

PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

Report 493 Annual Report 2021-22

Joint Committee of Public Accounts and Audit

September 2022
CANBERRA

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Foreword

Each year, the Joint Committee of Public Accounts and Audit (JCPAA) is required to report to Parliament on the work it has undertaken. This report outlines the work the JCPAA has undertaken in 2021-22 in accordance with its responsibilities under the *Public Accounts and Audit Committee Act 1951* and other relevant legislation.

The JCPAA is an important part of the Parliament's effort to provide oversight and transparency to the work of Australian government agencies. The Committee reviews the reports of the Australian National Audit Office (ANAO) and conducts inquiries where it identifies issues requiring further consideration. It determines the audit priorities of the Parliament, and makes recommendations to Government on the budget estimates of the ANAO and the Parliamentary Budget Office (PBO).

In 2021-22 the Committee met 16 times and held 13 public hearings. It tabled seven reports and commenced two additional inquiries which lapsed with the dissolution of the House of Representatives in April 2022. It also considered the budget estimates of the ANAO and the PBO for the March 2022 budget.

The Committee has once again continued its tradition of working in a collaborative and non-partisan manner. I would like to thank those who were members of the Committee in 2021-22 for the spirit in which they approached the Committee's work and the dedication they applied to it. In particular, I would like to thank the previous Chair Lucy Wicks, the former Member for Robertson, for her collegiate and dedicated approach to her duties as Chair.

Mr Julian Hill MP
Chair

Membership of the Committee

Chair

Mr Julian Hill MP

Deputy Chair

Senator the Hon Linda Reynolds CSC

Members

Dr Michelle Ananda-Rajah MP

Senator Catryna Bilyk

Senator the Hon Matthew Canavan

Hon David Coleman MP

Dr Carina Garland MP

Hon Dr David Gillespie MP

Senator Karen Grogan

Dr Daniel Mulino MP

Ms Peta Murphy MP

Mr Sam Rae MP

Senator Tony Sheldon

Mr Aaron Violi MP

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

| | |
|----------------|---|
| AG Act | <i>Auditor-General Act 1997</i> |
| ANAO | Australian National Audit Office |
| DAWE | Department of Agriculture, Water and the Environment |
| Defence | Department of Defence |
| Infrastructure | Department of Infrastructure, Transport, Regional Development and Communications |
| 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> |
| PS Act | <i>Parliamentary Service Act 1999</i> |

1. Committee activities in 2021-22

- 1.1 The Joint Committee of Public Accounts and Audit (JCPAA) 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 2021 to 30 June 2022.
- 1.4 In the review period the Committee ceased to exist due to the dissolution of the House of Representatives on 11 April 2022 prior to the general election on 21 May 2022. The Committee was reconstituted when members were appointed after the first meeting of the 47th Parliament on 26 July 2022.

Overview of activities

- 1.5 In 2021-22 the Committee held 16 meetings including 13 public hearings. The Committee commenced two inquiries and presented seven reports (including the 2020-21 annual report) and undertook a range of other non-inquiry activities pursuant to its statutory duties, as outlined below.

Committee inquiries and reports

- 1.6 As noted above, in 2021-22 the Committee commenced two inquiries and presented six inquiry reports. Two inquiries lapsed at the dissolution of the

House of Representatives on 11 April 2022. Table 1.1 provides an overview of the Committee's active inquiries in 2021-22.

