



PARLIAMENT OF AUSTRALIA

# **Report 501**

**Annual Report 2022–23**

**Joint Committee of Public Accounts and Audit**

CANBERRA

© Commonwealth of Australia

ISBN 978-1-76092-582-6 (Printed version)

ISBN 978-1-76092-583-3 (HTML version)

All material in this report is provided under a Creative Commons Attribution-NonCommercial-NoDerivs 4.0 Australia licence. The material may be shared, copied and redistributed provided that:

- it is for non-commercial purposes
- the committee named on the previous page is credited as the author
- the committee is not represented as endorsing the use of the material
- any changes are clearly identified
- no additional legal or technical restrictions are applied to restrict use that complies with the licence.

If the material is remixed, transformed or built upon, the modified material may not be distributed.



Full details of this licence are available on the Creative Commons website:  
<https://creativecommons.org/licenses/by-nc-nd/4.0/>.

# Contents

<b>Foreword</b> .....	<b>v</b>
<b>Membership of the Committee</b> .....	<b>vii</b>
<b>Terms of reference</b> .....	<b>ix</b>
<b>List of abbreviations</b> .....	<b>xi</b>

## Report

<b>Committee activities in 2022–23</b> .....	<b>1</b>
Overview of activities .....	1
Committee inquiries and reports .....	2
Inquiries based on Auditor-General reports.....	3
Non-inquiry activities .....	8
Annual report .....	8
Budget estimates .....	8
Audit priorities of the Parliament.....	10
Annual work plan of the Parliamentary Budget Office .....	10
Defence Major Projects Report Guidelines .....	10
Engagement activities .....	11

## Appendixes

<b>Appendix A. Legislative duties of the Committee</b> .....	<b>13</b>
<b>Appendix B. Statistics: Government responses &amp; executive minutes</b> ....	<b>21</b>





# Foreword

This report details the activities of the Joint Committee of Public Accounts and Audit (the Committee) during 2022–23 in accordance with its responsibilities under the *Public Accounts and Audit Committee Act 1951* (PAAC Act) and other relevant legislation. This obviously very exciting report satisfies the requirement for the Committee to report annually to the Parliament on the work it has undertaken.

Under the PAAC Act, the Committee has the capacity to determine its own work program and priorities and as such is able to act proactively to examine matters as they arise. This allows the Committee to contribute work of significant value to the Parliament’s oversight of Australian government agencies.

The Committee reviews the reports of the Australian National Audit Office (ANAO) and conducts inquiries where it identifies there are issues requiring further consideration. It determines the audit priorities of the Parliament, and makes recommendations to the government on the budget estimates of the ANAO and the Parliamentary Budget Office (PBO).

In 2022–23 the Committee held 29 meetings including 18 public hearings. The Committee commenced eight inquiries and presented five reports (including its 2021–22 annual report), and undertook a range of other non-inquiry activities pursuant to its statutory duties.

It has been the Committee’s longstanding general practice to work in a collaborative and non-partisan manner.

I would like to thank those who were members of the Committee in 2022–23 for the spirit in which they approached the Committee’s work and their dedication to its scrutiny function.

In particular, I would like to thank the Deputy Chair, Senator the Hon Linda Reynolds CSC, for her collegiate and professional approach to her duties as Deputy Chair. Only occasionally do we get antsy with each other in public hearings and always with good humour and forbearance with what must be.

I would also like to thank the Committee secretariat for their expertise in supporting the work of the Committee. They deserve lashings of praise for the outstanding quality of the work they do and their professionalism. This includes the staff of the Parliament and the highly valued secondees of the Australian National Audit Office.

**Mr Julian Hill MP**  
**Chair**





# Membership of the Committee

## **Chair**

Mr Julian Hill MP Bruce, VIC

## **Deputy Chair**

Senator the Hon Linda Reynolds CSC LP, WA

## **Members**

Dr Michelle Ananda-Rajah MP Higgins, VIC

Senator Catryna Bilyk ALP, TAS

Senator the Hon Matthew Canavan NATS, QLD

Hon David Coleman MP (*to 22 March 2023*) Banks, NSW

Dr Carina Garland MP Chisholm, VIC

Hon Dr David Gillespie MP (*to 15 February 2023*) Lyne, NSW

Mr Ian Goodenough MP (*from 6 March 2023*) Moore, WA

Senator Karen Grogan ALP, SA

Dr Daniel Mulino MP Fraser, VIC

Ms Peta Murphy MP Dunkley, VIC

Mr Graham Perrett MP (*from 20 June 2023 to 9 August 2023*) Moreton, QLD

Mr Henry Pike MP (*from 22 March 2023*) Bowman, QLD

Senator Barbara Pocock (*from 31 July 2023*) AG, SA

Mr Sam Rae MP (*to 20 June 2023, from 1 August 2023*) Hawke, VIC

Senator Tony Sheldon ALP, NSW

Mr Aaron Violi MP Casey, VIC

*This Committee is supported by staff of the Department of the House of Representatives.*







# Terms of reference

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

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





# List of abbreviations

AGCMF	Australian Government Crisis Management Framework
ANAO	Australian National Audit Office
CGRG	Commonwealth Grants Rules and Guidelines
CMATS	Civil Military Air Traffic Management System
Defence	Department of Defence
DFAT	Department of Foreign Affairs and Trade
JCPAA	Joint Committee of Public Accounts and Audit
MPR	Defence Major Projects Report
NDIA	National Disability Insurance Agency
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>
PS Act	<i>Parliamentary Service Act 1999</i>
the Committee	Joint Committee of Public Accounts and Audit



# 1. Committee activities in 2022–23

- 1.1 The Joint Committee of Public Accounts and Audit (the Committee) is established by the *Public Accounts and Audit Committee Act 1951* (PAAC Act).
- 1.2 The duties of the Committee are set out in the PAAC Act, and in the *Parliamentary Service Act 1999* (PS Act) and the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). Relevant excerpts of these three acts are provided in Appendix A.
- 1.3 Pursuant to section 8B of the PAAC Act, the Committee is required to prepare a report on the performance of its duties during the year and table the report in each House of the Parliament. This report covers the period 1 July 2022 to 30 June 2023.

