
The Parliament of the Commonwealth of Australia

Report 450

Annual Report 2014-15

Joint Committee of Public Accounts and Audit

August 2015
Canberra

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Foreword

I am pleased to present the 2014-15 Annual Report of the Joint Committee of Public Accounts and Audit (JCPAA), pursuant to section 8B of the *Public Accounts and Audit Committee Act 1951*.

The Committee's activities in 2014-15 were guided by the Committee's broad set of duties. As such, the Committee:

- reviewed reports of the Auditor-General on behalf of the Parliament;
- reviewed the Defence Materiel Organisation (DMO) Major Projects Report (MPR);
- conducted an inquiry into the operations of the Parliamentary Budget Office;
- had an ongoing focus on scrutinising the *Public Governance, Performance and Accountability Act 2013* and the development of the Commonwealth Performance Framework, including improving the key performance reporting documents such as Annual Reports, Corporate Plans and Portfolio Budget Statements;
- considered the work plans and resources of the Australian National Audit Office (ANAO) and the Parliamentary Budget Office (PBO);
- approved the nomination for appointment of the Auditor-General; and
- continued to encourage parliamentary and public awareness of the financial and related operations of government, both nationally and internationally.

I would like to thank the members of the JCPAA, in particular the Deputy Chair, Mr Pat Conroy MP, for their excellent work, and, on behalf of the Committee, affirm our commitment to continue the JCPAA's proud tradition of proper scrutiny of the use of public resources by the Executive and its agencies.

Dr Andrew Southcott MP
Chair



Membership of the Committee

Chair Dr Andrew Southcott MP

**Deputy
Chair** Mr Pat Conroy MP

Members Hon Anthony Albanese MP (from 12 Feb 2015) Senator Cory Bernardi
 Ms Gai Brodtmann MP Senator Katy Gallagher (from 26 Mar 2015)
 Mr Andrew Giles MP Senator Chris Ketter
 Dr Peter Hendy MP Senator Bridget McKenzie
 Mr Craig Laundry MP Senator Kate Lundy (to 24 Mar 2015)
 Mrs Jane Prentice MP Senator Dean Smith
 Mr Michael Sukkar MP (to 10 Feb 2015)
 Mr Angus Taylor MP
 Mr Tim Watts MP (to 12 Feb 2015)
 Mr Ken Wyatt MP (from 10 Feb 2015)

Committee Secretariat

Secretary	Ms Susan Cardell
Inquiry Secretaries	Dr Kate Sullivan
	Ms Jane Hearn (to 6 Feb 2015)
	Ms Sandra Kennedy (from 23 Mar 2015)
Research Officers	Dr Andrew Gaczol
	Ms Casey Mazarella (to 5 Jun 2015)
Administrative Officers	Ms Tamara Palmer



List of abbreviations

ACPAC	Australasian Council of Public Accounts Committees
AG Act	<i>Auditor-General Act 1997</i>
ANAO	Australian National Audit Office
APS	Australian Public Service
ATO	Australian Taxation Office
DMO	Defence Materiel Organisation
JCPAA	Joint Committee of Public Accounts and Audit
MPR	Major Projects Report
PAAC Act	<i>Public Accounts and Audit Committee Act 1951</i>
PBO	Parliamentary Budget Office
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PMRA	Public Management Reform Agenda
PS Act	<i>Public Service Act 1999</i>

Introduction

- 1.1 The Joint Committee of Public Accounts and Audit (JCPAA) is established pursuant to the *Public Accounts and Audit Committee Act 1951* (PAAC Act) and draws its members from both the House of Representatives and Senate.
- 1.2 Under Section 8B of the PAAC Act, the JCPAA must table in each House of the Parliament, in relation to each financial year, a report on the performance of its duties during the year.
- 1.3 The JCPAA is one of the oldest committees in the Parliament. The original establishing legislation for the first public accounts committee passed in December 1913.¹ For more than 100 years the Committee's mandate has been to hold Commonwealth agencies to account for the lawfulness, efficiency and effectiveness with which they use public monies.