Table 1.1 JCPAA inquiries in 2021-22

| Inquiry | Status as at 30 June 2022 | Basis of inquiry |
|---|------------------------------------|---|
| Regulatory Activities | Report presented 24 August 2021 | Auditor-General Reports Nos. 33, 47 and 48 (2019- 20) and 5 and 8 (2020-21) |
| Commonwealth Financial Statements 2019-20 | Report presented 31 March 2022 | Auditor-General Reports Nos. 25 and 40 (2020-21) |
| Defence Major Projects Report 2019-20 | Report presented 31 March 2022 | Auditor-General Report No. 19 (2020-21) |
| Alternative Financing Mechanisms | Report presented 31 March 2022 | Self-referred under the PAAC Act |
| Review of the <i>Auditor- General Act 1997</i> | Report presented 31 March 2022 | Self-referred under the PAAC Act |
| Governance in the Stewardship of Public Resources | Report presented 12 April 2022 | Auditor-General Reports Nos. 11, 31 and 39 (2019- 20) and 2 and 9 (2020-21) |
| Commonwealth investments to achieve policy objectives | Lapsed 11 April 2022 | Auditor-General Reports Nos. 14, 26, 28 and 47 (2020-21) |
| Implementation of COVID-19 measures | Lapsed 11 April 2022 | Auditor-General Reports Nos. 20, 22, 23, 24 and 39 (2020-21) |

Source: Committee records

- 1.7 Additionally, in the reporting period the Committee received government responses and executive minutes to 12 recommendations made in three reports. Details of these responses are provided in **Appendix B**.
- 1.8 The remainder of this section summarises of the findings and recommendations contained in the inquiry reports presented in 2021-22.

Inquiries based on Auditor-General reports

- 1.9 Under the PAAC Act, the JCPAA is required to examine all reports of the Auditor-General that are tabled in the Parliament and is required to report on any matters connected with those reports that the Committee determines should be drawn to the attention of the Parliament.¹
- 1.10 In 2021-22, 46 Auditor-General's reports were tabled in the Parliament, including 40 performance audit reports, two financial statement audit reports, two information reports, one performance statement audit report, and the 2020-21 Defence Major Projects Report.²
- 1.11 In 2021-22 the Committee commenced two inquiries into nine Auditor-General reports (Commonwealth investments to achieve policy objectives; and Implementation of COVID-19 measures) and continued four other inquiries based on 13 reports from previous years, as outlined below.
- 1.12 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 486 Regulatory Activities

- 1.13 The Committee's inquiry was based on five Auditor-General reports, which collectively examined the operations of regulators across higher education, environmental protection, the lobbying code of conduct, the national energy market and electoral funding disclosures.³
- 1.14 In its report, the Committee noted various shortcomings identified by the Auditor-General, particularly the long-running deficiencies in how the Department of Agriculture, Water and the Environment (DAWE) administers referrals, assessments and approvals of controlled actions under the *Environment Protection and Biodiversity Conservation Act 1999*.⁴

¹ *Public Accounts and Audit Committee Act 1951*, Section 8(1)(c-d).

² Australian National Audit Office, *Annual Report 2021-22*; Australian National Audit Office, 'Publications', <http://www.anao.gov.au/pubs>.

³ Joint Committee of Public Accounts and Audit, *Report 486: Regulatory Activities - Inquiry into Auditor-General's Reports 33, 47, 48 (2019-20) and 5 and 8 (2020-21)*, p. 1.

⁴ Joint Committee of Public Accounts and Audit, *Report 486: Regulatory Activities - Inquiry into Auditor-General's Reports 33, 47, 48 (2019-20) and 5 and 8 (2020-21)*, pp. 5-11, 32.

- 1.15 The Committee concluded that, while the context in which each regulator operates is unique, there are common practices and procedures that every regulator should follow to be effective:

First, regulators should have good systems for gathering and managing information. Relevant, timely and accessible information assists in decision-making and should be used to inform strategic planning and risk-assessment processes. Secondly, compliance and enforcement activity undertaken by regulators should be risk based and proportionate to the risk being managed. Regulators should not impose a burden on entities that is either too heavy or too light. This balance can be difficult to achieve, especially in more complex markets. Finally, ... regulators, like all government entities, need to ensure that their own performance and internal governance processes meet the standards set out in the *Public Governance, Performance and Accountability Act*.⁵

- 1.16 The Committee made seven recommendations relating to three of the five regulators examined by the Auditor-General, including that the Auditor-General consider conducting a follow-up audit of DAWE to assess the Department's implementation of the ANAO's recommendations.⁶

