

## Summary of activities for 2011–12

- 2.1 In 2011–12, the Joint Committee of Public Accounts and Audit (JCPAA) held 20 meetings and tabled eight reports (including the JCPAA’s 2010-11 annual report). This chapter details the activities of the Committee, including:
- reports tabled;
  - other Committee activities; and
  - engagement with other parliaments and organisations.

### **Tabled Committee reports**

#### **Policy inquiry into National Funding Agreements**

- 2.2 In February 2011, the JCPAA resolved to conduct an inquiry into national funding agreements to review and report on the operation of agreements between the Commonwealth and State and Territory Governments.
- 2.3 Eighteen submissions and five supplementary submissions were received. Six public hearings were held during 2011: four in Canberra, one in Brisbane and one in Sydney. The Committee heard from a variety of witnesses including Commonwealth central agencies, state auditors-general, academics and end users.
- 2.4 The Committee tabled its report in November 2011, with 15 recommendations, to address issues surrounding implementation and to ensure the full potential of the framework is realised.
- 2.5 The Government response to the report was tabled in August 2012. While the Government agreed with five recommendations, it noted eight recommendations and disagreed with two.

## Review of Auditor-General's reports

- 2.6 Since the last JCPAA annual report, the Committee has undertaken three inquiries reviewing Australian National Audit Office (ANAO) audit reports.
- 2.7 In November 2011, the Committee tabled a report reviewing in detail four Auditor-General's reports selected from 31 audit reports presented to the Parliament by the Auditor-General between December 2010 and May 2011.
- 2.8 The audit reports selected for further review covered the Commonwealth's financial management, as well as a range of programs and agencies:
- Audit Report No.22 2010–11, *Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2010*;
  - Audit Report No.30 2010–11, *Digital Education Revolution Program - National Secondary Schools Computer Fund*;
  - Audit Report No.41 2010–11, *Maintenance of the Defence Estate*; and
  - Audit Report No.46 2010–11, *Management of Student Visas*.
- 2.9 The Committee's report contained four recommendations directed to relevant agencies, with lessons for the broader public service. These recommendations were focused on improving administration across areas such as performance measurement, evaluation and reporting.
- 2.10 In May 2012, the Committee tabled a further report reviewing three of the 34 Auditor-General's reports presented to Parliament between June 2011 and February 2012. The Committee held public hearings in February and March 2012
- 2.11 The audit reports examined were:
- Audit Report No.5 2011–12, *Development and Implementation of Key Performance Indicators to Support the Outcomes and Programs Framework*;
  - Audit Report No.7 2011–12, *Establishment, Implementation and Administration of the Infrastructure Employment Projects Stream of the Jobs Fund*; and
  - Audit Report No.21 2011–12, *Administration of Grant Reporting Obligations*.
- 2.12 The Committee's report contained seven recommendations, addressing issues around transparency and accountability, particularly in terms of decision-making and performance measurement.
- 2.13 As at 30 June 2012, the Committee had another inquiry underway, reviewing nine audit reports presented to Parliament by the

Auditor-General between February and May 2012. The Committee selected two reports for further scrutiny, and held public hearings in June 2012. These reports were:

- Audit Report No.29 2011-12, *Administration of the Australia Network Tender Process*; and
- Audit Report No.31 2011-12, *Establishment and Use of Procurement Panels*.

2.14 The Committee tabled its report in August 2012. The report included two recommendations, and suggested lessons for all APS agencies regarding the importance of government procurement activities being undertaken in a manner that ensures value for money and compliance with financial framework regulations.

### **Review of the Defence Materiel Organisation Major Projects Report**

2.15 In May 2012, the Committee tabled its review of the ANAO/Defence Materiel Organisation (DMO) Major Projects Report (MPR) 2010-11.

2.16 As part of its inquiry into the 2010-11 MPR, the Committee received two submissions and held a public hearing. Evidence was given by representatives from the ANAO, the Department of Defence and the DMO.

2.17 The Committee was pleased to report an overall improvement in the preparation and presentation of data in the 2010-11 MPR but noted that there were a number of outstanding concerns that required further work. To address these, the Committee made three recommendations in the report aimed at improving the accountability and transparency of major defence acquisition projects.

2.18 Following discussions with the ANAO and the DMO, the Guidelines for the 2011-12 MPR were endorsed by the Committee in May 2012.

### **Commissioner of Taxation public hearing**

2.19 In November 2011, the Committee tabled a report on the *Ninth biannual hearing with the Commissioner of Taxation*. This report was based on submissions received from the Australian Taxation Office (ATO) and another interested party, as well as the evidence presented at the ninth biannual hearing in September 2011.

