

## Introduction

- 1.1 One of the statutory duties of the Joint Committee on Public Accounts and Audit (JCPAA) 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 the eighteen audit reports presented to the Parliament by the Auditor-General during the second and third quarters of 2000–2001, the JCPAA selected three reports for further scrutiny at public hearings. The public hearings were conducted in Canberra on Wednesday, 2 May 2001.
- 1.3 The reports selected were:
  - **Audit Report No.16, *Australian Taxation Office Internal Fraud Control Arrangements***, Australian Taxation Office;
  - **Audit Report No.22, *Fraud Control in Defence***, Department of Defence; and
  - **Audit Report No. 26, *Defence Estate Facilities Operations***, Department of Defence.

## Structure of the Report

- 1.4 This report draws attention to the main issues raised at the public hearing. Where appropriate, the Committee has commented on unresolved or contentious issues.
- 1.5 Chapter 2 of the report discusses the evidence taken relating to Audit Report No. 16, *Australian Taxation Office Internal Fraud Control Arrangements*. The Committee discusses the definition of fraud, fraud control and IT security.
- 1.6 Chapter 3 of the report addresses issues raised in relation to Audit Report No. 22, *Fraud Control in Defence*, such as Defence's management of fraud control and detection and the extent instances of fraud have been detected. The Committee found that Defence's incomplete asset register makes it difficult for fraud control and detection.
- 1.7 Chapter 4 of the report discusses the evidence taken relating to Audit Report No. 26, *Defence Estate Facilities Operations*, on management of properties and assets by the Defence estate Organisation. The Committee discusses its concerns about contract management; staff recruitment, retention and training; financial management; and the sale and lease-back of Defence estate.
- 1.8 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 C).

## Report

- 1.9 A copy of this report is available on the JCPAA website at <http://www.aph.gov.au/house/committee/jpaa/reports.htm>