



JCPAA tables review of Auditor-General reports

Today the Joint Committee of Public Accounts and Audit tabled its first review of Auditor-General's reports for the 41st Parliament. The review includes 11 Auditor-Generals reports, covering topics such as grants administration; customer service; regulatory functions; management of assets; contract management; and program implementation.

One of the Audit Reports reviewed detailed Centrelink's management of customer debt. At June 2003, more than 600,000 Australians owed a debt to Centrelink, totalling nearly \$1 billion. (This figure does not include Family Benefit debts, which were not included in the ANAO audit). The Committee has recommended that the debt waiver amount be increased from \$50 to not more than \$100. This would dramatically reduce the number of people accumulating small debts, thereby reducing administrative costs. However, the Committee believes that Centrelink should retain the right to pursue small debts in cases where a customer continually accrues these debts, with no apparent efforts to prevent this from happening. The committee was also concerned to learn that Centrelink's debt collection agent was, in some cases, encouraging the use of credit cards to pay off Centrelink debt. The Committee has recommended that this practice be discouraged.

Two of the Audit Reports reviewed detailed major problems with financial management and project administration at the Department of Defence. Audit Report No. 5, regarding a Defence project to upgrade the IT system that manages Defence inventory and stocktake practices, found that despite costing nearly \$50 million, the project had not delivered value for money. The Committee was gravely concerned to learn that the ANAO found "the system was functioning worse than it did prior to the upgrade, and many Defence personnel in the field were refusing to use the system." said Mr Baldwin.

Evidence to the Committee showed that the project was poorly planned, did not receive the appropriate levels of Cabinet or Ministerial approval, and that the external contractor which scoped the project was then awarded the project management contract, with little review of project milestones. The Committee has made recommendations aimed at preventing this from occurring again.

Audit Report No. 21 was the ANAO's annual audit of all financial statements for Australian Government agencies. When auditing Defence's financial statements, the ANAO found significant problems in Defence's key management and financial systems. The ANAO could not validate \$7.12 billion of Defence assets and \$1.23 billion of Defence liabilities.

This led to the ANAO stating that it had an "inability to form an opinion" on Defence's finances – the first such qualification in ANAO's history.

This finding was of major concern to the Committee, commented Mr Baldwin "as it points to significant weaknesses in Defence financial management." The Committee examined how the situation occurred, the extent of the problem, and what action is being taken to address the problem. This is a major issue for the Department of Defence which will take a number of years to resolve. The Committee plans to keep a watching brief over the remediation program, and has recommended that Defence report to the JCPAA every six months, against the milestones of the Defence remediation plans.

Other Audit Reports covered in the Committee's review include topics such as Intellectual Property Polices; Administration of Australian Greenhouse Office programs; the Dairy Industry Adjustment Package; Client service in the Family Court of Australia and the Federal Magistrates Court; Management of Federal Airport Leases; Financial management of Special Appropriations; Australian Customs Service Container Examination Facilities; and the TGA's Regulation of Non-prescription Medicinal Products.

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All Auditor-General's reports can be found on the ANAO website at www.anao.gov.au

For **more information**, contact the inquiry secretary on telephone (02) 6277 4615 or visit the Committee's website at www.aph.gov.au/house/committee/jpaa/index.htm