

Summary of activities for 2009-10

Committee reports

Report 415: Review of Auditor-General's Reports tabled between September 2008 and January 2009

- 2.1 This report, tabled in November 2009, concluded the Committee's examination of 14 audit reports presented to the Parliament by the Auditor-General. Of those 14 reports, the Committee had selected the following five for detailed scrutiny at public hearings conducted in March 2009:
- no. 4 2008-09, *The Business Partnership Agreement between the Department of Education, Employment and Workplace Relations and Centrelink;*
 - no. 7 2008-09, *Centrelink's Tip-off System;*
 - no. 11 2008-09, *Disability Employment Services;*
 - no. 12 2008-09, *Active After-school Communities Program;* and
 - no. 17 2008-09, *Administration of Job Network Outcome Payments.*
- 2.2 The report contained five recommendations directed to the relevant agencies.

Report 416: Review of the Major Projects Report 2007-2008

- 2.3 In November 2008 the first Defence/ ANAO *Major Projects Report* (MPR) was tabled in Parliament. In March 2009 the JCPAA had held a public hearing to review the MPR, with officers of the ANAO and the Defence Materiel Organisation (DMO) giving evidence.
- 2.4 In August 2009 the Committee took evidence from DMO at a further public hearing. The main purpose of that hearing was to follow up on the findings reported in the Committee's August 2008 *Report 411: Progress on equipment acquisition and financial reporting in Defence*. Information related to progress on the MPR was also provided to the Committee at that hearing.
- 2.5 The Committee subsequently tabled its *Report 416* in November 2009. The report contained five recommendations concerning the format and methodology for future MPRs.
- 2.6 A further public hearing was held in March 2010 to review the *Major Projects Report 2008-09*. While a report was not released prior to the 2010 federal election, the Committee in the 43rd Parliament has subsequently resolved to continue to review the MPRs on an annual basis.

Report 417: Review of Auditor-General's Reports tabled between February 2009 and September 2009

- 2.7 This report – the last tabled by the Committee in the 42nd Parliament – concluded the examination of 31 audit reports presented to the Parliament by the Auditor-General. Of those reports, the Committee had selected the following nine for detailed scrutiny at public hearings conducted from June to November 2009:
- no. 25 2008-09, *Green Office Procurement and Sustainable Office Management*;
 - no. 27 2008-09, *Management of the M113 Armoured Personnel Carrier Upgrade Project*;
 - no. 28 2008-09, *Quality and Integrity of the Department of Veterans' Affairs Income Support Records*;
 - no. 35 2008-09, *Management of the Movement Alert List*;
 - no. 36 2008-09, *Settlement Grants Program*;
 - no. 40 2008-09, *Planning and Allocating Aged Care Places and Capital Grants*;

- no. 43 2008-09, *Construction of the Christmas Island Immigration Detention Centre*;
- no. 48 2008-09, *Planning and Approval of Defence Major Capital Equipment Projects*; and
- no. 05 2009-10, *Protection of Residential Aged Care Accommodation Bonds*.

2.8 The report contained 18 recommendations directed to the various agencies. As with past reviews of audit reports, in several cases the Committee recommended that agencies provide it with progress reports to ensure that the recommendations of the ANAO are being properly implemented.

Inquiries in progress at 30 June 2010

2.9 As at 30 June 2010 the Committee had two policy inquiries underway, in addition to its ongoing review of Auditor-General's reports.

Inquiry into the *Auditor-General Act 1997*

2.10 In February 2009 the Committee had resolved to undertake a review of the *Auditor-General Act 1997*. The inquiry examined:

- whether the Act's focus on the Auditor-General's traditional assurance audit and performance audit roles gives the ANAO sufficient legislative backing for newer functions;
- any amendments necessary to clarify the ANAO's rights and obligations in relation to conducting audits and reviews;
- whether there should be changes to the categories of agencies that the Auditor-General audits, in particular section 16 of the Act which limits the Auditor-General's capacity to audit Government Business Enterprises;
- any proposed amendments to the Act which would strengthen the audit independence of the ANAO and the Auditor-General's capacity to fulfil his role as an Independent Officer of the Parliament; and
- the Auditor-General's capacity to examine the financial and performance outcomes from Commonwealth investments in the private sector and Commonwealth grants made to State and local governments.