Committee duties

- 1.4 The PAAC Act gives the JCPAA the unique capacity to initiate its own inquiries (or 'self-refer') without seeking a reference from a Minister or either House of the Parliament. Section 8 of the Act provides that the Committee can examine and report on any circumstances connected with 'the accounts of the receipts and expenditure of the Commonwealth' and reports of the Auditor-General.
- 1.5 The duties of the Committee, as outlined in the PAAC Act, are:
 - to examine the financial affairs of authorities of the Commonwealth;
 - to examine all reports of the Auditor-General that are tabled in the Parliament;

¹ *Committee of Public Accounts Act 1913*, ceased 11 December 1951 when repealed by the *Public Accounts and Audit Committee Act 1951*.

- to determine the audit priorities of the Parliament and advise the Auditor-General;
 - to determine the audit priorities of the Parliament for audits of the Australian National Audit Office (ANAO) and to advise the Independent Auditor;
 - to consider the operation and resources of the 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; and
 - 'any other duties given to the Committee ... by any other law'.²
- 1.6 Under the *Parliamentary Services Act 1999* (PS Act) the JCPAA is named as the oversight body of the Parliamentary Budget Office (PBO). Duties of the JCPAA include: considering the operations, work plan and resources of the PBO and approving or rejecting the proposed appointment of the Parliamentary Budget Officer.
- 1.7 Under the *Public Service Act 1999*, the Annual Report Requirements applying to departments, executive agencies and other non-corporate Commonwealth entities are submitted each year by the Department of Prime Minister and Cabinet to the JCPAA for approval.
- 1.8 The *Public Governance, Performance and Accountability Act 2013* (PGPA Act) sets out additional duties for the JCPAA, including oversight of review of the PGPA Act and consideration and approval of the rules concerning annual reporting for commonwealth entities. The JCPAA has been, and continues to be, engaged in the oversight of the Public Management Reform Agenda (PMRA).
- 1.9 Chapter 2 provides more detail on the Committee's specific roles and functions, as well as a summary of work undertaken in 2014-15.
- 1.10 Further information is also available on the JCPAA's website at www.aph.gov.au/jcpaa, or by contacting the Committee Secretariat by email at jcpaa@aph.gov.au or by telephone on 02 6277 4615.

2 The duties of the Joint Committee of Public Accounts and Audit are described in detail in sections 8 and 8A of the *Public Accounts and Audit Committee Act 1951*.

Summary of activities for 2014-15

- 2.1 In 2014-15, the Joint Committee of Public Accounts and Audit (JCPAA) held 22 meetings, all of which were in Canberra. Eleven of those meetings included public hearings. The JCPAA tabled five reports (including *Report 444: Annual Report 2013-14*) during 2014-15.
- 2.2 The following section details the activities of the Committee for 2014-15, including reviews, inquiries and other Committee activities.

Reviews and inquiries

Reviews of Auditor-General reports

- 2.3 The Committee is responsible for examining all of the Auditor-General's reports on behalf of the Parliament. The Australian National Audit Office (ANAO) produces approximately 50 performance audits each year and although the Committee examines all reports of the Auditor-General, only a limited set of reports are selected for detailed inquiry (averaging around 12 inquiries per year).
- 2.4 The process is informed by regular briefings from officers of the ANAO regarding the findings of tabled audit reports. Following these briefings, the Committee selects audit reports for further examination. Public hearings are then conducted on the selected reports with witnesses present from the audited agencies, the ANAO and other relevant stakeholders.
- 2.5 At the hearings, the Committee, guided by the findings of the audit report, focuses on determining how particular deficiencies or issues arose, as well as what actions the agencies are undertaking to rectify the shortcomings identified in the audit. Particular focus is given to the progress that agencies have made regarding the implementation of the ANAO's recommendations.

- 2.6 The Committee periodically tables reports in the Parliament on its reviews of Auditor-General's reports. The Committee's reports incorporate the evidence gathered by the Committee, usually in the form of submissions to the review and transcripts from the public hearings. The reports often contain Committee recommendations, which are in addition to those already presented by the Auditor-General in the ANAO's reports.
- 2.7 Since the last JCPAA annual report, the Committee has tabled two reports reviewing ANAO reports.

