
The Parliament of the Commonwealth of Australia

Report 405

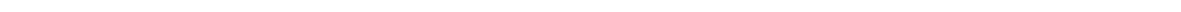
Annual Report 2004-2005

Joint Committee of Public Accounts and Audit

November 2005
Canberra

Commonwealth of Australia 2005

ISBN 0 642 78733 6 (printed version)
0 642 78734 4 (HTML version)





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Foreword

I am pleased to present the 2004-2005 annual report of the Joint Committee of Public Accounts and Audit, pursuant to section 8B of the *Public Accounts and Audit Committee Act 1951*. Section 8B of the Act requires the Committee to table in both Houses of Parliament a report on the Committee's performance each financial year. Tabling of the annual report is an important accountability mechanism by which Parliament, and through it the public, can assess the Committee's performance.

In general terms, the duties of the JCPAA are to:

- examine the financial affairs of authorities of the Commonwealth, and examine all reports of the Auditor-General that are tabled in each house of the Parliament;
- consider the operations and resources of the Audit Office;
- approve or reject the Prime Minister's recommendation for appointment of the Auditor-General and the Independent Auditor; and
- increase parliamentary and public awareness of the financial and related operations of government.

During 2004-05, despite the hiatus in activity due to the Federal Election, the Committee has fulfilled each of these responsibilities.

Committee Inquiries

Unlike other Committees, the JCPAA can initiate its own policy inquiries without permission or reference to any Minister, government or the Parliament. Each year the Committee undertakes at least one major inquiry on a topic it believes requires detailed Parliamentary scrutiny. During 2004-05 the Committee has undertaken two major inquiries.

Report 403: Access of Indigenous Australians to Law and Justice Services, was tabled in Parliament in June 2005. The Committee's inquiry arose out its review of an ANAO Audit Report which examined the AT SIS Law and Justice Program. The

inquiry was initiated in March 2004 but lapsed with the dissolution of the House of Representatives on 31 August 2004. In December 2004, the new Committee resolved to resume the inquiry. The Committee received 44 submissions, 51 exhibits, and other correspondence. The Committee held public hearings in Canberra, Sydney, Darwin, Alice Springs, Dubbo and Perth, and an inspection at Yuendumu (Central Australia) at the invitation and generous hospitality of the local community.

The Committee's report included 17 recommendations aimed at ensuring that indigenous people have the best access to legal resources within available resources.

In May 2005 the Committee resolved to review the developments in aviation security in Australia since the JCPAA's Report 400: *Aviation Security in Australia*, which was tabled in June 2004. The Committee decided to re-open the inquiry in the light of a number of disturbing incidents in Australian aviation security since June 2004.

At September 2005, the Committee had received 71 submissions and had undertaken public hearings and inspections at Canberra, Sydney, Brisbane, Adelaide and Perth. The Committee received several briefings from Sir John Wheeler on the outcomes of his inquiry into aviation security, and is looking to build on these with further recommendations. The Committee has a full schedule of public hearings and inspections to the end of 2005 and intends to report during 2006.

Consideration of Audit Reports

The Committee has been very busy during 2004-05 fulfilling its responsibility to review Auditor-General's reports. Prior to the election, the previous Committee tabled *Report 402*, which reviewed six Auditor-General's reports.

Following the election, the Committee resolved to complete the review of three more Auditor-General's reports that had been started in the previous Parliament.

In addition, the Committee reviewed the large number of Auditor's reports tabled since the previous Committee's consideration, and selected eight for a detailed examination. These included reports on Defence financial management, Centrelink, the Family Court and Federal Magistrate's Court, management of Federal Airport leases, management of Special Appropriations, the Australian Customs Service, and the Therapeutic Goods Administration.

The Committee held a number of public hearings on these reports throughout 2005, and recently tabled Report 404 which outlines the Committee's findings and makes 42 recommendations to improve agencies' efficiency and effectiveness, and to ensure that the ANAO's recommendations are implemented.

A theme emerging in a number of these Audit Reports is the need for agencies to be aware of their responsibilities for accountability, value-for-money contract management, and compliance with legislative requirements for financial management. These are issues the Committee intends to continue looking at over the next 12 months.

Consider the operations and resources of the Audit Office

In May 2005, the Committee reviewed the ANAO draft budget estimates for 2005-06, and received a briefing from the Audit Office. The Committee was concerned to learn that while the ANAO received additional funding to cover increased contracting costs and additional work on the Department of Defence accounts, it did not receive \$1 million sought to boost IT audit capability, or an increase to alleviate rising rental costs.