- 2.11 The Committee took evidence at three public hearings in 2009-10 (in addition to an earlier public hearing in June 2009). The inquiry received 18 submissions.
- 2.12 The inquiry was still in progress as at 30 June 2010, and subsequently lapsed with the dissolution of the House for the 2010 federal election. However, the inquiry was resumed by the JCPAA in the 43rd Parliament and a report containing 13 recommendations was released in December 2010.¹

Inquiry into the Auditor-General's role in scrutinising government advertising

- 2.13 In July 2008 the Government announced new guidelines for Commonwealth advertising, including a formal scrutiny role for the Auditor-General for all advertising campaigns over \$250 000 (in the form of a limited assurance review on whether anything had come to the Auditor-General's attention which caused him to believe that the proposed advertising campaign was inconsistent with the guidelines).²
- 2.14 The Committee subsequently resolved to assess the Auditor-General's role under the guidelines. In 2009-10 the Committee took evidence at six public hearings (following two hearings in 2008-09), with evidence taken from the ANAO, a range of government departments and others. As at 30 June 24 submissions had been received.
- 2.15 The inquiry was still in progress as at 30 June 2010, and subsequently lapsed with the dissolution of the House for the federal election. The inquiry has since been resumed by the JCPAA in the 43rd Parliament.

Review of Auditor-General's reports

- 2.16 As at 30 June 2010 the Committee was reviewing the following nine Auditor-General's reports, selected from 37 audits presented to the Parliament between September 2009 and May 2010:
- no. 07 2009-10, *Administration of Grants by the National Health and Medical Research Council*;

1 JCPAA, *Report 419: Inquiry into the Auditor-General Act 1997*, December 2010.

2 In March 2010 the Government announced a further revised framework for government advertising following a review by former senior public servant Dr Allan Hawke AC. As a result of the review the Auditor-General's role in scrutinising proposed advertising campaigns before their launch was abolished.

- no. 08 2009-10, *The Australian Taxation Office's Implementation of the Change Program: a strategic overview*;
 - no. 10 2009-10, *Processing of Incoming International Air Passengers*;
 - no. 15 2009-10, *AusAID's Management of the Expanding Australian Aid Program*;
 - no. 20 2009-10, *The National Broadband Network Request for Proposal Process*;
 - no. 26 2009-10, *Administration of Climate Change Programs*;
 - no. 27 2009-10, *Coordination and Reporting of Australia's Climate Change Measures*;
 - no. 31 2009-10, *Management of the AusLink Roads to Recovery Program*;
and
 - no. 33 2009-10, *Building the Education Revolution – Primary Schools for the 21st Century*.
- 2.17 The audit reports were reviewed at six public hearings held between March and June 2010.
- 2.18 The reviews were still in progress as at 30 June 2010, and subsequently lapsed with the dissolution of the House for the federal election. However, the reviews were resumed by the JCPAA in the 43rd Parliament and a report containing four recommendations was released in December 2010.³

Other Committee activities for 2009-10

Audit priorities of the Parliament

- 2.19 In May 2010 the Committee received the ANAO's draft audit work program for 2010-11, and forwarded it to other parliamentary committees for comment so as to help determine the annual audit priorities of the Parliament.
- 2.20 Following responses from the other committees, the JCPAA advised the Auditor-General that the Parliament's audit priorities, for his

3 JCPAA, *Report 418: Review of Auditor-General's Reports Nos. 4 to 38 (2009-10)*, December 2010.

consideration as appropriate in finalising his 2010-11 work program, included:

- the Attorney-General's Department's management of territories;
- Customs' detection of illicit drugs and precursors;
- Customs' management arrangements for the processing of imports;
- Customs' processing of incoming international passengers (secondary examination phase);
- the Australian Federal Police's management of Project Spectrum;
- the Department of Foreign Affairs and Trade's management of biometric passports (ePassports);
- electronic records management by agencies;
- governance arrangements for commercial enterprises established by, or in partnership with, public sector agencies;
- agencies' compliance with national archiving standards; and
- agencies' compliance with Freedom of Information requirements and their preparedness for changes to FOI legislation.

Statement on the draft estimates for the ANAO, budget day 2010

- 2.21 In February 2010 the Committee was briefed by the Auditor-General and other ANAO officers on the ANAO's budget proposals for 2010-11. On 10 May, the day before the Federal Budget, the Committee was again briefed by the Auditor-General on the ANAO's confirmed appropriation.
- 2.22 On budget day the then Chair gave the customary speech to the House on the adequacy of the ANAO's appropriation. A corresponding statement was later delivered to the Senate by one of the Committee's Senate members.
- 2.23 On behalf of the Committee the Chair noted the Auditor-General's advice that his appropriation for 2010-11 would allow him to meet his obligations, including maintaining his targets for production of performance audit reports and public sector "Better Practice Guides".
- 2.24 On that basis the Committee endorsed the budget proposed for the ANAO. However, the Chair expressed the Committee's concern about a lack of new funding for the substantial workload associated with a full revision to the Australian Auditing and Assurance Standards taking effect

in 2010. The Chair urged the Government to support any request for such funding in the 2011-12 budget process.⁴

Biannual public hearings with the Commissioner of Taxation

- 2.25 The Committee held two public hearings with the Commissioner of Taxation during the course of the year, in October 2009 and April 2010. The first hearing was preceded by private briefings from the Inspector-General of Taxation Mr Ali Noroozi and Professor Valerie Braithwaite from the Australian National University. The customary private briefings were not held prior to the second hearing, to enable detailed examination of an ANAO audit of the ATO's comprehensive Change Program⁵, which includes a new income tax processing system as part of the replacement of many ATO IT systems and processes.
- 2.26 A wide range of matters concerning administration of the tax system and taxpayer compliance were discussed at the hearings. At the April 2010 hearing the Committee closely scrutinised the management of the ATO's Change Program and subsequent delays in some tax returns in early 2010. Transcripts of the hearings are available on the Committee's website.