## Overview of activities

- 1.4 In 2022–23 the Committee held 29 meetings including 18 public hearings. The Committee commenced eight inquiries and presented five reports (including the 2021–22 annual report), and undertook a range of other non-inquiry activities pursuant to its statutory duties.

**Table 1.1 Comparison of Committee activities: selected metrics**

Metric	2021–22	2022–23
Number of sitting weeks	11	18
Total meetings held <sup>1</sup>	16	29
<i>Number of private meetings</i>	10	18
<i>Number of public hearings</i>	12	18
Number of inquiries commenced	3	8
Auditor-General's reports selected for detailed inquiry	9	20
Submissions received <sup>2</sup>	30	130
Committee inquiry reports tabled in Parliament	6	4
Recommendations made in reports tabled in the Parliament	58	21

<sup>1</sup> A single meeting may contain a private meeting and/or one or more public hearings.

<sup>2</sup> This number includes supplementary submissions.

Metric	2021–22	2022–23
Recommendations with due dates falling during the year <sup>3</sup>	56	62
Recommendations for which responses were received <sup>4</sup>	10	30
<i>Percentage of recommendations where a response was due and provided</i>	18%	48%
<i>Number where the recommendation was agreed to</i>	10	26
<i>Number received on time<sup>5</sup></i>	0	0
Recommendations for which responses remain outstanding at the end of the reporting period	46	32

Source: Committee records<sup>6</sup>

## Committee inquiries and reports

1.5 As it relates to the Committee's inquiry activities, in 2022–23, the Committee commenced eight inquiries and presented four inquiry reports (including one interim report). Table 1.2 provides an overview of the Committee's inquiry activities in 2022–23.

**Table 1.2 JCPAA inquiry activities in 2022–23**

Inquiry	Status as at 30 June 2023	Basis of inquiry
Department of Foreign Affairs and Trade (DFAT) Crisis Management Arrangements	Report Presented 30 March 2023	Auditor-General's report No. 39 (2021–22)
Commonwealth Grants Administration	Report Presented 29 June 2023	Auditor-General's reports No. 47 (2020–21) No. 16 (2021–22) No. 21 (2021–22) No. 1 (2022–23) JCPAA Report 484
Defence Major Projects Report 2020–21 and 2021–22 and Procurement of Hunter Class Frigates	Interim Report Presented	Auditor-General's reports No. 13 (2021–22)

<sup>3</sup> This number includes overdue responses (where the requirement for the response arose during the previous reporting year and the response was not received).

<sup>4</sup> Some recommendations may require responses from more than one entity. The figure here is the number of recommendations for which responses were received (not the actual number of responses). Where a response to a single recommendation was required from two entities and only one entity responded, this recommendation is recorded as not responded to.

<sup>5</sup> Some responses may have been delayed due to the prorogation of the Parliament and the 2022 Federal Election.

<sup>6</sup> Prior to its 2018–19 annual report, the Committee included in its annual report a table that compared its activities on a range of metrics for the reporting year and the previous two years. The Committee has reinstated this table in the annual report and included metrics for 2021–22 and 2022–23. Future reports will contain metrics for the reporting year and the previous two years.

Inquiry	Status as at 30 June 2023	Basis of inquiry
	29 June 2023 Ongoing	No. 12 (2022–23) No. 21 (2022–23)
Commonwealth Financial Statements	Report Presented 29 June 2023	Auditor-General's report No. 8 (2022–23)
Commonwealth Procurement	Commenced 30 September 2022 Ongoing	Auditor-General's reports No. 6 (2021–22) No. 15 (2021–22) No. 30 (2021–22) No. 42 (2021–22) No. 5 (2022–23)
Annual Performance Statements	Commenced 9 March 2023 Ongoing	Auditor-General's report No. 13 (2022–23)
Procurement at Services Australia and the National Disability Insurance Agency	Commenced 12 May 2023 Ongoing	Self-referred under the PAAC Act
Probity and ethics in the Australian Public Sector	Commenced 27 June 2023 Ongoing	Auditor-General's reports No. 30 (2022–23) No. 36 (2022–23) No. 38 (2022–23) No. 31 (2022–23) No. 18 (2022–23)

Source: Committee records

- 1.6 Additionally, in the reporting period, the Committee received executive minutes and one government response to 25 recommendations made in five reports. Details of these responses are provided in Appendix B.
- 1.7 The remainder of this section summarises the findings and recommendations contained in the four inquiry reports presented in 2022–23. These were all inquiries based on Auditor-General reports.

## Inquiries based on Auditor-General reports

- 1.8 Under the PAAC Act, the Committee is required to examine all reports of the Auditor-General that are tabled in the Parliament and to report on any matters connected with those reports that the Committee determines should be drawn to the attention of the Parliament.<sup>7</sup>
- 1.9 In 2022–23, 45 Auditor-General's reports were tabled in the Parliament: 40 performance audit reports; two financial statement audit reports (including one

<sup>7</sup> *Public Accounts and Audit Committee Act 1951*, section 8(1)(c–d).

interim report); the 2021–22 Defence Major Projects Report; one information report; and one performance statement audit report examining six entities.<sup>8</sup>

- 1.10 In 2022–23, the Committee commenced seven inquiries into 20 Auditor-General reports. It tabled four reports, including one interim report, which are detailed below.
- 1.11 The Committee continued its practice of conducting inquiries into Auditor-General reports on a thematic basis, allowing it to consider and address wider issues concerning governance and public administration.

