

Introduction

- 1.1 One of the statutory duties of the Joint Committee on Public Accounts and Audit (hereafter referred to as the Committee) is to examine all reports of the Auditor-General in terms of the significance of the program or issues raised; the significance of the findings; the arguments advanced by the audited agencies; and the nature of public interest in the report. The Committee is then required to report the results of its deliberations to both Houses of Parliament as it sees fit.
- 1.2 Upon consideration of some 11 audit reports presented to the Parliament by the Auditor-General during the first quarter of 1999–2000, the JCPAA selected two reports for further scrutiny at a public hearing conducted in Canberra on 3 December 1999.
- 1.3 The reports selected were:
 - *Audit Report No. 2, 1999–2000, Use of Financial Information in Management Reports; and*
 - *Audit Report No. 10, 1999–2000, Control Structures as Part of the Audits of Financial Statements of Major Commonwealth Agencies for the Period Ended 30 June 1999.*

- 1.4 The new accrual financial framework for the public sector is intended to enhance resource management ‘...with an emphasis on measuring performance, in terms of what is being produced, what is being achieved and what is the full cost of individual goods and services, and on the reporting of performance.’¹ This ‘...improvement in the financial base underpinning public sector activity is expected to contribute to whole of government decision-making, to agency management and to the understanding of government activity by stakeholders.’²
- 1.5 The selected reports investigated how effectively agencies were establishing the systems, information and skills required to support government financial reforms. They concluded that considerable progress remained to be made.
- 1.6 One of the main duties of the Committee is to examine Budget and financial statements. Therefore, it is essential that the detail in the explanatory accounts for Budget and financial statements is sufficient and accurate. The Committee is concerned about the loss of detail in some statements. This matter is addressed in the following chapter.

Structure of the Report

- 1.7 This report draws attention to the main issues raised at the public hearing. Where appropriate, the Committee has commented on unresolved or contentious issues.
- 1.8 Chapter 2 of the report discusses issues relating to the use of financial information in Commonwealth agencies.
- 1.9 Chapter 3 of the report addresses issues relating to control structures in Commonwealth agencies.
- 1.10 In addition, the report provides an outline of the conduct of the Committee’s review (Appendix A). The report should be read in conjunction with the transcript of evidence collected at the public hearing (Appendix B).

1 Michael Vertigan, *Review of Budget Estimates Production Arrangements*, July 1999, p. 2.

2 Michael Vertigan, *Review of Budget Estimates Production Arrangements*, July 1999, p. 2.