2.20 The ninth biannual hearing was held with a new format allowing the ATO's external scrutiny bodies to participate, including the Ombudsman, the Australian National Audit Office and the Inspector-General of Taxation. Professional body representatives were also invited to attend.

- 2.21 This new format was successful in expanding the scrutiny of the ATO. However, the Committee did note the more extensive arrangements and time involved for witnesses. In light of this, the Committee decided to move to annual, rather than biannual, hearings.
- 2.22 The Committee's report addressed four key themes: the level of service provided; compliance; consultation on policy issues; and external scrutiny and reviews.
- 2.23 The Committee made six recommendations to the ATO across these areas highlighting the importance of early advice on potential tax policy or legislative problems, ensuring timely publication of reviews by the Inspector-General of Taxation, and encouraging collaboration between the external review agencies.

## Australian Public Service Annual Update

- 2.24 In August 2011, the Committee held its annual private briefing with the heads of key agencies responsible for public sector governance and administration. Following this briefing, the Committee decided to make future meetings of this type open to the public – increasing transparency and scrutiny of the Australian Public Service (APS).
- 2.25 In June 2012, the Committee held its first APS Annual Update as a public hearing. Representatives from the Australian Public Service Commission, the Department of the Prime Minister and Cabinet, the Department of Finance and Deregulation, and the ANAO updated the Committee on topical APS issues and the status of implementation of recommendations stemming from the *Blueprint for the Reform of Australian Government Administration*.
- 2.26 The Committee is responsible for approving annual report guidelines for Commonwealth departments on behalf of the Parliament. Questions relating to the proposed 2011–12 guidelines were also discussed at the public hearing. Further details are included under 'Other major Committee activities'.
- 2.27 The inaugural report was tabled in Parliament in August 2012. While the report did not contain recommendations, the Committee did make suggestions, largely aimed at improving the accessibility of information to assist parliamentarians and the public in assessing the performance of the public service.

## Responses to JCPAA reports

2.28 The table below lists Government responses received by the Committee in 2011–12, either as a policy response tabled by the Government in the Parliament or an administrative response submitted to the Committee from the relevant agency. For further details, including copies of the responses and dates of submission, see the Committee’s website.<sup>1</sup>

Report title	Status of response	Full response within six months
Report 418: Review of Auditor-General’s Reports Nos. 04 to 38 (2009-10)	Complete	No
Report 419: Inquiry into the <i>Auditor-General Act 1997</i>	Complete	No
Report 421: The role of the Auditor-General in scrutinising government advertising	Complete	No
Report 422: Review of the 2009-10 Defence Materiel Organisation Major Projects Report	Complete	Yes
Report 423: Review of Auditor-General’s Reports Nos.39 (2009-10) to 15 (2010-11)	Partial	No
Report 424: Eighth biannual hearing with the Commissioner of Taxation	Complete	Yes
Report 426: Ninth biannual hearing with the Commissioner of Taxation	Partial	No
Report 427: Inquiry into National Funding Agreements	Not received	No
Report 428: Review of Auditor-General’s Reports Nos. 16 to 46 (2010-11)	Complete	Yes

Table: Government responses received by the Committee as at 30 June 2012

## Other major Committee activities

### Oversight of the Parliamentary Budget Office

2.29 On 30 May 2012, the Committee reported to both Houses of the Parliament on its decision to approve the appointment of the inaugural Parliamentary Budget Officer. Since then, the Committee has instituted arrangements for regular consultations with the Parliamentary Budget Officer to discuss: the work plan; operations and resourcing – particularly in the establishment phase; and the draft budget estimates of the Parliamentary Budget Office.

<sup>1</sup> JCPAA Website – All inquiries and reports at:  
[http://www.aph.gov.au/Parliamentary\\_Business/Committees/House\\_of\\_Representatives\\_Committees?url=jcpaa/reports.htm](http://www.aph.gov.au/Parliamentary_Business/Committees/House_of_Representatives_Committees?url=jcpaa/reports.htm)

## Audit priorities of the Parliament

- 2.30 In April 2012, the Committee received the ANAO's draft audit work program for 2012-13. The JCPAA forwarded the draft program to all other parliamentary committees in order to assist it in determining the audit priorities of the Parliament.
- 2.31 Following the JCPAA's deliberations and other committees' responses, the JCPAA advised the Auditor-General that the Parliament's audit priorities for 2012-13 included:
- food supply and security issues, including in Indigenous communities;
  - quarantine and biosecurity systems, managing exotic pests and diseases, and live animal export;
  - international mail;
  - oversight of regional Natural Resource Management/Catchment Management Authority funding and activities; and
  - the Tasmanian Intergovernmental Agreement Economic Diversification Package.
- 2.32 The JCPAA also expressed support for a range of audits proposed by the Auditor-General in his draft plan across areas related to the Committee's oversight responsibilities, and including the following agencies:
- Parliamentary Budget Office;
  - Defence Materiel Organisation; and
  - Australian Taxation Office.
- 2.33 Other areas of interest the Committee brought to the attention of the Auditor-General included:
- Department of Human Services follow-up of previous ANAO recommendations;
  - Department of Climate Change and Energy Efficiency key risk areas;
  - investigations of Commonwealth Partners and any areas of significant Commonwealth spending; and
  - AusTender's potential role as a 'one stop shop' for tender reporting.