#### **Report 494: Inquiry into the Department of Foreign Affairs and Trade’s crisis management arrangements**

- 1.12 The inquiry was based on matters contained in the Auditor-General Report No. 39 2021–22, *Overseas Crisis Management and Response: The Effectiveness of the Department of Foreign Affairs and Trade’s Management of the Return of Overseas Australians in Response to the COVID-19 Pandemic*.<sup>9</sup>
- 1.13 With the outbreak of the pandemic, border closures and travel restrictions in Australia and around the world caused significant disruptions to travel arrangements and international air traffic, reducing the options for Australians to return home using commercial airlines. In response to the pandemic, the whole-of-government Australian Government Crisis Management Framework (AGCMF) was activated. Under the AGCMF, the Department of Foreign Affairs and Trade (DFAT) is the lead agency for response and recovery in an international crisis, with broad responsibilities including the repatriation of Australians and other approved foreign nationals in certain circumstances.<sup>10</sup>
- 1.14 In its report, the ANAO found that while DFAT had adapted its crisis management arrangements and established a new program of activity to provide assistance to the significant numbers of Australians overseas and affected by the pandemic, it did not meet key government objectives. Further, it found DFAT’s underlying crisis management structures and capabilities required strengthening. The ANAO made nine recommendations in its report; DFAT agreed to seven. The Committee commented it was unable to understand DFAT’s rationale for disagreeing with two recommendations, noting DFAT was not disagreeing with the substance of the recommendations and in effect was acting upon them.<sup>11</sup>
- 1.15 The Committee commended the work of DFAT officers who were operating in a highly complex and unpredictable environment, and acknowledged DFAT’s record in managing major and isolated crises around the world. However, it examined concerns around data capability in crisis circumstances;<sup>12</sup> coordination across

---

<sup>8</sup> ANAO, ‘Publications’, [www.anao.gov.au/pubs](http://www.anao.gov.au/pubs), viewed 12 September 2023; ANAO, *Annual Report 2021–22*,

<sup>9</sup> Joint Committee of Public Accounts and Audit (JCPAA), *Report 494: Inquiry into the Department of Foreign Affairs and Trade’s crisis management arrangements*, March 2023, hereafter *DFAT crisis management report*, p. 1.

<sup>10</sup> JCPAA, *DFAT Crisis management report*, pages 2–3.

<sup>11</sup> JCPAA, *DFAT Crisis management report*, pages 6, 24.

<sup>12</sup> JCPAA, *DFAT Crisis management report*, p. 25.



government during a crisis situation including certainty of functions and accountabilities;<sup>13</sup> areas where the service of vulnerable Australians could be strengthened, including through the embedding of human rights principles within the AGCMF;<sup>14</sup> and practices for the procurement of facilitated commercial flights.<sup>15</sup>

- 1.16 The Committee made four recommendations, which were broadly:
- DFAT to update the Committee on the status of projects planned or commenced in response to the ANAO report findings and recommendations
  - the Government to publish a formal response to the 2021 Halton review into national quarantine arrangements
  - the Department of Prime Minister and Cabinet to incorporate human rights considerations into its review of the AGCMF
  - the ANAO to consider a performance audit of the AGCMF.<sup>16</sup>

### **Report 495: Inquiry into Commonwealth Grants Administration**

1.17 The inquiry into Commonwealth grants administration was based on matters contained in four reports of the Auditor-General, dealing with commuter car parks projects within the Urban Congestion Fund, the Safer Communities Program, Grants Hubs, and the Building Better Regions Fund.<sup>17</sup> It was established with a view to strengthening the integrity and administration of grants.<sup>18</sup>

1.18 The Committee examined adherence to the Commonwealth Grants Rules and Guidelines (CGRGs) and assessed the operation and efficiencies of the grants hubs. While acknowledging that ministers should retain discretion and authority to accept or reject departmental recommendations, the Committee noted ministers remained subject to legislative and policy requirements, including the grants framework which requires decisions to be made transparently, and for records as to the rationale for grant decisions to be kept.<sup>19</sup> The Committee noted its concerns with a trend towards the politicisation of grant programs; the contravention of assessment processes being defended on the basis 'no illegality was identified'; and serial non-compliance by some departments and agencies with the CGRGs and a failure to advise ministers of CGRG requirements.<sup>20</sup>

---

<sup>13</sup> JCPAA, *DFAT Crisis management report*, pages 11–16.

<sup>14</sup> JCPAA, *DFAT Crisis management report*, p. 26.

<sup>15</sup> JCPAA, *DFAT Crisis management report*, pages 23–24.

<sup>16</sup> JCPAA, *DFAT crisis management report*, p. xiii.

<sup>17</sup> ANAO, *Administration of Commuter Car Park Projects within the Urban Congestion Fund*, Report No. 47 (2020–21), 28 June 2021; ANAO, *Awarding of Funding under the Safer Communities Program*, Report No. 16 (2021–22), 14 February 2022; ANAO, *Operation of Grants Hubs*, Report No. 21 (2021–22), 31 March 2022; ANAO, *Award of Funding under the Building Better Regions Fund*, Report No. 1 (2022–23), 28 July 2022.

<sup>18</sup> JCPAA, *Report 495: Inquiry into Commonwealth grants administration*, June 2023, hereafter *Grants administration report*, p. 1.