Report 488 Commonwealth Financial Statements 2019-20

- 1.17 The Committee's inquiry was based on two Auditor-General reports covering the final results of the financial statements of all Commonwealth entities for the 2019-20 reporting period and interim results of a small number of entities for the 2020-21 reporting period.⁷
- 1.18 In its report, the Committee noted that the Auditor-General found most entities were operating with appropriate internal controls to ensure that the financial statements were prepared free from material misstatement and that there was a reduction in the number of significant audit findings raised in response to the identification of potential business or financial risk.⁸

⁵ Mrs Lucy Wicks MP, *House of Representatives Hansard*, 24 August 2021, p. 8452.

⁶ Joint Committee of Public Accounts and Audit, *Report 486: Regulatory Activities - Inquiry into Auditor-General's Reports 33, 47, 48 (2019-20) and 5 and 8 (2020-21)*, recs. 1-7, pp. 32-33, 42-44, 89-91.

⁷ Joint Committee of Public Accounts and Audit, *Report 488 Commonwealth Financial Statements 2019-20*, p. 4.

⁸ Joint Committee of Public Accounts and Audit, *Report 488 Commonwealth Financial Statements 2019-20*, pp. 7-16.

- 1.19 Noting the recent practice of the Auditor-General writing to Ministers in the event of a significant finding, the Committee recommended an amendment to the *Auditor-General Act 1997* (AG Act) to make this practice a legal requirement.⁹
- 1.20 The Committee made a further four recommendations relating to the resolution of a long-standing legislative breach involving the Northern Land Council, the inclusion of additional guidance material on the Transparency Portal at transparency.gov.au and the timeliness of Commonwealth entities' annual reports.¹⁰

Report 489 Defence Major Projects Report 2019-20

- 1.21 The Committee's inquiry was based on the 2019-20 Defence Major Projects Report (MPR) prepared by the Department of the Defence (Defence) and the ANAO, which provided detailed information on a selection of 25 Defence material acquisition projects with a combined budget of approximately \$79 billion and in-year expenditure of \$5.7 billion.¹¹
- 1.22 In its report, the Committee commended Defence for its effort to mitigate the impacts of the COVID-19 pandemic on local industry and the cost and schedule of materiel acquisition. The Committee recommended Defence provide a further update on the impacts of the pandemic early in the 47th Parliament.¹²
- 1.23 The Committee also requested an update on the adoption of Defence's new risk-management system and made a further three recommendations intended to strengthen the MPR process as an ongoing oversight mechanism.¹³

⁹ Joint Committee of Public Accounts and Audit, *Report 488 Commonwealth Financial Statements 2019-20*, rec. 1, pp. 16-17.

¹⁰ Joint Committee of Public Accounts and Audit, *Report 488 Commonwealth Financial Statements 2019-20*, recs. 2-5, pp. 17-18, 44-47.

¹¹ Joint Committee of Public Accounts and Audit, *Report 489 Defence Major Projects Report 2019-20*, pp. 1-4.

¹² Joint Committee of Public Accounts and Audit, *Report 489 Defence Major Projects Report 2019-20*, rec. 1, pp. 24-25.

¹³ Joint Committee of Public Accounts and Audit, *Report 489 Defence Major Projects Report 2019-20*, recs. 2-5, pp. 25-26.

