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Senate F&PA Committee

Tabled Document

Inquiry: Budget Estimates 2010-11

Date / Time: 25 May 2010

Witness Name: Sen. Mason.

Organisation:

Senator the Hon Brett Mason
Parliament House
CANBERRA ACT 2600

Dear Senator Mason

In your joint media release with Senator John Williams yesterday, you commented that the audit of the *Building the Education Revolution – Primary Schools for the 21st Century* (BER audit) did not address the most important question relating to the value for money being achieved by the program's expenditure of \$16.2 billion.

As outlined in the audit report, responsibility for expenditure on individual projects rests with Education Authorities, including state and territory education departments and block grant authorities. My mandate under the *Auditor-General Act 1997* enables me to undertake performance audits of Commonwealth entities (with the exception of Government Business Enterprises).

The scope of the audit was influenced, amongst other things, by the stage at which the program had been implemented, the extent of information held by DEEWR in relation to individual project costs, and the division of responsibilities for the delivery of the program between the Commonwealth and Education Authorities. In accordance with arrangements established for the program, the Education Authorities were responsible for tender processes for individual projects and achieving value for money for each project. The ANAO decided, as part of the audit, to interview representatives from Education Authorities (such as State and Territory Education Departments), sought written responses from all Authorities on the administration of the program, and also undertook a statistical on-line survey of primary schools participating in the program. This assisted the ANAO to make an assessment about the effectiveness of DEEWR's arrangements to monitor and report BER P21 progress and the achievement of broader program outcomes, consistent with my mandate. However, the ANAO's mandate did not allow an assessment to be made of the performance of Education Authorities in managing the delivery of individual projects, including tender processes, in their respective jurisdictions.

Nevertheless, the issue raised in your media release is contemporary, particularly in the light of recent developments in public administration under the umbrella of the Council of Australian Governments. These include the development of a new inter-government agreement that is aimed at improving the quality and effectiveness of government services by reducing Commonwealth prescriptions on service delivery by the States and Territories,

providing them with increased flexibility in the way they deliver services to the Australian people.

I have raised the issue in relation to the Auditor-General's mandate in a submission dated 9 April 2009 to the Joint Committee of Public Accounts and Audit in relation to their current Inquiry into the Auditor-General Act. In my submission, I outlined a number of options for the Committee's consideration to address this matter, including the following:

Option (a)

Provide the authority for the Auditor-General to conduct an audit to assess the performance of bodies that receive Commonwealth funding in circumstances where there is a corresponding or reciprocal responsibility to deliver specified outcomes in accordance with agreed arrangements. Any audit undertaken would be in the context of the purposes for which the funds are provided and could be exercised only in circumstances where the performance of relevant bodies is, in the Auditor-General's opinion, significant in the context of an audit of a Commonwealth entity.

Option (b)

Require, as a matter of government policy, legislation relating to Australian Government Special Purpose Payments (SPP) and agreements that are put in place to govern the provision of payments for specified purposes to include a provision that provides the Auditor-General with the authority to conduct an audit to assess the performance of bodies that receive Commonwealth funding where there is a corresponding or reciprocal responsibility to deliver specified outcomes in accordance with agreed arrangements. As for option (a), any audit undertaken would be in the context of the purposes for which the funds are provided and could only be exercised in circumstances where the performance of the relevant bodies is, in the Auditor-General's opinion, significant in the context of an audit of a Commonwealth entity.

I trust this assists in explaining the scope of the BER audit. I would be happy to discuss this further with you.

I have written in similar terms to Senator Williams.

Yours sincerely



Ian McPhee