2009-10 Annual Report Requirements for Commonwealth agencies

- 2.27 In June 2010 the Committee approved the draft *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies* for release to agencies, following a briefing for the Chair and Deputy Chair by relevant officers of the Departments of Prime Minister and Cabinet and the Department of Finance and Deregulation.
- 2.28 The most significant changes to the Requirements as approved by the JCPAA the preceding year reflected changes to the format for agencies' Portfolio Budget Statements from 2009-10 onwards, and a heavier emphasis on reporting achievements against key performance indicators.
- 2.29 The Requirements as approved by the Committee are available on the website of the Department of Prime Minister and Cabinet.⁶

4 See statement at aph.gov.au/house/committee/jcpaa/budgetspeeches/budgetstatement10.pdf.

5 ANAO, Audit Report No. 8 2009-10, *The Australian Taxation Office's Implementation of the Change Program: a Strategic Overview*, October 2009.

6 See www.dpmc.gov.au/guidelines/docs/annual_report_requirements.pdf.

Briefing on public sector governance issues

- 2.30 An innovation trialled by the JCPAA in recent years has been occasional private briefings with the Secretary of the Department of Prime Minister and Cabinet and the Australian Public Service Commissioner, who is responsible for promoting leadership, learning and development in the public service. The meetings help to inform the Committee of the latest initiatives in enhancing public service management capacity.
- 2.31 A further such briefing was held in August 2009, with the list of attendees expanded to include the Auditor-General and the Secretary of the Department of Finance and Deregulation. The discussions were wide-ranging and included the findings of the Public Service Commissioner's annual *State of the Service* report, the impact of the ongoing efficiency dividend, workforce planning issues, the public service's capacity for strategic policy advice and effective implementation of government programs, interaction between the public service and consultants, progress on public sector ICT reforms, opportunities and challenges presented by interactive communications technologies, the capacity of public servants to provide frank advice to Government and to brief non-government members as appropriate, the interaction between public servants and parliamentary committees, the operation of the Lobbying Code of Conduct, and "whistleblower" protections for public servants.

Engagement with the Independent Auditor

- 2.32 During 2009-10 the Committee endorsed a proposed program of performance audits of the ANAO put forward by the Independent Auditor of the ANAO, Mr Geoff Wilson (CEO of KPMG Australia).
- 2.33 The Committee subsequently noted the findings of a May 2010 review by Mr Wilson of the effectiveness of ICT management across the ANAO's key applications and systems. His report was broadly supportive but suggested some areas for improvement to business processes.⁷

7 Mr Geoff Wilson, *Australian National Audit Office - IT Performance Review*, May 2010, available at www.anao.gov.au/uploads/documents/IT%20Performance%20Review.pdf.

Speeches and meetings with delegations

- 2.34 The Committee is keen to disseminate information on its role and activities, and to contribute where it can to enhancing public sector accountability. Accordingly, the Committee's Chair and secretariat regularly make presentations to seminars and visiting delegations.
- 2.35 During 2009-10 the Committee's then-Chair Sharon Grierson MP and secretariat staff made the following presentations:

<i>Role of the JCPAA (Committee Secretary)</i>	Indonesian officials on secondment to the ANAO	August 2009
<i>Role of the JCPAA (Committee Secretary)</i>	Visiting parliamentary delegation from Finland	August 2009
<i>Parliamentary oversight of public expenditure and the FMA Act (Committee Chair)</i>	Seminar in Dili for members of the East Timor National Assembly	August 2009
<i>Accountability in government (Committee Chair)</i>	CPA Regional Seminar, Wellington New Zealand	November 2009
<i>Role of the JCPAA (Committee Secretary)</i>	Visiting parliamentary delegation from Kiribati	February 2010
<i>Role of the JCPAA (Committee Secretary)</i>	Visiting parliamentary delegation from Bangladesh	February 2010
<i>How to run a committee (Committee Secretary)</i>	Indonesian members and officials attending CDI seminar on "Effective Financial Scrutiny: The Role of Parliament in Public Finance"	February 2010
<i>Role of the JCPAA in oversight of Defence major projects (Committee Chair and secretariat staff)</i>	Visiting parliamentary delegation from Indonesia	June 2010
<i>Role of the JCPAA (Committee Secretary)</i>	Visiting delegation of officials from Mongolia	June 2010

Robert Oakeshott MP
Committee Chair