Report 492 Governance in the Stewardship of Public Resources

- 1.24 The Committee's inquiry was based on five Auditor-General reports across a range of Commonwealth entities which examined digital policy, defence housing, property investment, procurement of water entitlements, and the Department of Infrastructure, Transport, Regional Development and Communications' (Infrastructure) purchase of the 'Leppington Triangle' land for the future development of Western Sydney Airport.¹⁴
- 1.25 Taken together, the reports raised a number of issues relating to effective governance in the stewardship of public resources, including organisational culture, regulatory compliance, risk management, ethical use of resources and the role of boards as accountable authorities.¹⁵
- 1.26 In its report, the Committee made 12 recommendations to improve accountability to the Parliament regarding the governance of public resources, including that several of the audited entities report back to the Committee on various matters, and that the Auditor-General consider undertaking an audit of information governance frameworks in some entities.¹⁶
- 1.27 In relation to Infrastructure's purchase of the Leppington Triangle land, the Committee concluded that Infrastructure did not demonstrate effective conduct of aspects of its activities relating to the purchase as would be consistent with the PGPA Act and *Public Service Act 1999*.¹⁷
- 1.28 The Committee recommended that, pending any changes arising from a review of the *Lands Acquisitions Act 1989*, the Department of Finance use compulsory acquisition powers for future land purchases by default and only permit 'off-market' voluntary acquisitions when carefully justified and thoroughly documented, in which case compulsory acquisition methodology should be used as a benchmark.¹⁸

¹⁴ Joint Committee of Public Accounts and Audit, *Report 492 Governance in the Stewardship of Public Resources*, p. 1.

¹⁵ Joint Committee of Public Accounts and Audit, *Report 492 Governance in the Stewardship of Public Resources*, pp. 2-4.

¹⁶ Joint Committee of Public Accounts and Audit, *Report 492 Governance in the Stewardship of Public Resources*, recs. 1-12, pp. 4-5, 30-34, 55-59, 90-92, 122-125.

¹⁷ Joint Committee of Public Accounts and Audit, *Report 492 Governance in the Stewardship of Public Resources*, p. 122.

¹⁸ Joint Committee of Public Accounts and Audit, *Report 492 Governance in the Stewardship of Public Resources*, rec. 12, pp. 123-125.

Other inquiries

- 1.29 In addition to its powers to inquire into and report on matters connected to Auditor-General reports, the JCPAA has broad inquiry powers related to Commonwealth reporting on financial matters and the operations and resources of the ANAO and may inquire into any question connected with public accounts referred to it by the Parliament.¹⁹
- 1.30 The Committee has similar powers to report to the Parliament on the operations and resources of the Parliamentary Budget Office (PBO) and any other matters relating to the functions and powers of the independent Parliamentary Budget Officer.²⁰
- 1.31 In 2021-22 the Committee completed two inquiries referred under these broader inquiry powers, as outlined below.

Report 490 Alternative Financing Mechanisms

- 1.32 The Committee's inquiry considered issues raised in PBO Report 1/2020, *Alternative Financing of Government Policies: Understanding the Fiscal Costs and Risks of Loans, Equity Injections and Guarantees*, including the reasons for governments funding programs through alternative financing mechanisms and the reporting in the Budget papers on such programs.²¹
- 1.33 Noting the increasing use of alternative financing mechanisms in government expenditure, the Committee recommended that the Minister for Finance consider a range of enhancements to budget reporting identified by the PBO.²² In making its recommendations, the Committee noted advice of the Parliamentary Budget Officer on the straightforward implementation of many of the changes, and stated that the changes would:

... provide greater transparency around alternative financing arrangements, allow for greater parliamentary and public scrutiny, and thereby increase accountability to the Parliament and the Australian public.²³

¹⁹ *Public Accounts and Audit Committee Act 1951*, Section 8(1)(e-i),

²⁰ *Parliamentary Service Act 1999*, Section 64S(1)(d-e).

²¹ Joint Committee of Public Accounts and Audit, *Report 490 Alternative Financing Mechanisms*, p. 1.

²² Joint Committee of Public Accounts and Audit, *Report 490 Alternative Financing Mechanisms*, recs. 1-2, pp. 29-32.

²³ Joint Committee of Public Accounts and Audit, *Report 490 Alternative Financing Mechanisms*, pp. 30-31.

