>

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<sup>46</sup> JCPAA, *Report 476: Australian Government Funding*, February 2019, pp 2, 5-6.

<sup>47</sup> JCPAA, *Report 476: Australian Government Funding*, February 2019, pp 5-14.

<sup>48</sup> JCPAA, *Report 476: Australian Government Funding*, February 2019, p. 28.

<sup>49</sup> JCPAA, *Report 476: Australian Government Funding*, February 2019, p. 28.

<sup>50</sup> JCPAA, *Report 476: Australian Government Funding*, February 2019, pp 28-30.

<sup>51</sup> JCPAA, *Report 477: Commonwealth Financial Statements, Second Report, and Foreign Investment in Real Estate*, March 2019, p. 6.

- 2.41 The Committee recommended that:
- certain agencies provide progress reports on moderate and significant findings resulting from the following year's financial statement audits<sup>52</sup>; and
  - the Northern Land Council report back on progress in responding to two significant legislative breaches.<sup>53</sup>
- 2.42 The Committee also recommended further work on promoting transparency of financial reporting documentation, and on alternative financing mechanisms.<sup>54</sup>
- 2.43 This report also considered the Australian Taxation Office's (ATO) and the Department of the Treasury's management of compliance with foreign investment obligations for residential real estate under the *Foreign Acquisitions and Takeovers Act 1975* (Foreign Acquisitions Act).
- 2.44 The Committee stressed the importance of public confidence in the laws and regulations around foreign ownership of residential real estate.<sup>55</sup>
- 2.45 The Committee recommended the ATO report back on its progress implementing the ANAO's recommendations.<sup>56</sup>
- 2.46 The Committee nominated areas for improvement, including data analysis and data matching, and the application of civil and criminal penalties for breaches of the Foreign Acquisition Act.<sup>57</sup> The Committee also recommended consideration of obligations on intermediaries to report clients who they suspect are in breach of the Foreign Acquisition Act.<sup>58</sup>

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<sup>52</sup> JCPAA, *Report 477: Commonwealth Financial Statements, Second Report, and Foreign Investment in Real Estate*, March 2019, pp 7-9.

<sup>53</sup> JCPAA, *Report 477: Commonwealth Financial Statements, Second Report, and Foreign Investment in Real Estate*, March 2019, p. 7.

<sup>54</sup> JCPAA, *Report 477: Commonwealth Financial Statements, Second Report, and Foreign Investment in Real Estate*, March 2019, pp 9-11.

<sup>55</sup> JCPAA, *Report 477: Commonwealth Financial Statements, Second Report, and Foreign Investment in Real Estate*, March 2019, p. 45.

<sup>56</sup> JCPAA, *Report 477: Commonwealth Financial Statements, Second Report, and Foreign Investment in Real Estate*, March 2019, p. 45.

<sup>57</sup> JCPAA, *Report 477: Commonwealth Financial Statements, Second Report, and Foreign Investment in Real Estate*, March 2019, pp 46-47.

<sup>58</sup> JCPAA, *Report 477: Commonwealth Financial Statements, Second Report, and Foreign Investment in Real Estate*, March 2019, pp 45-46.

**Report 478: Issuing of a Certificate under section 37 of the Auditor-General Act 1997, 2 April 2019**

- 2.47 This inquiry was based on Auditor-General's report *Army's Protected Mobility Vehicle – Light* ([No. 6 of 2018–19](#)).
- 2.48 The objective of the ANAO's audit was to assess the effectiveness and value for money of the Department of Defence's acquisition of light protected vehicles, under Defence project Land 121 Phase 4.<sup>59</sup>
- 2.49 Certain information, however, was omitted from the ANAO's report on the basis of being contrary to public interest (pursuant to paragraph 37(1)(b) of the *Auditor-General Act 1997*). As a consequence, the Auditor-General was unable to express a conclusion against the objective of the audit and so made no recommendations.<sup>60</sup>
- 2.50 The Committee was cognisant of the fact that this was the first time a certificate had ever been issued under section 37, and that it was the first time in the history of the Commonwealth that an Auditor-General was prevented from expressing a conclusion as to whether value for money was achieved. The Committee therefore spent significant time examining the issuing of this certificate and the operation of section 37 given it was the first time it had been used.
- 2.51 Prior to issuing the section 37 certificate, the Attorney-General consulted with relevant parties and sought legal advice. After this consultation, the Attorney-General decided that he was of the opinion that the disclosure of certain information contained in the ANAO's audit report would be contrary to the public interest for the following reasons:
- it would prejudice the security, defence or international relations of the Commonwealth (section 37(2)(a) of the *Auditor-General Act 1997*); and
  - it would unfairly prejudice the commercial interests of any body or person (section 37(2)(e) of the *Auditor-General Act 1997*).
- 2.52 In considering the operation of section 37 of the *Auditor-General Act 1997*,<sup>61</sup> the Committee recommended that it undertake an inquiry on each occasion

