

28 February 2003

Dr John Carter
Acting Secretary
Joint Committee of Public Accounts and Audit
Parliament House
CANBERRA ACT 2600

Dear Dr Carter

**SUBMISSION TO THE JOINT COMMITTEE OF PUBLIC ACCOUNTS AND
AUDIT (JCPAA) ON THE INQUIRY INTO THE REVIEW OF THE DRAFT
FINANCIAL FRAMEWORK LEGISLATION AMENDMENT BILL 2003**

The Australian National Audit Office (ANAO) recognises that the implementation of the financial framework legislation package on 1 January 1998 represented a significant milestone in public sector administration. The *Financial Management and Accountability Act 1997*, *Commonwealth Authorities and Companies Act 1997* and the *Auditor-General Act 1997* replaced the former *Audit Act 1901*. The purpose of the legislation was to create a largely principles-based framework capable of supporting effective and accountable resource management in a Commonwealth public sector in which there is greater devolution of authority for decision-making to public sector agencies and entities.

Since their commencement, there have been several amendments to the three key Acts and two comprehensive reviews¹ by the JCPAA. The ANAO considers that it is important to ensure the legislation keeps pace with contemporary financial and governance policy issues while preserving the philosophy that underpinned its implementation.

The JCPAA's current inquiry will examine the "Draft Financial Framework Legislation Amendment Bill 2003" that sets out proposed amendments to 110 Acts. The ANAO recognises that a majority of these amendments are consequential changes

¹ JCPAA Report 386 *Inquiry into the Auditor-General Act 1997* Parliamentary Paper: 232/2001; Tabled 27 September 2001 and JCPAA Report 374 *Review of Financial Management and Accountability Act 1997 and the Commonwealth Authorities and Companies Act 1997* Parliamentary Paper: 119/2000; Tabled 16 March 2000.

flowing from the enactment of the *Financial Management Legislation Amendment Act 1999* as well as harmonisation with other legislation, particularly the *Criminal Code Act 1995*. The ANAO notes that the amendments do not have a direct impact on the ANAO or the *Auditor-General Act 1997*.

The ANAO has reviewed the “Draft Financial Framework Legislation Amendment Bill” and the explanation produced by the Department of Finance and Administration. We believe the explanation faithfully reflects the Bill. We have no further comments to make.

Yours sincerely

Oliver Winder
Acting Auditor-General