However, the Auditor-General advised the Committee that the ANAO would manage within the allocated budget for 2005-06 without compromising its financial auditing function. In my report to the Parliament on budget day 2005, I stated that the Committee was satisfied that the ANAO had sufficient budget allocation to undertake its responsibilities for 2005-06. However, the Committee expresses its concern that the ANAO may have to curtail some of its other activities, such as better practice guides, business support process audits, and performance audits. The Committee would be greatly concerned by any such reduction.

Approve the appointment of the Auditor-General

The *Auditor-General Act* was enacted in 1997. The Act established the Auditor-General as an “independent officer of the Parliament” with a 10-year term, and stipulated that the Audit Minister (currently the Prime Minister), when nominating a new Auditor-General, must not recommend an appointment to the Governor-General unless the proposed recommendation has been approved by the JCPAA.

Mr Pat Barrett AO served as the Auditor-General from March 1995. Under the Act, his 10-year term expired in March 2005. On 1st March 2005 the Prime Minister wrote to the Committee, nominating Mr Ian McPhee as the new Auditor-General.

This was the first occasion since the introduction of the Auditor-General Act that the JCPAA had been involved in the selection of an Auditor-General.

The Committee considered the Prime Minister’s nomination, and unanimously agreed to endorse the nomination of Mr McPhee. While we were pleased to endorse the nomination, the Committee had some reservations about its late notice of the nomination, particularly as Mr Barrett’s impending retirement was known for some time.

I would like to take this opportunity to thank Mr Pat Barrett for his service to the Parliament as previous Auditor-General, and again welcome Mr McPhee to the position.

Increase Parliamentary and public awareness

The Committee, myself as chairman, and the secretariat have met with a number of parliamentary delegations, and made presentations to various groups of people, to promote the work of the Committee and the importance of the financial and public accountability framework.


During 2005 there has been some media attention concerning the rate of Governments responses to Parliamentary Committee reports. The Committee notes over the last two Parliaments (since 1998), the Government has responded to nearly 90 per cent of the 209 recommendations made by the JCPAA.

Of the recommendations responded to, the Government has supported some 85 per cent either wholly or in principle.

Finally, I wish to thank my colleagues on the Committee for their hard work and commitment to the Committee during the year.

This is the first annual report that I present as Chairman of the Joint Committee of Public Accounts and Audit. On behalf of the Committee I thank the previous Chairman, Mr Bob Charles MP, who chaired the JCPAA for eight years prior to his retirement at the dissolution of the 40th Parliament. I look forward to a productive year for 2005-06.

Mr Bob Baldwin MP
Chairman




Membership of the Committee (40th Parliament)

Chair Mr Bob Charles MP

Deputy Chair Ms Tanya Plibersek MP

Members	Senator Richard Colbatch (from 14/02/02, until 25/05/03)	Mr Steven Ciobo MP
	Senator Stephen Conroy (from 5/02/03, until 10/09/03)	Mr John Cobb MP
	Senator John Hogg (until 5/02/03, from 10/09/03)	Mr Petro Georgiou MP
	Senator Gary Humphries (from 25/02/03)	Ms Sharon Grierson MP
	Senator Kate Lundy (from 19/11/02, until 1/04/04)	Mr Alan Griffin MP
	Senator Claire Moore (from 1/07/02, until 19/11/02 and from 1/04/04)	Ms Catherine King MP
	Senator Andrew Murray	Mr Peter King MP
	Senator Nigel Scullion	The Hon Alex Somlyay MP
	Senator John Watson	



Membership of the Committee (41st Parliament)

Chair Mr Bob Baldwin MP

Deputy Chair Ms Sharon Grierson MP

Members Senator John Hogg

Hon. Bronwyn Bishop MP
(from 17/8/2005)

Senator Gary Humphries

Mr Russell Broadbent MP

Senator Claire Moore

Ms Anna Burke MP (to 14/9/2005)

Senator Andrew Murray

Dr Craig Emerson MP
(from 14/9/2005)

Senator Fiona Nash (from 7/9/2005)

The Hon Jackie Kelly MP

Senator Nigel Scullion (to 7/9/2005)

Ms Catherine King MP

Senator John Watson

Mr Andrew Laming MP

Senator Andrew Murray

Hon. Alex Somlyay MP (to 10/8/2005)

Mr Lindsay Tanner MP

Mr Ken Ticehurst MP