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<sup>59</sup> JCPAA, *Report 478: Issuing of a Certificate under section 37 of the Auditor General Act 1997*, April 2019, p. 3.

<sup>60</sup> JCPAA, *Report 478: Issuing of a Certificate under section 37 of the Auditor General Act 1997*, April 2019, pp 1-2.

<sup>61</sup> JCPAA, *Report 478: Issuing of a Certificate under section 37 of the Auditor General Act 1997*, April 2019, pp 3-9.

a certificate is issued under this section.<sup>62</sup> The Committee also recommended that the issues in relation to the operation of section 37 of the *Auditor-General Act 1997* be considered as part of the next periodic review of the Act.<sup>63</sup>

**Report 479: Australian Government Security Arrangements, 2 April 2019**

- 2.53 This inquiry was based on the following Auditor-General's reports: *Mitigating Insider Threats through Personnel Security* ([No. 38 of 2017-18](#)); and *Domestic Passenger Screening – Follow-Up* ([No. 43 of 2017-18](#)).
- 2.54 The Committee examined the ANAO's findings relating to:
- the Australian Government Security Vetting Agency's (AGSVA) management of security vetting services; and
  - compliance of five Australian Government entities with the Australian Government's Protective Security Policy Framework (PSPF) (updated in 2014).
- 2.55 The Committee recommended that each of the five entities update the Committee periodically on their progress implementing the ANAO's recommendations.<sup>64</sup> The Committee also recommended that the Auditor-General consider scrutinising additional Australian Government entities to determine whether or not broad scale PSPF compliance is being achieved.<sup>65</sup>
- 2.56 In relation to the AGSVA, the Committee recommended an existing project to replace the agency's ICT system be expedited and measures be taken to safeguard sensitive data in the interim.<sup>66</sup>
- 2.57 The audit considered the Department of Home Affairs' implementation of recommendations arising from an earlier audit into passenger security screening at domestic airports.<sup>67</sup>
- 2.58 While the Committee acknowledged some progress by the Department of Home Affairs in this area, it expressed concern about the:

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<sup>62</sup> JCPAA, *Report 478: Issuing of a Certificate under section 37 of the Auditor General Act 1997*, April 2019, p. 9.

<sup>63</sup> JCPAA, *Report 478: Issuing of a Certificate under section 37 of the Auditor General Act 1997*, April 2019, p. 10.

<sup>64</sup> JCPAA, *Report 479: Australian Government Security Arrangements*, April 2019, pp 9-10.

<sup>65</sup> JCPAA, *Report 479: Australian Government Security Arrangements*, April 2019, pp 6-9.

<sup>66</sup> JCPAA, *Report 479: Australian Government Security Arrangements*, April 2019, pp 11-13.

<sup>67</sup> JCPAA, *Report 479: Australian Government Security Arrangements*, April 2019, pp 27-28.

- quality of compliance data used by the department;
- provision of information regarding timeframes for the implementation of a compliance and enforcement framework;
- training undertaken by staff in relation to the Regulatory Management System; and
- implementation of performance measures for passenger screening.<sup>68</sup>

2.59 The Committee recommended that the Department of Home Affairs report back on these matters.<sup>69</sup>

### *Lapsed Inquiries*

2.60 The following two inquiries lapsed at the end of the 45<sup>th</sup> Parliament.<sup>70</sup>

#### *Inquiry into Australian Government Contract Reporting*

2.61 This inquiry commenced on 29 November 2017 and was based on Auditor-General's report *Australian Government Procurement Contract Reporting* ([No.19 of 2017-18](#)).