<sup>19</sup> JCPAA, *Grants administration report*, pages 19–21.

<sup>20</sup> JCPAA, *Grants administration report*, pages 5, 20–21.

1.19 The Committee commented that although grants hubs had been established to enable simpler, more consistent and more efficient grants administration across government, the ANAO had found there was insufficient evidence to demonstrate this had occurred.<sup>21</sup> In particular, the Committee found the absence of metrics and data collection on the operation of grants hubs meant it was not possible to assess the impact of the hubs. It agreed with the ANAO that ongoing external oversight and evaluation of grants hubs was required to ensure they were meeting expectations.<sup>22</sup>

1.20 The Committee made eight recommendations, including:

- an eighth principle be added to the CGRGs that decision makers should adhere to the CGRGs
- the CGRGs be amended to require competitive, merit-based processes; the disclosure of the role of all stakeholders; deadlines for the receipt of advocacy letters and stakeholder input; clear recommendations for each individual grant; clear recording of decision-maker approvals; and the transparent listing of 'other factors' by which grants will be assessed
- the Department of Finance develops good-practice examples of record-keeping templates and that these be embedded in agency guidance for grant-making
- the ANAO considers an audit of the process by which the Finance Minister is informed of grant approvals against the recommendation of the awarding agency
- the CGRGs be amended to apply to corporate Commonwealth entities by default.<sup>23</sup>

### **Report 496: Inquiry into the Defence Major Projects Report 2020–21 and 2021–22 and Procurement of Hunter Class Frigates—Interim Report**

1.21 The inquiry was established in March 2023 based on annual reports prepared by the Department of Defence (Defence) and the ANAO on Defence major projects. It was subsequently broadened in May 2023 to include consideration of the Auditor-General's report on the procurement of Hunter Class Frigates.<sup>24</sup> The interim report detailed the Committee's review and consideration of the two major project reports.<sup>25</sup>

1.22 The Committee supports the major projects report (MPR) process as an important element in improving accountability and transparency to the Parliament of Defence acquisitions.<sup>26</sup> Broadly, the report considered the cost, schedule and capability

---

<sup>21</sup> JCPAA, *Grants administration report*, pages 35–36, 39.

<sup>22</sup> JCPAA, *Grants administration report*, p. 40.

<sup>23</sup> JCPAA, *Grants administration report*, pages xviii–xix.

<sup>24</sup> ANAO, *2020–21 Major Projects Report*, Report No. 13 (2021–22), 13 December 2021; ANAO, *2021–22 Major Projects Report*, Report No. 12 (2022–23), 9 February 2023; ANAO, *Department of Defence's Procurement of Hunter Class Frigates*, Report No. 21 (2022–23), 10 May 2023.

<sup>25</sup> JCPAA, *Report 496: Inquiry into the Defence Major Projects Report 2020–21 and 2021–22 and Procurement of Hunter Class Frigates: Interim Report on the 2020–21 and 2021–22 Defence Major Projects Report*, June 2023, hereafter *Defence major projects report*, pages iii, xi.

<sup>26</sup> JCPAA, *Defence major projects report*, p. 1.

performance of the major projects examined, alongside common themes across the two reports, including pandemic-related impacts, Projects of Concern and Projects of Interest, risk management, capability forecasting, and the language around caveats and deficiencies.<sup>27</sup>

1.23 In its report, the Committee raised a number of concerns, including:

- the 13-month delay in actioning the Minister for Defence's decision to make the CMATS (Civil Military Air Traffic Management System) project a Project of Concern
- inconsistent risk management practices
- consistency of departmental practices with internal policies for contingency funding and lessons learned processes
- compliance with the intent of previous recommendations from the Committee and ANAO with regard to defining terms associated with deviations from project milestones.<sup>28</sup>

1.24 The report contained three recommendations for Defence with regard to timeliness in entering projects to the Projects of Interest or Projects of Concern list; providing a detailed update on compliance with internal policies for contingency funding and lessons learned for major projects; and updating the ANAO and Committee on the requirements and consideration process to close recommendations.<sup>29</sup>

### **Report 497: Inquiry into Commonwealth Financial Statements 2021–22**

1.25 Auditor-General Report No. 8 (2022–23), *Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2022*, which examined the consolidated financial statements and financial statements of 248 Australian Government entities, was the basis for the Committee's inquiry into Commonwealth financial statements.<sup>30</sup>

1.26 In its inquiry, the Committee focussed on:

- financial sustainability issues raised for the Department of Home Affairs, the Department of Agriculture Fisheries and Forestry, and the National Disability Insurance Agency
- the use by Defence of appropriations for the termination payment for the cancelled Attack Class submarine project
- the Protective Security Policy Framework managed by the Attorney-General's Department.<sup>31</sup>

---

<sup>27</sup> JCPAA, *Defence major projects report*, pages 2, 13.

<sup>28</sup> JCPAA, *Defence major projects report*, pages 24–26.

<sup>29</sup> JCPAA, *Defence major projects report*, p. xiii.

<sup>30</sup> ANAO, *Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2022*, Report No. 8 (2022–23), 14 December 2022.

<sup>31</sup> JCPAA, *Report 497: Inquiry into Commonwealth Financial Statements 2021–22*, June 2023, hereafter *Commonwealth financial statements report*, pages 3–4.