Report 445: Regional Cities Program, KPIs and Medicare - Review of Auditor-General's Reports Nos 10-31 (2013-14)

- 2.8 In September 2014, the Committee tabled a report reviewing four audit reports presented to Parliament by the Auditor-General between December 2013 and May 2014. The reports reviewed were:
- Audit Report No. 21 (2013-14), *Pilot Project to Audit Key Performance Indicators*;
 - Audit Report No. 25 (2013-14), *Management of the Building Better Regional Cities Program*;
 - Audit Report No. 26 (2013-14), *Medicare Compliance Audits*; and
 - Audit Report No. 27 (2013-14), *Integrity of Medicare Customer Data*.
- 2.9 Public hearings on the four audit reports were held in Canberra on:
- 26 June 2014 (Audit Reports 21 and 25); and
 - 17 July 2014 (Audit Reports 26 and 27).
- 2.10 A key theme across these reports was the importance of a robust performance framework and auditable key performance indicators (KPIs). The Committee made seven recommendations to improve the effectiveness of performance measurement and reporting, and the implementation of Auditor-General's recommendations.

Report 447: EPBC Act, Cyber Security, Mail Screening, ABR and Helicopter Program - Review of Auditor-General's Reports Nos 32-54 (2013-14)

- 2.11 In March 2015, the Committee tabled a report reviewing five audit reports presented to Parliament by the Auditor-General between May 2014 and June 2014. The reports reviewed were:
- Audit Report No. 42 (2013-14), *Screening of International Mail*;
 - Audit Report No. 43 (2013-14), *Managing Compliance with Environment Protection and Biodiversity Conservation Act 1999 Conditions of Approval*;
 - Audit Report No. 48 (2013-14), *Administration of the Australian Business Register*;

- Audit Report No. 50 (2013-14), *Cyber Attacks: Securing Agencies' ICT Systems*; and
 - Audit Report No. 52 (2013-14), *Multi-Role Helicopter Program*
- 2.12 Public hearings on the five audit reports were held in Canberra on:
- 23 October 2014 (Audit Reports 43 and 48);
 - 24 October 2014 (Audit Reports 50 and 52); and
 - 30 October 2014 (Audit Report 42).
- 2.13 The Committee made nine recommendations on two key themes across these reports which were the importance of agencies taking an appropriate risk based approach and also, where appropriate, working cooperatively with others to achieve common objectives. In addition, the Committee made one recommendation to the Department of Finance to review its guidance regarding the application of the efficiency dividend.

Review of Auditor-General's Reports underway

- 2.14 As at 30 June 2015, the Committee had a review of the following eight audit reports underway:
- Audit Report No. 9 (2014-15) *The Design and Conduct of the Third and Fourth Funding Rounds of the Regional Development Australia Fund*;
 - Audit Report No. 19 (2014-15) *Management of the Disposal of Specialist Military Equipment*;
 - Audit Report No. 20 (2014-15) *Administration of the Tariff Concession System*;
 - Audit Report No. 23 (2014-15) *Administration of the Early Years Quality Fund*;
 - Audit Report No. 25 (2014-15) *Administration of the Fifth Community Pharmacy Agreement*;
 - Audit Report No. 34 (2014-15) *Administration of the Natural Disaster Relief and Recovery Arrangements by Emergency Management Australia*;
 - Audit Report No. 37 (2014-15) *Management of Smart Centres' Centrelink Telephone Services*; and
 - Audit Report No. 41 (2014-15) *The Award of Funding under the Safer Streets Programme*.
- 2.15 A public hearing was held on 6 March 2015, focusing on Audit Report No. 9. A second hearing, focusing on Audit Report Nos 19 and 20, was held on 14 May 2015. A third hearing on 28 May 2015 focused on Audit Report No. 23.

Review of Defence Materiel Organisation Major Projects Report

- 2.16 In addition to the review of ANAO reports referred to above, every year the JCPAA scrutinises the Defence Materiel Organisation (DMO) by examining the DMO Major Projects Report (MPR). The MPR is a consolidated review of 30 selected major defence acquisition projects being managed by DMO and is produced by the ANAO following guidelines that are annually reviewed and endorsed by the JCPAA.
- 2.17 The MPR is automatically referred to the JCPAA, in accordance with the Committee's statutory obligations to examine all Auditor-General's reports. The 2013-14 MPR was presented to the Parliament by the Auditor-General in December 2014 and covered 30 projects with a combined approved budget of \$59.4 billion.
- 2.18 The Committee examined the 2013-14 MPR by way of a public hearing, which was held in Canberra on 27 February 2015.
- 2.19 The Committee tabled *Report 448: Review of the 2013-14 Defence Materiel Organisation Major Projects Report* on 25 May 2015. Specific areas of focus in the Committee's review included some particular projects listed in the 'Projects of Concern' as well as broader issues regarding governance and business processes. The Committee noted the abolition of the DMO and the Department of Defence re-absorbing DMO's functions and made one recommendation to the Department of Defence that it provide the same priority and appropriate resources to the MPR in the future as DMO has done in the past.
- 2.20 The Committee, in conjunction with Defence and the ANAO, is now focussed on establishing a mechanism through which sustainment reporting can be better scrutinised. Sustainment expenditure is at approximately \$5 billion per annum and is predicted to increase significantly over time. The Committee considers sustainment expenditure to be an area requiring further parliamentary scrutiny.
- 2.21 The guidelines for the 2014-15 MPR were endorsed by the Committee on 25 September 2014.