Report 491 Review of the Auditor-General Act 1997

- 1.34 Given the central importance of the Auditor-General and the ANAO to the work of the JCPAA, in the last 25 years the Committee has conducted an inquiry into the Auditor-General's enabling legislation approximately once every decade.²⁴ The most recent inquiry into the AG Act occurred in 2010, prior to the introduction in 2013 of the new Commonwealth resource management framework in the PGPA Act.
- 1.35 The Committee's inquiry in 2021-22 considered issues including the independence, remit and mandate of the Auditor-General; the relationship between the JCPAA and the ANAO; and the interaction of the AG Act with other relevant legislation including the PGPA Act.²⁵
- 1.36 In its report, the Committee concluded that 'for the most part, the AG Act is working well for its intended purpose'.²⁶ However, the Committee also recommended amendments to the AG Act and related legislation and other changes to clarify and strengthen the role of the Auditor-General. The 27 recommendations made in the report included:
- amending the AG Act to define the term 'independent officer of the Parliament' and giving consideration to clearly outlining the implied functions, powers, rights, immunities and obligations arising from this designation²⁷
 - considering establishing the ANAO as a parliamentary department²⁸ and expanding the role of the JCPAA in the appointment process for the Auditor-General²⁹

²⁴ Joint Committee of Public Accounts, Report 346 *Guarding the Independence of the Auditor-General* (1996); Joint Committee of Public Accounts and Audit, *Report 386 Review of the Auditor-General Act 1997* (2001); Joint Committee of Public Accounts and Audit, *Report 419 Inquiry into the Auditor-General Act 1997* (2010).

²⁵ Joint Committee of Public Accounts and Audit, *Report 491 Review of the Auditor-General Act 1997*, pp. ix, 1-7.

²⁶ Joint Committee of Public Accounts and Audit, *Report 491 Review of the Auditor-General Act 1997*, p. 2.

²⁷ Joint Committee of Public Accounts and Audit, *Report 491 Review of the Auditor-General Act 1997*, rec. 1, pp. 15-16.

²⁸ Joint Committee of Public Accounts and Audit, *Report 491 Review of the Auditor-General Act 1997*, rec. 2, pp. 15-16.

²⁹ Joint Committee of Public Accounts and Audit, *Report 491 Review of the Auditor-General Act 1997*, rec. 3, p. 19.

- changing the process under section 37 of the AG Act by which the Attorney-General can require that the Auditor-General not include certain information in a public report³⁰
- clarifying the application of parliamentary privilege to the Auditor-General's work.³¹

Non-inquiry activities

1.37 The section outlines other, non-inquiries activities of the Committee undertaken in 2021-22 pursuant to the Committee's statutory duties.

Annual report

1.38 As required under section 8B of the PAAC Act, the Committee presented an annual report to the Parliament on 2 December 2021 covering the period 1 July 2020 to 30 June 2021.³²

Budget estimates

1.39 The JCPAA is required under the PAAC Act to consider draft budget estimates of the ANAO that are submitted under section 53 of the AG Act.³³ Similarly, the PS Act requires the JCPAA to consider draft estimates of the PBO.³⁴

1.40 Draft budget estimates of the ANAO and PBO were provided to the Committee for its consideration ahead of the 2022-23 Budget.

1.41 On 29 March 2022, the Committee made a statement endorsing the draft budget estimates of the ANAO and PBO, noting that neither office had sought additional funding. The Committee further stated it would monitor the impact of ICT upgrades at the PBO over coming years.³⁵

³⁰ Joint Committee of Public Accounts and Audit, *Report 491 Review of the Auditor-General Act 1997*, recs. 7-8, pp. 30-31.

³¹ Joint Committee of Public Accounts and Audit, *Report 491 Review of the Auditor-General Act 1997*, recs. 16-18, pp. 50-51.

³² Joint Committee of Public Accounts and Audit, *Report 487 Annual Report 2020-21*.

³³ *Public Accounts and Audit Committee Act 1951*, Section 8(1)(j).

³⁴ *Parliamentary Service Act 1999*, Section 64S.

³⁵ Joint Committee of Public Accounts and Audit, 'Statement on the 2022-23 Draft Estimates for the Australian National Audit Office and the Parliamentary Budget Office', 29 March 2022.