- 1.27 While acknowledging time pressures on Defence for the payment to terminate the Attack Class Submarine contract, the Committee expressed its view the reclassification of appropriated funding to allow the executive branch to make the payment from funds appropriated from non-operating expenditure and thereby bypass the Parliament, was not appropriate, regardless of whether it was legal.<sup>32</sup>
- 1.28 The Committee also raised concerns that a persistent optimism bias in self-reporting by entities on cybersecurity compliance likely understates the extent of vulnerabilities that may exist. It expressed a view that a robust and appropriate assurance process, as recommended by the ANAO, was required for the self-assessments undertaken by entities.<sup>33</sup>
- 1.29 The Committee made six recommendations, including: that additional clarity on the coverage of Appropriation Bills be provided by the Minister for Finance; the Government considers implementing an assurance regime for agency self-assessment reporting on the cybersecurity aspects of the Protective Security Policy Framework; and the Attorney-General's Department develops performance measures on its effectiveness in promoting compliance with the cybersecurity components of the Protective Security Policy Framework.<sup>34</sup>

## Non-inquiry activities

- 1.30 This section outlines non-inquiry activities of the Committee undertaken in 2022–23 pursuant to the Committee's statutory duties.

## Annual report

- 1.31 As required under section 8B of the PAAC Act, the Committee presented an annual report to the Parliament on 25 October 2022 covering the period 1 July 2021 to 30 June 2022.<sup>35</sup>

## Budget estimates

- 1.32 The Committee is required under the PAAC Act to consider draft budget estimates of the ANAO that are submitted under section 53 of the *Auditor-General Act 1997*.<sup>36</sup> Similarly, the PS Act requires the Committee to consider draft estimates of the PBO.<sup>37</sup>

---

<sup>32</sup> JCPAA, *Commonwealth financial statements report*, p. 26.

<sup>33</sup> JCPAA, *Commonwealth financial statements report*, p. 35.

<sup>34</sup> JCPAA, *Commonwealth financial statements report*, pages 27, 35.

<sup>35</sup> JCPAA, *Report 493: Annual Report 2021–22*, October 2022.

<sup>36</sup> *Public Accounts and Audit Committee Act 1951*, section 8(1)(j).

<sup>37</sup> *Parliamentary Service Act 1999*, section 64S.

## 2022–23 (October) Budget

- 1.33 Draft budget estimates of the ANAO and PBO were provided to the Committee for its consideration ahead of the 2022–23 Budget. On 25 October 2022, the Committee made a statement endorsing the draft budget estimates of the ANAO and PBO, supporting the additional funding sought by the ANAO and PBO, subject to further review of the costings and final estimates.<sup>38</sup>
- 1.34 With regard to the ANAO, the Committee agreed the machinery of government changes following the 2022 federal election would mean additional costs would be incurred for mandatory financial statement and performance statement audits. Further, it acknowledged additional cost pressures related to cybersecurity and data storage, and the need to purchase additional specialist expertise from the private sector for certain auditing functions. Notwithstanding the difficult fiscal outlook faced by the Government, the Committee accepted the cost pressures were unavoidable and funding would be required to maintain required standards in financial statement auditing.<sup>39</sup>
- 1.35 Since its establishment, the PBO has had a special appropriation fund to help it meet unexpected costs pressures, which was initially \$6 million but after a decade of operation, stood at \$1.8 million. The Committee agreed the fund is an important element of the PBO's operational independence and endorsed the proposed appropriation.<sup>40</sup>

## 2023–24 Budget

- 1.36 Draft budget estimates of the ANAO and PBO were provided to the Committee for its consideration ahead of the 2023–24 Budget. On 9 May 2023, the Committee made a statement endorsing the draft budget estimates of the ANAO and PBO, and supporting the additional funding sought by the ANAO and PBO, subject to further review of the costings and final estimates.<sup>41</sup>
- 1.37 In addition to costs incurred as a consequence of machinery of government changes following the 2022 Federal election, the Committee acknowledged the ANAO was facing a range of costs pressures, including from the additional audit effort required to remain compliant with audit standard ASA 315, to maintain adequate cybersecurity and data storage, and to purchase expertise from the private sector where required for financial statement auditing. It was the Committee's view that the government stood to save more than it outlaid by meeting the ANAO's request.<sup>42</sup>

---

<sup>38</sup> JCPAA, '2022–23 Draft Estimates for the Australian National Audit Office and the Parliamentary Budget Office', 25 October 2022, pages 1–2.

<sup>39</sup> JCPAA, '2022–23 Draft Estimates for the Australian National Audit Office and the Parliamentary Budget Office', 25 October 2022, pages 1–2.

<sup>40</sup> JCPAA, '2022–23 Draft Estimates for the Australian National Audit Office and the Parliamentary Budget Office', 25 October 2022, p. 2.

<sup>41</sup> JCPAA, '2023–24 Draft Estimates for the Australian National Audit Office and the Parliamentary Budget Office', 9 May 2023, p. 1.

<sup>42</sup> JCPAA, '2023–24 Draft Estimates for the Australian National Audit Office and the Parliamentary Budget Office', 9 May 2023, pages 1–2.