2.62 As part of the inquiry, the Committee requested details of expenditure on contractors, consultants, and labour hire workers from 29 selected Government entities. The Committee received 59 submissions and held three public hearings.<sup>71</sup>

2.63 On 11 April 2019, the Chair of the previous Committee, Senator Dean Smith, issued an update on the progress of the inquiry, stating the Committee would not issue a report.<sup>72</sup>

#### *Inquiry into Cyber Resilience*

2.64 This inquiry commenced on 12 February 2019, and was based on Auditor-General's report No. 53 *Cyber Resilience* ([2017-18](#)). The inquiry included the cyber resilience policy of the Department of Parliamentary Services.

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<sup>68</sup> JCPAA, *Report 479: Australian Government Security Arrangements*, April 2019, pp 30-33.

<sup>69</sup> JCPAA, *Report 479: Australian Government Security Arrangements*, April 2019, pp 30-33.

<sup>70</sup> 11 April 2019.

<sup>71</sup> Senator Dean Smith, Chair, JCPAA, 44<sup>th</sup> Parliament, [Statement by the Joint Committee of Public Accounts and Audit Providing a Progress Report on the Inquiry into Australian Government Contract Reporting](#), 11 April 2019.

<sup>72</sup> Senator Dean Smith, Chair, JCPAA, 44<sup>th</sup> Parliament, [Statement by the Joint Committee of Public Accounts and Audit Providing a Progress Report on the Inquiry into Australian Government Contract Reporting](#), 11 April 2019.

- 2.65 The Committee held a public hearing and received evidence from: the Department of Treasury, Geoscience Australia and the National Archives of Australia.<sup>73</sup>
- 2.66 As part of the inquiry, the Committee took into consideration updates to the *Protective Security Policy Framework* and the *Information Security Manual* following publication of Audit Report No. 53 (2017-18), and the Government's response to the Committee's inquiry into cyber security matters (Report 467 – Cybersecurity Compliance).<sup>74</sup>
- 2.67 On 11 April 2019, the Chair of the previous Committee, Senator Dean Smith, issued an update on the progress of the inquiry.<sup>75</sup>

### ANAO Annual Budget

- 2.68 The *PAAC Act* enables to consider the draft budget of the ANAO and make recommendations to both Houses of Parliament and to the Minister with responsibility under the *Auditor-General Act 1997*.<sup>76</sup>
- 2.69 The *Auditor-General Act 1997* requires the Auditor-General to comply with a request from the Committee for the draft budget estimates in time to allow the Committee to consider and make recommendations on them before the annual Commonwealth budget for the financial year.<sup>77</sup>
- 2.70 On 4 February 2019, the Auditor-General provided the ANAO's draft 2019-20 budget for the Committee's consideration. On 21 March 2019, the Auditor-General provided an updated draft.
- 2.71 On 2 April 2019, the Chair made a statement in the Parliament endorsing the ANAO's proposed 2019-20 Budget.<sup>78</sup>

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<sup>73</sup> Senator Dean Smith, Chair, JCPAA, 44<sup>th</sup> Parliament, [Statement by the Joint Committee of Public Accounts and Audit Providing a Progress Report on the Inquiry into Cyber Resilience](#), 11 April 2019.

<sup>74</sup> Senator Dean Smith, Chair, JCPAA, 44<sup>th</sup> Parliament, [Statement by the Joint Committee of Public Accounts and Audit Providing a Progress Report on the Inquiry into Cyber Resilience](#), 11 April 2019.

<sup>75</sup> Senator Dean Smith, Chair, JCPAA, 44<sup>th</sup> Parliament, [Statement by the Joint Committee of Public Accounts and Audit Providing a Progress Report on the Inquiry into Cyber Resilience](#), 11 April 2019.

<sup>76</sup> Sections 8 (j) and (l), *Public Accounts and Audit Committee Act 1951*.

<sup>77</sup> Section 53, *Auditor-General Act 1997*.

<sup>78</sup> Senator Dean Smith, Chair, JCPAA, 44<sup>th</sup> Parliament, [Statement by the Joint Committee of Public Accounts and Audit on the 2019-20 Draft Estimates for the Parliamentary Budget Office and the Australian National Audit Office and on the Appointment of an Independent Auditor of the ANAO](#), 2 April 2019.

