

Senate Finance and Public Administration Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Prime Minister and Cabinet Portfolio

Department of the Prime Minister and Cabinet

Additional Estimates 8-11 February 2010

Question: PM78a-d

Topic: Financial Regulations

Type of Question: Written

Date set by the committee for the return of answer: 26 March 2010

Number of pages: 2

With reference to an article in The Canberra Times on 25/01/10 which said 'Federal Government department and agencies breached financial regulation thousands of times during the last financial year, an embarrassing fact soon to be revealed with the tabling in Parliament of the first public report on the compliance process.' PM&C was identified as one of the worst offenders:

- a) How many breaches of financial regulations did the PM&C commit?**
- b) Were any breaches relating to honouring election commitments?**
- c) Can PM&C provide a list of all breaches of financial regulations by PM&C?**
- d) What was the cost of fixing/resolving these breaches?**

Answer:

- (a) 18.
- (b) No.
- (c) Please refer to the attached list.
- (d) The cost of fixing/resolving these breaches was absorbed as part of business as usual.

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PM&C Agency

Summary of the 18 instances of legislative non-compliance in 2008-09

Reference	No. of Instances	Description
FMA Section 11: Public Money not to be Paid into Non-Official Account	2	Public money (payroll funds) was held in a United account until paid to employees. <i>Treatment:</i> In December 2008 it was agreed that payroll payment processed by United constituted payments of public money and a new PM&C Official Departmental account was created. Public monies was held in a McMillan account. McMillan Shakespeare is PM&C's salary sacrifice provider. <i>Treatment:</i> A new PM&C Official Departmental account was created.
FMA Section 27: Issue of Drawing Rights	2	Public money (payroll funds) was held in a United account until paid to employees. Drawing rights had not been issued to any United employees. <i>Treatment:</i> In December 2008 it was agreed that payroll payment processed by United constituted payments of public money; a new drawing right was issued and a new PM&C Official Departmental account created. Payments of public money were being made by McMillan Shakespeare, PM&C's salary sacrificing provider, without a valid drawing right. <i>Treatment:</i> As soon as this oversight was discovered, a valid drawing right was issued to McMillan.
FMA Regulation 9: Approval of Spending Proposals	1	On one occasion FMA Regulation 9 approval was not documented in the Official Establishments area. <i>Treatment:</i> Staff were reminded of their obligations under the FMA Regulations and a quality assurance check of procurement documentation through the Division Support Unit was also instituted to ensure compliance in the future.
FMA Regulation 11: Approval of Spending Proposals – Officials	1	On one occasion an official approved overseas travel without having the appropriate delegation. The official has delegation to approve travel but was unaware that they could not approve overseas travel. <i>Treatment:</i> The Official and staff in the area responsible for organising travel underwent training.
FMA Orders 6.1.2: Transferring Leave Entitlements – Payment within 30 days of a correctly rendered invoice.	12	On twelve occasions the PM&C outsourced provider of payroll services (United) did not pay to a former employee's new employer the employee's annual leave entitlement at that time and 95% of the employee's long service leave entitlement at that time, within 30 days of receipt of a correctly rendered invoice. These instances occurred following United taking on payroll processing for additional portfolio agencies without increasing staffing resources. <i>Treatment:</i> Following intervention by the PM&C contract manager, United engaged additional resources and no further breaches of this type occurred.