- 1.38 The Committee again supported the replenishment of the PBO's special appropriation fund, which it agreed was an important element in the PBO's operational independence.<sup>43</sup>

## **Audit priorities of the Parliament**

- 1.39 In determining the ANAO's work program, the Auditor-General must have regard to the audit priorities of the Parliament as determined by the Committee.<sup>44</sup> The Committee is required under the PAAC Act to advise the Auditor-General of those priorities.<sup>45</sup>
- 1.40 On 27 February 2023, the Auditor-General wrote to the Committee seeking comments on the ANAO's draft Annual Audit Work Program for 2023–24. Consistent with past practice, the Committee sought feedback from all other parliamentary committees on the draft to determine the audit priorities of the Parliament.
- 1.41 On 5 April 2023, the Committee wrote to the Auditor-General with the audit priorities of the Parliament of 2023–24. The Committee proposed 21 audits as priorities.
- 1.42 The ANAO's Annual Audit Work Program for 2023–24 was subsequently published on 6 July 2023.<sup>46</sup>

## **Annual work plan of the Parliamentary Budget Office**

- 1.43 In preparing the PBO's annual work plan, the Parliamentary Budget Officer is required under section 64Q of the PS Act to consult with the Committee.<sup>47</sup>
- 1.44 On 10 August 2022, the Parliamentary Budget Officer wrote to the Committee providing the PBO's draft Corporate Plan for 2022–23 for the Committee's consideration. The Corporate Plan sets out the PBO's priorities for the next four-year reporting period and serves as the PBO's work plan as required under the PS Act.
- 1.45 On 31 August 2022, the Committee wrote to the Parliamentary Budget Officer endorsing the draft Corporate Plan, which was published later that day.

## **Defence Major Projects Report Guidelines**

- 1.46 Beginning in 2007–08, each year the ANAO reviews and reports to the Parliament on the status of major Defence materiel acquisition projects, as set out in the Defence Major Projects Report (MPR). Prior to commencing each review, the ANAO updates the MPR guidelines and submits the guidelines to the JCPAA for its endorsement.

---

<sup>43</sup> JCPAA, '2023–24 Draft Estimates for the Australian National Audit Office and the Parliamentary Budget Office', 9 May 2023, p. 2.

<sup>44</sup> *Auditor-General Act 1997*, section 10(a).

<sup>45</sup> *Public Accounts and Audit Committee Act 1951*, section 8(1)(m).

<sup>46</sup> ANAO, *Annual Audit Work Program 2023–24*.

<sup>47</sup> *Parliamentary Service Act 1999*, section 64Q.

- 1.47 On 29 August 2022, the Acting Auditor-General wrote to the Committee providing the MPR proposed project selection and guidelines for 2022-23.
- 1.48 On 23 September 2022, the Committee wrote to the Auditor-General endorsing the MPR guidelines, noting the reduction in the number of projects from 21 to 20, and stating its strong support for the new reporting requirements to improve transparency in relation to Australian industry capability, and the changes relating to projects entering and exiting from the scope of the MPR.
- 1.49 The Committee reiterated its previous recommendation for the ANAO and Defence to consider ways to improve the accessibility of the MPR, including through the definition of technical and specialist terminology. In particular the Committee asked that the glossary be expanded to provide definitions and context for all acronyms and abbreviations used in the MPR, and for the 2022–23 MPR to include an explanation of the roles and responsibilities of senior Defence officials to assist in interpreting information about line management for projects included in the report.

## **Engagement activities**

- 1.50 The Committee has a long history of engaging with the broader community of auditing institutions and public accounts committees, and in past years has hosted parliamentary delegations and participated in the activities of national and international associations.
- 1.51 On 14 October 2022, the Chair met with a delegation from the Supreme Audit Agency of the Republic of Indonesia including the chairperson Dr Isma Yatun.
- 1.52 On 22 November 2022, the Committee met with the New Zealand Parliament Governance and Administration Committee as part of that committee’s study visit to Australia.
- 1.53 On 23 November 2022, the Chair met with an Organisation for Economic Co-operation and Development delegation on the Gender Mainstreaming and Gender Budgeting Review of Australia.

**Mr Julian Hill MP**

**Chair**

15 November 2023







# A. Legislative duties of the Committee

This appendix provides excerpts of the *Public Accounts and Audit Committee Act 1951*, the *Parliamentary Service Act 1999*, and the *Public Governance, Performance and Accountability Act 2013*, which set out the duties of the Committee.

## ***Public Accounts and Audit Committee Act 1951***

### **8 Duties of the Committee**

(1) The duties of the Committee are:

(a) to examine the accounts of the receipts and expenditure of the Commonwealth, including the financial statements given to the Auditor-General under paragraphs 42(1)(b) and 48(1)(b) of the *Public Governance, Performance and Accountability Act 2013*; and

(b) to examine the financial affairs of authorities of the Commonwealth to which this Act applies and of intergovernmental bodies to which this Act applies; and

(c) to examine all reports of the Auditor-General (including reports of the results of performance audits) that are tabled in each House of the Parliament; and

(d) to report to both Houses of the Parliament, with any comment it thinks fit, on any items or matters in those accounts, statements and reports, or any circumstances connected with them, that the Committee thinks should be drawn to the attention of the Parliament; and

(e) to report to both Houses of the Parliament any alteration that the Committee thinks desirable in:

(i) the form of the public accounts or in the method of keeping them; or

(ii) the mode of receipt, control, issue or payment of public moneys; and

(f) to inquire into any question connected with the public accounts which is referred to the Committee by either House of the Parliament, and to report to that House on that question; and

(g) to consider:

(i) the operations of the Audit Office; and

(ii) the resources of the Audit Office, including funding, staff and information technology; and

(iii) reports of the Independent Auditor on operations of the Audit Office; and

(h) to report to both Houses of the Parliament on any matter arising out of the Committee's consideration of the matters listed in paragraph (g), or on any other matter relating to the Auditor-General's functions and powers, that the Committee considers should be drawn to the attention of the Parliament; and

(i) to report to both Houses of the Parliament on the performance of the Audit Office at any time; and

(j) to consider draft estimates for the Audit Office submitted under section 53 of the Auditor-General Act 1997; and

(k) to consider the level of fees determined by the Auditor-General under subsection 14(1) of the Auditor-General Act 1997; and

(ka) to consider the level of fees determined by the Auditor-General under subsection 16(1) of the Auditor-General Act 1997; and

(l) to make recommendations to both Houses of Parliament, and to the Minister who administers the Auditor-General Act 1997, on draft estimates referred to in paragraph (j); and

(m) to determine the audit priorities of the Parliament and to advise the Auditor-General of those priorities; and

(n) to determine the audit priorities of the Parliament for audits of the Audit Office and to advise the Independent Auditor of those priorities; and

(o) any other duties given to the Committee by this Act, by any other law or by Joint Standing Orders approved by both Houses of the Parliament.

