



25 March 2009

Ms Sharon Grierson  
Chair  
Joint Committee of Public Accounts and Audit  
Parliament House  
CANBERRA ACT 2600

Dear Ms Grierson

In the context of the Committee's inquiry into the Auditor-General's role in scrutinising Government advertising campaigns, I am writing to provide you with a further perspective on the contribution the Australian National Audit Office (ANAO) is making through its review on government advertising campaigns.

The release by the Government of *Guidelines on Campaign Advertising by Australian Government Departments and Agencies* in June 2008, drawing on the earlier proposals from the Joint Committee of Public Accounts and Audit and the ANAO, was a positive step in articulating the principles and expectations to be applied by departments and agencies in undertaking information and advertising campaigns. A related document '*Business Planning Processes for Campaign Information and Advertising Activities*' issued by the Department of Finance and Deregulation in February 2009, complements the Guidelines by setting out the roles and responsibilities of the Cabinet Secretary, Ministers, and departments and agencies, amongst others.

Historically, one of the significant risk areas in relation to advertising campaigns has been in achieving clarity in the roles of Ministers and their offices on the one hand, and departments and agencies on the other. The involvement of Ministers and their offices under former arrangements in taking key decisions in approving strategies and briefs, in selecting certain consultants, and in the approval of final creative materials and media plans meant that the basis for decisions and the accountability for decisions were not always clear. Our audit report, '*The Administration of Contracting Arrangements in relation to Government Advertising to November 2007*' (Report No 24 of 2008-09), highlighted many of the issues with the former arrangements.

Under the current approach, there is expected to be a clearer separation of roles and responsibilities. Paragraph 8 of the *Business Planning Processes for Campaign Information and Advertising Activities* states:

*"Ministers are responsible for authorising campaign development in their portfolios, consistent with normal financial management processes, and for authorising the launch of a campaign. While Ministers do not have responsibility for campaign development, they have a legitimate interest in the development of campaigns in their portfolios. It is reasonable that Ministers be briefed at strategic stages of campaign development."*

For their part, Chief Executives of departments and agencies "...are responsible for certifying that any campaigns developed within their agency are compliant with the Guidelines and related Government policies including financial management and procurement policies..."

This separation of roles and responsibilities is important, particularly in addressing Guideline 3, which is concerned with materials being presented in a manner free from partisan promotion of government policy and political argument, and in objective language. Some of the issues raised at the Inquiry directly or indirectly related to this particular Guideline. In this context, I have expressed the view to key stakeholders that neither Ministers nor their officers should be taking decisions, or giving directions relating to campaign design and implementation except in the extraordinary circumstances referred to in the Guidelines (see paragraph 7). In other words, it is critical to the success of this new approach that departments and agencies are able to provide the best advice they are able in relation to campaigns, consistent with their normal role in providing advice to government. To underline the importance that I place on this separation of roles and responsibilities, I now ask Chief Executives of departments and agencies to provide me with a written representation that:

*“that the purpose of the ... campaign has been informed by analysis and research, and my certification reflects my views which are independent of any ministerial or cabinet view relating to the campaign design and implementation.”*

This representation is in addition to the Certificate that the Chief Executive provides about his/her department's or agency's compliance with the Guidelines, which, in itself, is a significant advance on prior arrangements.

I have indicated to the Cabinet Secretary in correspondence on 30 January 2009, that, in the light of experience, the Guidelines could be refined, or supplemented by additional guidance, to make it clear that the Chief Executive's Certificate, and the planned campaign, are to be informed by departmental analysis and research, and be independent of any ministerial or Cabinet view relating to the campaign design and implementation. Other areas referred to the Minister for consideration in the same vein have included:

- Providing greater clarity regarding the boundary between the normal business activities of agencies and those activities subject to the guidelines, including campaigns undertaken under outsourcing arrangements;
- Providing greater clarity as to the requirements of the cost-benefit analysis;
- Further enhancing transparency by requiring departments to present campaign information, including the CEO certification, on their websites.

The ANAO's involvement in the review of campaigns to date has led the Office to make constructive proposals to improve the current regime for advertising campaigns. We understand the risk in providing assurance in relation to campaigns ahead of their commencement, that was mentioned during the Inquiry on 11 March 2009. We have been conscious of these risks and have been managing them through our review procedures including specific inquiries of departments and agencies, examination of documentation, and by seeking the representation from Chief Executives referred to above.

From my perspective, there is no doubt that the involvement of the ANAO in reviewing the campaign arrangements prior to its launch has resulted in better outcomes than would have been the case had the ANAO not been involved in undertaking reviews at this stage. We have highlighted opportunities to improve or supplement the Guidelines in the public interest, clearly signalled our expectations of the standard of support required of departments and agencies to demonstrate adherence to the Guidelines, been a stimulus for departments and agencies containing resources devoted to campaign expenditure, and been able to provide timely assurance to the responsible



Ministers, the Parliament and the public in relation to the department or agency's performance in relation to the Guidelines.

Further, our work is conducted in accordance with professional standards issued by the Auditing and Assurance Standards Board. There was an issue raised at the Inquiry that our involvement in undertaking reviews of advertising campaigns may make it difficult to undertake performance audits. In practice, both our reviews and performance audits provide assurance in relation to aspects of public administration. In terms of the assurance framework developed by the auditing profession, reviews and audits are elements of an assurance continuum, with reviews providing limited assurance and audits providing reasonable assurance; the difference being a function of work effort.

The benefit of our review activity is that it is much more timely than a performance audit in gaining access to information and personnel, and in providing feedback to agencies individually and collectively; on the other hand, reviews focus only on the Government's Guidelines and provide limited assurance due to time and resource constraints, and do not address issues that have been problematic under former arrangements, such as contract management and performance issues. Reviews and audits are complementary however, and performing reviews does not exclude the conduct of subsequent performance audits. Rather, the reviews provide information which allow better targeting of decisions.

In a similar manner to the way we have made suggestions to improve the Government's Guidelines, we have taken steps to improve our own review methodology for Government advertising campaigns in the light of experience. This is an important part of our responsibility to improve our approach over time and to reduce the risks of providing an incorrect review opinion. This is consistent with the way we manage risk as part of our broader audit role.

The overriding consideration in agreeing to this review role, from my perspective, has been to provide timely assurance through our reviews and to provide timely feedback on improvement opportunities in an area of public administration that historically has been problematic. This is very much consistent with our goal of improving public administration through our assurance activities. The Cabinet Secretary has informed me that he is happy to consider any suggestions that I put forward, and has suggested that this occur following the JCPAA Inquiry when the suggestions could be considered in conjunction with the benefit of the JCPAA's views.

I would be pleased to provide the Committee with further information that would assist its Inquiry.

I have copied this letter to the Cabinet Secretary so that he is also aware of my perspective on these matters.

Yours sincerely,



Ian McPhee  
**Auditor-General**