2.72 In this statement, the accountability of the ANAO and PBO to the Parliament was reiterated. The Committee stated it had ‘received advice from the Clerks of both Houses endorsing the Committee’s position that it is the responsibility of both the Auditor-General and the Parliamentary Budget Officer to provide [the Committee] with all the information necessary for the Committee to consider their respective budget estimates’ in accordance with relevant legislation.<sup>79</sup>

## Appointment of Independent Auditor

2.73 The *Auditor-General Act 1997* provides that the Committee is required to approve the appointment of a new Independent Auditor of the ANAO. The Independent Auditor is appointed from outside the Government to act on a part-time basis as an external auditor to the ANAO.<sup>80</sup>

2.74 On 2 April 2019, the Chair of the previous Committee, Senator Dean Smith, advised the Parliament that the Committee had approved the appointment of Ms Eileen Hoggett to this position. Ms Hoggett is KPMG’s National Partner-in-Charge of External Audit, Chair of KPMG’s Audit Committee, and is the first woman to hold the position of Independent Auditor.<sup>81</sup>

## Audit Priorities 2019-20

2.75 On 4 April 2019, the Committee advised the Auditor-General of the audit priorities of the Parliament for 2019-20. The Committee advised of these priorities after consultation with parliamentary committees, with reference to the ANAO’s Draft Annual Audit Work Program for 2019-20.

2.76 The Parliament identified 40 audits as priorities for 2019-20. The Parliament suggested an additional five audits that were not included in the draft work program. The list of audit priorities is contained in Appendix B.

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<sup>79</sup> Senator Dean Smith, Chair, JCPAA, 44<sup>th</sup> Parliament, [Statement by the Joint Committee of Public Accounts and Audit on the 2019-20 Draft Estimates for the Parliamentary Budget Office and the Australian National Audit Office and on the Appointment of an Independent Auditor of the ANAO](#), 2 April 2019.

<sup>80</sup> Schedule 2, *Auditor-General Act 1997*.

<sup>81</sup> Senator Dean Smith, Chair, JCPAA, 44<sup>th</sup> Parliament, [Statement by the Joint Committee of Public Accounts and Audit on the 2019-20 Draft Estimates for the Parliamentary Budget Office and the Australian National Audit Office and on the Appointment of an Independent Auditor of the ANAO](#), 2 April 2019.

- 2.77 The ANAO's [Annual Audit Work Program 2019-20](#) was published on 1 July 2019.<sup>82</sup>

## PGPA Act

### Independent Review

- 2.78 The Committee is responsible for oversight of aspects of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).
- 2.79 In particular, the PGPA Act requires the Finance Minister to consult with the Committee in conducting an independent review of the operation of the Act and associated rules as soon as practicable after 1 July 2017.<sup>83</sup>
- 2.80 The independent PGPA Act review was conducted by Ms Elizabeth Alexander AM and Mr David Thodey AO. The final report of the independent review was provided to the Finance Minister in September 2018.<sup>84</sup>
- 2.81 In December 2018, the Committee issued a media release stating that, following release of the Government Response to the independent review, the Committee would monitor the Department of Finance's implementation of any recommendations, along with related recommendations from previous Committee reports.<sup>85</sup>
- 2.82 The Government Response to the independent review was tabled on 2 April 2019.<sup>86</sup>
- 2.83 The PGPA Act also requires that the Committee, on behalf of the Parliament, approve any amendments to the *Public Governance, Performance*

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<sup>82</sup> ANAO, [Annual Audit Work Program 2019–20: Overview](#), 1 July 2019.

<sup>83</sup> Section 112, *Public Governance, Performance and Accountability Act 2013*. The requirement for a review was included in the PGPA Act on the recommendation of the Committee. See JCPAA, [Report 438: Advisory Report on the Public Governance, Performance and Accountability Bill 2013](#), June 2013, p. 41.

<sup>84</sup> Elizabeth Alexander AM and David Thodey AO, [Independent Review into the Operation of the Public Governance, Performance and Accountability Act 2013 and Rule](#), September 2018.

<sup>85</sup> JCPAA, [JCPAA monitoring PGPA implementation](#), 21 December 2018.