(1A) Nothing in subsection (1) authorises the Committee to direct the activities of the Auditor-General or the Independent Auditor.

(2) The duties of the Committee do not extend to:

(a) an examination of the financial affairs of the Australian Capital Territory or the Northern Territory or of the Administration of an External Territory (including the financial affairs of the Administration of an External Territory contained in any of the accounts and financial statements referred to in paragraph (a) of subsection (1)); or

(b) an examination of a report of the Auditor-General that relates to, or in so far as it relates to:

(i) the financial affairs of the Australian Capital Territory or the Northern Territory or of the Administration of an External Territory (including the financial affairs of the Administration of an External Territory contained in any of the accounts and financial statements referred to in paragraph (a) of subsection (1)); or

(ii) the results of an efficiency audit of operations of the Administration of an External Territory.

(2A) For the purposes of subsection (2), an External Territory does not include the Territory of Christmas Island or the Territory of Cocos (Keeling) Islands.

(3) For the purpose of this section, an authority of the Commonwealth to which this Act applies is:

(a) a body corporate or an unincorporated body established for a public purpose by, or in accordance with the provisions of, an enactment, not being an inter-governmental body;

(b) a body established by the Governor-General or by a Minister otherwise than in accordance with an enactment; or

(c) an incorporated company over which the Commonwealth is in a position to exercise control.

(4) Where the parties to an agreement relating to the establishment of an inter-governmental body consent to the examination, by the Committee, of the financial affairs of that body, the Minister shall notify the fact that they have so consented in the Gazette and the body shall thereupon become an inter-governmental body to which this Act applies.

(5) Where a party to an agreement relating to the establishment of an inter-governmental body (being an inter-governmental body which, by virtue of subsection (4), is an inter-governmental body to which this Act applies) withdraws its consent to the examination, by the Committee, of the financial affairs of that body, the Minister shall notify the fact that that party has withdrawn its consent in the Gazette and the body shall thereupon cease to be an inter-governmental body to which this Act applies.

(6) In this section, unless the contrary intention appears:

**enactment** means:

(a) an Act;

(b) an Ordinance of the Australian Capital Territory; or

(c) an instrument (including rules, regulations or by-laws) made under an Act or under such an Ordinance.

**inter-governmental body** means a body corporate or an unincorporated body established by, or in accordance with the provisions of, an agreement between the Commonwealth and a State or States or between the Commonwealth and the government of another country or the governments of other countries.

**State** includes the Australian Capital Territory and the Northern Territory.

## **8A Committee may approve or reject recommendation for appointment of Auditor-General or Independent Auditor**

(1) If the Audit Minister refers a proposed recommendation for an appointment of the Auditor-General or Independent Auditor to the Committee for approval, the Committee must:

- (a) approve or reject the proposal within 14 days after receiving it; or
- (b) notify the Audit Minister as provided for in subsection (2).

Note: Clauses 2 of Schedule 1 and 2 of Schedule 2 of the Auditor-General Act 1997 require proposed recommendations to be referred to the Committee for approval.

(2) The Committee may notify the Audit Minister within 14 days after receiving a proposal that it needs more time to consider the proposal. If the Committee does so, the Committee must approve or reject the proposal within 44 days after receiving it.

(3) The decision to approve or reject a proposal is to be by majority of the members of the Committee for the time being holding office.

(4) If the Committee does not make a decision on a proposal by the required time, the Committee is taken, at that time, to have approved the proposal.

(5) The Committee must notify the Audit Minister of its decision on a proposal as soon as practicable after making the decision.

(6) A notification under this section must be in writing.

(7) The Committee must report to both Houses of the Parliament on its decision on a proposal.

(8) In this section:

**Audit Minister** means the Minister administering the Auditor-General Act 1997.

## **8B Annual report**

(1) The Committee must, in relation to each financial year, prepare a report on the performance of its duties during the year.

(2) The Committee must table the report in each House of the Parliament.

# ***Parliamentary Service Act 1999***

## **64Q Annual work plan for Parliamentary Budget Office**

(1) The Parliamentary Budget Officer must, in consultation with the Joint Committee of Public Accounts and Audit, prepare a work plan for the Parliamentary Budget Office for each financial year.

(2) The work plan must be prepared:

(a) for the financial year in which the first Parliamentary Budget Officer is appointed—before the end of 3 months after the appointment; and

(b) for each following financial year—before 1 October in the financial year.

(3) The work plan must set out:

(a) the priorities of the Parliamentary Budget Office for the financial year; and

(b) protocols for the allocation of the resources of the Parliamentary Budget Office during the financial year.

(4) The Parliamentary Budget Officer must ensure that the work plan is made publicly available.

(5) A work plan prepared under subsection (1) is not a legislative instrument.

## **64R Joint Committee of Public Accounts and Audit may request draft estimates**

(1) The Joint Committee of Public Accounts and Audit (the Committee) may request the Parliamentary Budget Officer to submit to the Committee draft estimates for the Parliamentary Budget Office for a financial year before the budget for that financial year.

(2) The Parliamentary Budget Officer must comply with the request in time to allow the Committee to consider the draft estimates and make recommendations on them before the budget.