## Statement on draft estimates for the ANAO

- 2.34 In March 2012, the Auditor-General submitted the ANAO's 2012-13 budget estimates to the JCPAA, and briefed the Committee on the impact of the proposed budget on the ANAO's capacity to meet its mandate.
- 2.35 The Auditor-General advised that while the ANAO faced a number of cost pressures the appropriation was sufficient to discharge his statutory obligations and his work program for the year ahead.

- 2.36 On this basis, the Committee endorsed the proposed 2012-13 budget for the Audit Office – but noted that any reduction in the draft estimates or additional pressure placed on the Audit Office without corresponding additional funds would be of concern.
- 2.37 On budget day the Chair of the Committee made a statement to the House on the adequacy of the ANAO's appropriation, with a corresponding statement later delivered in the Senate.<sup>2</sup>

## Annual report requirements for Commonwealth agencies

- 2.38 Each year, in accordance with the *Public Service Act 1999*, draft requirements for annual reports for departments, executive agencies and FMA Act bodies are submitted to the JCPAA for approval.
- 2.39 As these provide the basis for agency reports, the Committee carefully considers any proposals to amend, add or omit any requirement. The Committee is also mindful that the requirements are not overly burdensome, nor result in agencies unnecessarily duplicating information that is readily available through other sources.
- 2.40 The Committee decided that its questions relating to the proposed *2011-12 Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, as well as Government reporting more generally, would be canvassed at the JCPAA's 2012 APS Annual Update.
- 2.41 Two significant improvements to reporting arrangements were agreed as a result of the meeting:
- cessation of duplicate reporting of contracts; and
  - enhanced reporting of timeliness of payments to small business.
- 2.42 On 28 June 2012, the Committee approved the 2011-12 Requirements for Annual Reports.

## Independent Auditor of the ANAO

- 2.43 On the 4 November 2011, the JCPAA advised the Independent Auditor of the ANAO that it considered that the proposed audit program he submitted to the Committee offered a balanced selection, consistent with parliamentary priorities. Further, the Committee supported the prioritisation of the audit of the Information Technology Audit Capability and Resourcing as the first priority, particularly as the ANAO received additional funding to enhance information technology capability.

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2 A copy of the statement is available on the JCPAA website at [www.aph.gov.au/jcpaa](http://www.aph.gov.au/jcpaa).

## Engagement with other parliaments and organisations

- 2.44 In August 2011, the Chair spoke at the ANAO's celebration of 110 years as a Commonwealth institution, reinforcing the ANAO's contribution to improving public sector administration and the Committee's confidence in the ANAO's audit work.
- 2.45 In September 2011, the JCPAA was invited by the ANAO to meet with a delegation from the Indonesian Government. The visit was part of the ANAO's Government Partnership Fund - Phase II program with the Indonesian Audit Office (BPK). Delegates included representatives from: the BPK, the Audit Committee of the Parliament (BAKN); the Anti-Corruption Commission; and the Attorney-General's Department.
- 2.46 This meeting formed initial discussions between the ANAO, JCPAA and the BAKN in ongoing regional engagement, including plans for a staff secondee from BAKN. In April 2012, the Auditor-General wrote to the Chair proposing the secondment of an officer from the Indonesian public accounts committee to work within the JCPAA secretariat as a capacity-building exercise for the Indonesian committee.
- 2.47 In March 2012, a request was received from the Papua New Guinea (PNG) National Parliament for assistance in seconding a legal adviser from the PNG Public Accounts Committee.
- 2.48 The Committee supported both secondments, and arrangements were put in place for the Indonesian secondment to occur later in 2012. Timing for the PNG secondment is yet to be finalised. These secondments are fully funded by AusAID.
- 2.49 In February 2012, at the invitation of the OECD secretariat, the JCPAA secretariat presented an update to the OECD Parliamentary Budget Officer Network on the establishment of the Australian Parliamentary Budget Office and the JCPAA's oversight role.
- 2.50 In April 2012, the Committee's Chair and Deputy Chair participated in the Australasian Council of Public Accounts Committee's (ACPAC) mid-term council meeting in Canberra. A key outcome of the meeting was the JCPAA's agreement to establish and host a centralised ACPAC website for the benefit of all members and interested stakeholders.

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