<sup>86</sup> Senator the Hon. Mathias Cormann, [Australian Government response to the Independent Review into the PGPA Act and Rule](#), 2 April 2019.



*and Accountability Rule 2014* (PGPA Rule) in relation to the requirements for annual reports for Commonwealth entities.<sup>87</sup>

- 2.84 In April 2019, the Committee approved two changes to the PGPA Rule in relation to the use of a digital reporting tool for the publication of annual reports and the reporting of executive remuneration in annual reports.<sup>88</sup>

## **PBO Annual Budget and Work Plan**

- 2.85 Section 64(s) of the *Parliamentary Service Act 1999* requires the Committee to consider the draft budget of the PBO and make recommendations to both Houses of the Parliament. The Act also requires the Parliamentary Budget Officer to consult with the Committee in preparing a work plan for each financial year.<sup>89</sup>
- 2.86 On 6 August 2018, the Parliamentary Budget Officer provided the PBO's draft 2018-19 work plan for the Committee's consideration.
- 2.87 On 23 November 2018, the Parliamentary Budget Officer informed the Committee that the PBO would seek supplementation to its funding from 2019-20 onwards in order to maintain its current level of services to the Parliament.
- 2.88 On 29 January 2019, the Parliamentary Budget Officer provided the PBO's draft 2019-20 budget for the Committee's consideration.
- 2.89 On 2 April 2019, the Committee made a statement in the Parliament conveying its support for the PBO's budget.<sup>90</sup>

## **Defence Acquisition and Sustainment**

### **Inquiry into Defence Major Projects Reports**

- 2.90 On 18 December 2018, the Auditor-General tabled the Defence Major Projects Report (MPR) for 2017-18, which outlined the progress of 26

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<sup>87</sup> Section 46, *Public Governance, Performance and Accountability Act 2013*.

<sup>88</sup> See Section 17BA, [Public Governance, Performance and Accountability Rule 2014](#).

<sup>89</sup> Section 64Q, *Parliamentary Service Act 1999*.

<sup>90</sup> Senator Dean Smith, Chair, JCPAA, 44<sup>th</sup> Parliament, [Statement by the Joint Committee of Public Accounts and Audit on the 2019-20 Draft Estimates for the Parliamentary Budget Office and the Australian National Audit Office and on the Appointment of an Independent Auditor of the ANAO](#), 2 April 2019.

Defence acquisition projects with an approved budget of approximately \$59.4 billion.<sup>91</sup>

## Endorsing the Guidelines

- 2.91 Each year the Committee endorses the guidelines on which the MPR reports against. The Committee endorsed the guidelines for the 2017-18 MPR on 13 September 2017.<sup>92</sup>

## External Engagement

### Delegations

- 2.92 In August and September 2018, the Committee met with delegations from the Finance and Budget Committee of the National Assembly of Vietnam, the Sarawak State Legislative Assembly, Malaysia and the Parliament of Malaysia.
- 2.93 The Chair of the previous Committee, Senator Dean Smith, gave the keynote address at the 21<sup>st</sup> Pacific Association of Supreme Audit Institutions (PASAI) Congress 2018 in August. The PASAI is a regional working group of the International Organisation of Supreme Audit Institutions.<sup>93</sup>

### Australasian Council of Public Accounts Committees Conference

- 2.94 The Committee will host the upcoming 15th Biennial Australasian Council of Public Accounts Committees Conference in Canberra from 6 to 8 November 2019. Preparations for this conference commenced following the dissolution of the 45<sup>th</sup> Parliament in June 2019.<sup>94</sup>

Ms Lucy Wicks MP  
Chair

27 November 2019

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<sup>91</sup> Australian National Audit Office (ANAO), [2017-18 Major Projects Report](#), 18 December 2018.

<sup>92</sup> ANAO, [2017-18 Major Projects Report – Part 4. JCPAA 2017-18 Major Projects Report Guidelines](#), 18 December 2018.

<sup>93</sup> See [Pacific Association of Supreme Audit Institutions](#).

<sup>94</sup> See [Australasian Council of Public Accounts Committees](#).

# A. Statistics on Government Responses and Executive Minutes

In 2018-19, the Committee received Government Responses and Executive Minutes to 24 recommendations made in five reports. Table A.1 details these responses.