Inquiry into the operations of the Parliamentary Budget Office

- 2.22 In July 2014, the Committee began an inquiry into the operations of the Parliamentary Budget Office (PBO). The inquiry was part of the committee's statutory oversight role, which enabled the Committee to review the progress of the PBO after only two years of operation. The PBO was also subject to external audit by the Australian National Audit Office, which reported on the administration of the PBO in June 2014.

- 2.23 A public hearing was held in Canberra on 28 August 2014 and the inquiry received seven submissions and two supplementary submissions.
- 2.24 The Committee tabled *Report 446, Review of the Operations of the Parliamentary Budget Office* on 1 December 2014. The Committee concluded the PBO is a permanent and indispensable part of the architecture of good government, contributing to transparency and accountability in fiscal policy, policy costings and the budget. It is making information and analysis available to all parliamentarians and strengthening informed public debate.
- 2.25 The report made eight recommendations aimed at improving the PBO's access to information and extending the PBO's mandate to include the publication of detailed medium-term projections. The Committee also recommended that the post-election report analysis of election commitments be extended beyond 4 years to a 10-year timeframe.

Inquiry into the development of the Commonwealth Performance Framework

- 2.26 The *Public Governance, Performance and Accountability Act 2013* (PGPA Act) established a single resource management framework for all Commonwealth bodies. Establishing this Act formed stage one of the Public Management Reform Agenda (PMRA). The Committee has an ongoing role in scrutinising the operation of the PGPA Act, and has previously conducted inquiries into the PGPA Bill and the first set of PGPA rules.
- 2.27 The PMRA has entered its second stage, which focuses on improving the Commonwealth performance framework, including key performance reporting documents such as Annual Reports, Corporate Plans, and Portfolio Budget Statements. The Committee has long held an interest in improving the measurement and reporting performance framework. On 26 March 2015, the JCPAA resolved to inquire into and report on the development of the Commonwealth Performance Framework to ensure an effective, integrated performance management system that continues to improve accountability to the Parliament and the public, with particular reference to:
- enhancing the effectiveness of key performance information under the framework, including:
 - ⇒ performance measures that both foreshadow and subsequently assess the impact of government programs;

- ⇒ criteria that performance information must satisfy, to enable performance comparisons across Commonwealth entities and ensure auditable performance information; and
 - ⇒ reporting of high level, quantitative key performance information across Australian government;
 - enhancing the effectiveness of performance documentation under the framework, including annual reports, corporate plans and Portfolio Budget Statements;
 - enhancing the effectiveness of the *Public Governance, Performance and Accountability Act 2013* rule and Department of Finance Resource Management Guides for the Commonwealth performance framework;
 - Commonwealth entity requirements concerning implementation of the performance framework;
 - Australian and international models; and
 - any other relevant matters.
- 2.28 As at 30 June 2015, this inquiry had received 20 submissions and the Committee had held three public hearings in Canberra on 19 March 2015, 4 June 2015 and 18 June 2015.
- 2.29 The Committee may release interim reports on the progress of the inquiry.

Responses to JCPAA Reports

- 2.30 The Committee's reports may include both administrative recommendations and/or policy recommendations.
- 2.31 Responses to administrative recommendations can be decided on and implemented by the relevant affected agencies. Government responses to administrative recommendations are submitted to the Committee in the form of an 'Executive Minute', which is tabled in the Parliament by the Committee Chair.
- 2.32 Policy recommendations may have direct implications to existing Government policy and therefore require a response from the relevant Minister. Government responses to policy recommendations are tabled in the Parliament by a Minister.
- 2.33 Under a resolution adopted by the House of Representatives on 29 September 2010, the Government has given a commitment that government responses to Committee reports will be provided within six months of the date of tabling of a report.
- 2.34 At the beginning of the Parliament the JCPAA resolved to authorise the Chair to write to the relevant Minister immediately after a government

response becomes overdue. As of 30 June 2015 all outstanding government responses to JCPAA reports were received.