Audit priorities of the Parliament

- 1.42 In determining the ANAO's work program, the Auditor-General must have regard to the audit priorities of the Parliament as determined by the JCPAA³⁶. The JCPAA is required under the PAAC Act to advise the Auditor-General of those priorities.³⁷
- 1.43 On 23 February 2022, the Auditor-General wrote to the Committee seeking comments on the ANAO's draft Annual Audit Work Program for 2022-23. Consistent with past practice, the Committee sought feedback from all other parliamentary committees on the draft to determine the audit priorities of the Parliament.
- 1.44 On 8 April 2022, the Committee wrote to the Auditor-General with the audit priorities of the Parliament for 2022-23. The Committee proposed five audits as specific priorities and a further 13 audits as priorities. The Committee also proposed an audit from the previous year's draft program which was not undertaken.
- 1.45 The ANAO's Annual Audit Work Program for 2022-23 was subsequently published on 6 July 2022.³⁸

Annual work plan of the Parliamentary Budget Office

- 1.46 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 JCPAA.³⁹
- 1.47 On 10 August 2021, the Parliamentary Budget Officer wrote to the Committee providing the PBO's draft Corporate Plan for 2021-22 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.
- 1.48 On 26 August 2021, the Committee wrote to the Parliamentary Budget Officer endorsing the draft Corporate Plan, which was subsequently published on 31 August 2021.⁴⁰

³⁶ *Auditor-General Act 1997*, Section 10(a).

³⁷ *Public Accounts and Audit Committee Act 1951*, Section 8(1)(m).

³⁸ Australian National Audit Office, *Annual Audit Work Program 2022-23*.

³⁹ *Parliamentary Service Act 1999*, Section 64Q.

⁴⁰ Parliamentary Budget Office, *Corporate Plan 2021-22*.

Defence Major Projects Report guidelines

- 1.49 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 MPR. Prior to commencing each review, the ANAO updates the MPR guidelines and submits the guidelines to the JCPAA for its endorsement.
- 1.50 On 1 September 2021, the Auditor-General wrote to the Committee providing the proposed 2021-22 MPR guidelines for the Committee's consideration.
- 1.51 On 2 November 2021, the Committee wrote the Auditor-General endorsing the MPR guidelines, noting that 21 projects would be considered as part of the 2021-22 MPR, with one new project entering and one existing project exiting the scope of the MPR.

Engagement activities

- 1.52 The JCPAA 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 such as the Australasian Council of Public Accounts Committees and the Commonwealth Association of Public Accounts Committees.
- 1.53 However, due to the timing of the general election and ongoing restrictions associated with the COVID-19 pandemic, the Committee did not undertake any engagement activities in 2021-22.

Mr Julian Hill MP
Chair
30 September 2022

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 on government responses and executive minutes

This appendix provides an overview of responses to recommendations contained in reports of the Committee. In 2021-22, the Committee received government responses and executive minutes to 12 recommendations made in three reports, outlined below.

Consistent with the resolution of the House of Representatives adopted on 29 September 2010, the Committee requires government responses and executive minutes to be presented within a period of six months from the presentation of a report to the Parliament.¹

Of the seven recommendations with due dates falling in 2021-22, five responses were received within the expected time frame, while two became overdue. 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.

| Report | Rec. | Agency | Agreed | On time |
|--|-------------|---|---------------|----------------|
| Report 481: Efficiency and Effectiveness | 9 | Department of Agriculture, Water and the Environment | n/a | n/a |

¹ House of Representatives, Resolution of 29 September 2010, 'Government responses to committee reports', VP 2010-13/44 (29.9.2010).

| | | | | |
|--|-----------|---|-----------|-----|
| Report 484: The Administration of Government Grants | 1-6 | Department of Finance | Yes | No |
| Report 486: Regulatory activities | 1 | Department of Agriculture, Water and the Environment | Yes | No |
| | 2 | Australian National Audit Office | Yes | Yes |
| | 3 | Attorney-General's Department | Yes | Yes |
| | 5-6 | Tertiary Education Quality and Standards Agency | Partially | Yes |
| Total | 12 | | | |

Source: Committee records