<b>Report</b>	<b>Rec #</b>	<b>Agency</b>	<b>Agree</b>	<b>Received on time</b>
Report 463 – <i>Commonwealth Financial Statements</i>	1	NDIA	Yes	No
	2	Defence	Yes	No
Report 470 – <i>Defence Sustainment Expenditure</i>	1	Defence	Yes	Yes
	2	Defence	Yes	Yes
	3	Defence	Yes	Yes
	4	Defence	Yes	Yes
	5	Auditor-General	Yes	Yes
	6	Defence	Yes	Yes

Report 472 – <i>Commonwealth Procurement – Second Report</i>	1	Comms & Art	Yes <sup>1</sup>	Yes
	2	Comms & Art	Yes <sup>2</sup>	Yes
	3	Comms & Art	Yes	Yes
	4	Comms & Art	Yes	Yes
	8	Health	Yes	No
	9	Health	Yes	No
	10	Health	Yes	No
	11	Health	Yes	No
	12	Health	Yes	No
	13	Health	Yes	No
	14	Health	Yes	No
	16	Health	Yes	No
Report 473 – <i>Defence Major Projects (2016-17)</i>	1	Defence	Yes	Yes
	2	Defence	Yes	Yes
	3	Defence	Yes	Yes
Report 479 – <i>Australian Government Security Arrangements</i>	2	Home Affairs	Yes	Yes
<b>Total</b>	<b>24</b>		<b>24</b>	<b>58%</b>

*Source: Committee Records*

<sup>1</sup> Agreed with qualification.

<sup>2</sup> Agreed with qualification.

## B. Audit Priorities of the Parliament for 2019-20

Portfolio	Priorities
Agriculture and Water Resources	Procurement of strategic water entitlements Regulation of live animal exports Responding to non-compliance with biosecurity obligations Management of Commonwealth Fisheries
Attorney-General's	Implementation of the revised Protective Security Policy Framework Adherence to model litigant obligations
Australian Taxation Office	Addressing Superannuation Guarantee non-compliance Aggressive tax planning The regulation of charities by the Australian Charities and Not-for-profits Commission
Communication and the Arts	Management of the National Collections-follow-on National Broadband Network: transition from construction to

	operation
Defence	Defence's procurement and management of Offshore Patrol Vessels Project Hunter Class Frigates Defence's Information and Communications Technology environment
Education and Training	Adult Migrant English Program Implementation of the Jobs for Families package ( <i>suggested addition</i> ) The auditing of Registered Training Organisations by the Australian Skills Quality Authority ( <i>suggested addition</i> )
Environment and Energy	Implementation of the Great Barrier Reef Foundation Partnership Referrals, assessments and approvals under the EPBC Act 1999
Finance	Operations of Grants Hubs
Foreign Affairs and Trade	AusTrade – strategies to attract foreign investment
Health	Administration of the Home Care Packages program
Home Affairs	Fraud and Integrity Management in the Department of Home Affairs
Human Services	Department of Human Services' ICT systems redevelopment Management of customer information
Infrastructure, Regional Development and Cities	Administration of Regulation by the Civil Aviation Safety Authority Design and administration of the City Deals program ( <i>suggested addition</i> ) Management of the Search and Rescue Aircraft Contract

Jobs and Small Business	Work for the Dole Youth Jobs PaTH (Prepare, Trial and Hire): design and monitoring
Parliamentary Departments	Security works to Parliament House
Prime Minister and Cabinet	Management of the Australian Government's Register of Lobbyists: follow-on Culture and capability initiatives for Aboriginal and Torres Strait Islander peoples Rate of return of the Behavioural Economics Team of the Australian Government ( <i>suggested addition</i> )
Social Services	Adult Migrant English Program Decision Making Controls for financial sustainability – NDIS Participant Plans National Disability Insurance Agency's management of outsourced Partners in the Community Effectiveness of settlement service contracts ( <i>suggested addition</i> )
Treasury	Planning for the 2021 Census National energy retail, electricity and gas regulation – compliance and enforcement National Partnership Agreement on Asset Recycling
Veterans' Affairs	Delivering Veteran Centric Reforms
Cross Entity Audits	Cyber resilience of non-corporate Commonwealth entities Government approval and oversight of large ICT projects Implementation of the revised Protective Security Policy Framework

*Source: Committee Records*