- 2.35 Upon receipt, the Committee reviews each government response and considers:
- whether it addresses the issues raised in the report's recommendations; and
 - if any further action should be taken by the Committee in regard to the Government's response.
- 2.36 Table 2.1 below lists Government responses received by the Committee in 2014-15, 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.

Table 2.1 Government responses received by the Committee 1 July 2014 to 30 June 2015

Report title	Status of response	Full response within six months
Report 417 – Review of Auditor-General's Reports tabled between February 2009 and September 2009	Complete	No
Report 441 – <i>Public Governance Performance and Accountability Act 2013</i> (PGPA Act) Rules Development	Complete	Yes
Report 442 – Review of the 2012-13 Defence Materiel Organisations Major Projects Report	Complete	Yes
Report 443 – Review of Auditor-General's reports Nos 23 and 25 (2012-13) and 32 (2012-13) to 9 (2013-14)	Complete	Yes
Report 445 – Regional Cities Program, KPIs and Medicare: Review of Auditor-General's Reports Nos 10-31 (2013-14)	Complete	Yes
Report 446 – Review of the Operations of the Parliamentary Budget Office	Complete	No

Other major Committee activities

Appointment of Auditor-General

- 2.37 The JCPAA has the responsibility under the *Public Accounts and Audit Committee Act 1951* to approve or reject a proposed recommendation for appointment to the office of Auditor-General.

- 2.38 As an independent officer of the Parliament, the Auditor-General is responsible for ensuring accountability and transparency in the delivery of government programs and services. It is therefore appropriate that the JCPAA has the power to scrutinise a nomination to this important position.
- 2.39 On 14 May 2015, the JCPAA unanimously approved the appointment of Mr Grant Hehir as the new Auditor-General. The Auditor-General is appointed by the Governor-General, under the *Auditor-General Act 1997*, for a term of 10 years, and Mr Hehir commenced office on 11 June 2015. Prior to his appointment, Mr Hehir was the New South Wales Auditor-General. He has held a range of senior positions in state and Commonwealth public sectors, including as Secretary of the Victorian Department of Treasury and Finance and Department of Education and Training, and in the Commonwealth Department of Finance.
- 2.40 The Committee acknowledges the significant achievements of Mr Ian McPhee AO PSM, who served as Auditor-General for the past 10 years and thanks Mr McPhee for his dedicated commitment to: improving public sector accountability; promoting better practice public administration; and assisting the Parliament in holding executive government to account and informing the wider Australian community of the state of public administration.

Audit priorities of the Parliament

- 2.41 The Auditor-General has the authority to autonomously determine the work program undertaken by the ANAO; however, the JCPAA is responsible for determining and advising the Auditor-General of the audit priorities of the Parliament.
- 2.42 As part of the identification of the Parliament's audit priorities, the JCPAA seeks input from all other parliamentary committees. The Chair writes to the parliamentary committees asking for advice on any programs or functions within their portfolio that they believe should be audited. A consolidated list of the parliament's audit priorities is then referred to the Auditor-General for consideration in the finalisation of the ANAO's work program for the proceeding financial year.
- 2.43 In April 2015, the Committee received the ANAO's draft audit work program for 2015-16. The JCPAA forwarded the draft program to all other parliamentary committees in order to assist it in determining the audit priorities.
- 2.44 Following the JCPAA's deliberations and other committee's responses, the JCPAA advised the Auditor-General of the following audit priorities from the ANAO's draft Audit Work Program:

- Aged Care Workforce Supplement Program;
- Biosecurity System;
- Regional Forest Agreements;
- Rural Research and Development for Profit Programme;
- Progressing National Health Reforms (the National Health Reform Agreements);
- Medicare Benefits Schedule Review Process;
- National eHealth Implementation;
- Establishment of Primary Health Networks;
- Regulation of Indigenous Corporations through the Office of the Registrar of Indigenous Corporations;
- Targeted Assistance to Indigenous Tertiary Students;
- National Disability Insurance Scheme;
- Management of Commonwealth Property and Leases;
- Parliamentary Review of Public Works Projects;
- Administration of the National Greenhouse and Energy Report Scheme: follow-on Audit;
- Green Army Programme;
- Emissions Reduction Fund;
- Australian Government Reef Programme;
- Environmental Approvals under the EPBC Act 1999;
- Monitoring Compliance with the EPBC Act Conditions of Approval: Follow-up Audit;
- Mobile Black Spot Programme;
- ABC and SBS Complaints Handling;
- Management of Public Interest in Telecommunications Services;
- Managing Compliance with the Telecommunications Consumer Protections Code 2012;
- Exporter Supply Chain Assurance System;
- Armed Reconnaissance Helicopters;
- Sustainment of Defence Materiel;
- Implementation of Audit Recommendations;
- Commonwealth Grant Scheme for Higher Education;
- VET FEE-HELP;
- Emissions Reduction Fund;

- Monitoring Compliance with the EPBC Act Conditions of Approval – Follow-up Audit;
- Entity Administration of the Grant Briefing Requirements;
- The AEC’s Implementation of ANAO Recommendations;
- National eHealth Implementation;
- Establishment of Primary Health Networks;
- Pharmaceutical Benefits Scheme Safety Net;
- Community Pharmacy Agreement – Follow-on Audit;
- Managing the 457 Visa Program;
- Management of the Home Insulation Program Industry Payment Scheme;
- Design and Implementation of the National Stronger Regions Fund;
- Managing Assets and Contracts at Parliament House – Follow-up Audit;
- Fraud Prevention and Compliance Initiatives in Human Services;
- Centrepay;
- Veteran’s Affairs and Human Services: Community Pharmacy Agreement – Follow-on Audit;
- Entity Administration of Grant Briefing Requirements;
- Audit Committees;
- Evaluation;
- Procurement; and
- Defence Procurement.

2.45 The Committee also expressed support, as audit priorities of the Parliament, for audits on the following topics that were not included in the ANAO’s draft Audit Work Program:

- Follow-up action to fraudulent behaviour;
- NGO grants and their acquittal;
- Foreign Aid;
- Organisations funded to support indigenous organisations and programs;
- Audit into the Australian Electoral Commission's implementation of ANAO recommendations;
- Audit into the Better Outcomes in Mental Health Care programme (BOiMHC);
- Indigenous Aged Care; and

- Department of Infrastructure and Regional Development's Service Delivery Arrangements (SDA) with the Western Australian Government regarding the Indian Ocean Territories.

Review of the annual budget of the ANAO

- 2.46 Under the *Public Accounts and Audit Committee Act 1951* (PAAC Act), the Committee is required to consider draft estimates for the ANAO and the level of fees determined by the Auditor-General.
- 2.47 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. This allows the Committee to make formal representations to the Government on behalf of the ANAO, if necessary, and to make a statement to both houses of Parliament on budget day, expressing the Committee's opinion regarding whether the ANAO has been given sufficient funding to perform its functions.
- 2.48 In December 2014, the Auditor-General submitted the ANAO's 2015-16 budget estimates to the JCPAA and on 5 March 2015 briefed the Committee on the impact of the proposed budget on the ANAO's capacity to meet its mandate. On budget day - 12 May 2015 - the Chair of the Committee made a statement to the House on the adequacy of the ANAO's appropriation, with a corresponding statement delivered in the Senate. The Committee endorsed the proposed budget for 2015-16.¹

Review of the annual budget and work plan of the PBO

- 2.49 In accordance with the *Parliamentary Services Act 1999*, the JCPAA's role, in relation to oversight of the Parliamentary Budget Office (PBO), includes:
- approving the appointment of the Parliamentary Budget Officer
 - considering the operations and resources of the PBO
 - reporting to the Parliament on relevant matters relating to the PBO
- 2.50 As referred to above the Committee launched an inquiry into the operations of the PBO in July 2014 and tabled in Parliament *Report 446, Review of the Operations of the Parliamentary Budget Office* on 1 December 2014.
- 2.51 Under *Parliamentary Service Act 1999*, the JCPAA is to consider work plans for the PBO. On 25 September 2014 the Committee considered and endorsed the PBO's work plan for 2014-15.
- 2.52 The Committee received a copy of the PBO draft budget estimates in February 2015. On budget day - 12 May 2015 - the Chair of the Committee