## **64S Duties of Joint Committee of Public Accounts and Audit**

(1) The Joint Committee of Public Accounts and Audit (the Committee) has the following duties:

(a) to consider work plans for the Parliamentary Budget Office prepared under section 64Q;

(b) to consider draft estimates for the Parliamentary Budget Office submitted under section 64R;

(c) to make recommendations to both Houses of Parliament, and to the Presiding Officers, on draft estimates referred to in paragraph (b);

(d) to consider:

(i) the operations of the Parliamentary Budget Office; and

(ii) the resources of the Parliamentary Budget Office, including funding, staff and information technology;

(e) to report to both Houses of the Parliament on any matter arising out of the Committee's consideration of the matters referred to in paragraph (d), or on any other matter relating to the Parliamentary Budget Officer's functions and powers, that the Committee considers should be drawn to the attention of the Parliament.

Note: These duties are additional to the duties of the Joint Committee of Public Accounts and Audit under section 8 of the Public Accounts and Audit Committee Act 1951.

(2) Nothing in subsection (1) authorises the Committee to direct the activities of the Parliamentary Budget Officer.

## **64T Review of operations of Parliamentary Budget Office**

(1) After a general election, the Joint Committee of Public Accounts and Audit (the Committee) may request the Parliamentary Budget Officer to cause an independent review of the operations of the Parliamentary Budget Office to be conducted in accordance with the request.

(2) The request must specify:

(a) the person or body who is to conduct the review; and

(b) the scope of the review; and

(c) the manner in which the review is to be conducted; and

(d) that a report of the review is to be provided to the Committee.

(3) In making the request, the Committee must have regard to the resources of the Parliamentary Budget Office.

(4) The review must be completed within 9 months after the end of the caretaker period for the election.

(5) The Committee must table the report of the review in each House of the Parliament as soon as practicable after receiving it.

# ***Public Governance, Performance and Accountability Act 2013***

## **46 Annual report for Commonwealth entities**

(1) After the end of each reporting period for a Commonwealth entity, the accountable authority of the entity must prepare and give an annual report to the entity's responsible Minister, for presentation to the Parliament, on the entity's activities during the period.

Note: A Commonwealth entity's annual report must include the entity's annual performance statements and annual financial statements (see paragraph 39(1)(b) and subsection 43(4)).

(2) The annual report must be given to the responsible Minister by:

(a) the 15th day of the fourth month after the end of the reporting period for the entity;  
or

(b) the end of any further period granted under subsection 34C(5) of the Acts Interpretation Act 1901.

(3) The annual report must comply with any requirements prescribed by the rules.

(4) Before rules are made for the purposes of subsection (3), the rules must be approved on behalf of the Parliament by the Joint Committee of Public Accounts and Audit.





## B. Statistics: Government responses & executive minutes

This appendix provides an overview of responses to recommendations contained in reports of the Committee. In 2022–23, the Committee received government responses and executive minutes to 30 recommendations made in seven reports, outlined below.

Consistent with the resolution of the Senate adopted on 14 March 1973 (and amended on 24 August 1994), the Committee requires government responses and executive minutes to be presented within a period of three months from the presentation of a report to the Parliament.

Responses to 62 recommendations fell due in 2022–23 (including responses overdue from previous reporting periods). While responses to 30 recommendations were received, none were received within the expected time frame. At the conclusion of the reporting period, responses to 32 recommendations were outstanding. The Committee’s practice is to pursue overdue responses through the responsible Minister, and if required, seek the assistance of the Auditor-General or Presiding Officers.

**Table B.1 Government responses and executive minutes**

Report	Rec.	Agency	Agreed	On time
Report 481: Efficiency and Effectiveness	9	Department of Agriculture and Australian Taxation Office	Yes	No
	10	Department of Agriculture and Australian Taxation Office	Yes	No
	11	Department of Agriculture and Australian Taxation Office	Yes	No
Report 484: The Administration of Government Grants	6	Australian Sports Commission	Yes	No
Report 488: Commonwealth	2	Northern Land Council and ANAO	Yes	No
	4	Department of Finance	Yes	No

Financial Statements 2019-20	5	Department of Finance	Noted <sup>1</sup>	No
Report 489: Defence Major Projects Report 2019-20	1	Department of Defence	Yes	No
	2	Department of Defence and ANAO	Yes	No
	3-4	Department of Defence	Yes	No
	5	Department of Defence and ANAO	Yes	No
Report 490: Alternative Financing Mechanisms	1-2	Minister for Finance	Noted	No
Report 491: Review of the Auditor- General Act	4	ANAO	Yes	No
	18	ANAO and the Parliament	Yes	No
	19-20	ANAO	Yes	No
	26-27	ANAO	Yes	No
Report 492: Governance in the Stewardship of Public Resources	1	Department of Finance	Yes	No
	2	ANAO <sup>2</sup>	Yes	No
	3	National Archives of Australia	Yes	No
	5-8	Defence Housing Australia	Yes	No
	9	Department of Agriculture, Water and the Environment	Noted	No
	10	Department of Agriculture, Water and the Environment	Yes	No
	11	DITRDC	Yes	No
	12	Department of Finance	No	No

Source: Committee records

<sup>1</sup> The Department of Finance advised responsibility for the recommendation sat with the Department of Parliamentary Services (DPS) and DPS had agreed to provide the requested information. The Committee has yet to receive any information from DPS with regard to this recommendation.

<sup>2</sup> This recommendation required a response from the Australian Public Service Commission also, which remains outstanding. As such, it is not counted in the total for recommendations to which responses have been received.