¹ A copy of the statement is available on the JCPAA website at <aph.gov.au/jcpaa>.

made a statement to the House on the adequacy of the PBO's appropriation, with a corresponding statement delivered in the Senate. The Committee endorsed the proposed budget for the PBO for 2015-16.²

Annual Report Requirements

- 2.53 The *Public Service Act 1999* requires that 'after the end of each financial year, the Secretary of a Department must give a report to the Agency Minister, for presentation to the Parliament, on the Department's activities during the year'; and 'the report must be prepared in accordance with guidelines approved on behalf of the Parliament by the Joint Committee of Public Accounts and Audit'.
- 2.54 The Requirements for Annual Reports are reviewed annually to take account of changes to reporting requirements prescribed in legislation, arising from new policy, or recommendations in Parliamentary, Australian National Audit Office or other reports.
- 2.55 Annual reports of Australian Government agencies are an important source of both current performance and historical information.
- 2.56 The Annual Report Requirements under the *Public Service Act 1999*, applying to departments, executive agencies and other non-corporate Commonwealth entities were approved by the Joint Committee of Public Accounts and Audit on 25 June 2015.³

External engagement and communication

- 2.57 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.
- 2.58 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.

International engagement

- 2.59 In July 2014, the Committee met with a delegation from the National Assembly of Vietnam. The delegation discussed the powers, role and

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

3 The Requirements can be accessed on the Department of Prime Minister and Cabinet website <http://www.dpmc.gov.au/pmc/publication/requirements-annual-reports-departments-executive-agencies-and-other-non-corporate-commonwealth-entities>

formation of the JCPAA and its interest in public governance and administration.

- 2.60 In September 2014, the Chair and Deputy Chair met with the Laos Chair of the Economics, Planning and Finance Committee. The Laos Chair was interested in discussing the roles and powers of the JCPAA, as well as JCPAA's interaction with the Auditor-General and ANAO.
- 2.61 In February 2015, members of the Committee and secretariat met with Committee Chairs and secretariat staff from the Papua New Guinea Parliament. Discussions focussed on the roles and responsibilities of the JCPAA and the secretariat and the JCPAA's oversight role of the PBO, MPR and audit reports.

Annual Parliamentary Committee Exchange Program

- 2.62 Each year one New Zealand parliamentary committee visits Australia and one Australian parliamentary committee visits New Zealand. The purpose is to enable Australian and New Zealand parliamentarians working on committees to explore issues of common interest that are the subject of consideration by their committees. In 2014, the committee visit to New Zealand was adjusted to include a visit to one other Pacific region country. The JCPAA was selected by the Presiding Officers to participate in the 2015 committee exchange program. The committee nominated the Republic of Fiji as the Pacific country of its choice.
- 2.63 The Committee will be travelling to New Zealand and the Republic of Fiji in September. The delegation will enable the JCPAA to gain important insights into the roles of the different public account and audit bodies in each country, and explore the parallels between the JCPAA's current inquiries and their New Zealand and Fijian counterparts.

Australasian Council of Public Accounts Committees

- 2.64 The JCPAA is an active member of the Australasian Council of Public Accounts Committees (ACPAC). ACPAC provides a forum for public accounts committees in the region to:
- exchange information and opinions;
 - consider ways to improve quality and performance in scrutinising government expenditure; and
 - promote communication between committees and Auditor-Generals, experts, the media, and the public.
- 2.65 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 mid-term meetings on alternate years for members only. These conferences are a valuable opportunity to exchange views and experiences between the different jurisdictions.⁴

2.66 In April 2015, the Chair of the JCPAA, Dr Andrew Southcott MP, attended the Australasian Council of Public Accounts Committees' (ACPAC) conference in Adelaide.

2.67 The Chair represented the JCPAA on a number of panels, discussing how the JCPAA and the Auditor-General work cooperatively – but independently – to improve public accountability at the national level, and the roles and responsibilities of Public Accounts Committee members.

Dr Andrew Southcott MP
Chair

Date: 13 August 2015

4 More information about the Australasian Council of Public Accounts Committees (ACPAC) and the International Engagement Strategy can be found at: <acpac.asn.au>.