



F2003/166

1 May 2003



Mr Alistair Sands
Secretary
Finance and Public Administration
References Committee
Parliament House
CANBERRA ACT 2600

Dear Mr Sands

Inquiry into Members of Parliament Staff (MoPS)

Thank you for your letter of 7 April 2003 to the Auditor-General regarding your Committee's inquiry into Members of Parliament Staff (MoPS). The Auditor-General has asked me to respond on his behalf. The Australian National Audit Office (ANAO) currently has underway a performance audit concerning the Department of Finance and Administration's (Finance) administration of entitlements of staff employed under the *Members of Parliament (Staff) Act 1984*.

By way of background to this audit, on 2 November 2000, the Senate agreed to a resolution that the Senate requested the Auditor-General to review all expenditures and entitlements in the 1999-2000 financial year accruing to Parliamentarians and Ministers as administered by Finance, the Parliamentary Departments, and, in the case of Ministers, their home departments. On 10 November 2000, the Auditor-General wrote to the President of the Senate advising of his decision to undertake a performance audit of Parliamentarians' entitlements. Audit Report No.5 2001-02, *Parliamentarians' Entitlements: 1999-2000* was tabled in the Parliament in August 2001.

In February 2001, the Auditor-General advised the President of the Senate that, given the range of issues involved and the slower than anticipated rate of progress being made by the ANAO in securing access to relevant Commonwealth records, the Auditor-General had decided it would be preferable to defer examination of issues relating to Parliamentarians' staff in order to give him a reasonable chance of reporting reasonably close to the Senate's requested reporting timeframe. A proposed audit of the administration by Finance of the entitlements of staff engaged under the MoPS Act was subsequently included in the ANAO Audit Work Program for 2001-2002.

The objectives of this performance audit, which is scheduled for tabling early in the Spring session this year, are to:

- review the effectiveness of the internal control structures in Finance concerning the administration of entitlements for MoPS staff;
- review the effectiveness and efficiency of the procurement and support services Finance provides in relation to MoPS staff; and

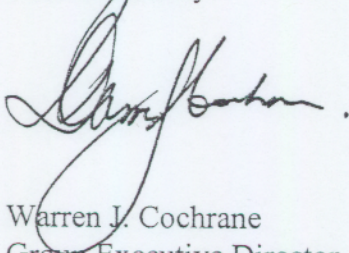
- identify principles of sound administrative practices to facilitate improved administrative arrangements for the future.

The scope of the audit covers the administration by Finance of entitlements accruing to relevant MoPS Act staff during the period 1998-99 to 2001-02. Sub-section 15(c) of the *Auditor General Act 1997* precludes the Auditor-General undertaking a performance audit of persons who are engaged under the MoPS Act. Accordingly, the audit scope also did not include examination of the responsibilities of MoPS Act staff.

In addressing the audit objectives, ANAO has had regard for the specific matters the Auditor-General was requested to consider in the Senate resolution of 2 November 2000, which were responded to in respect to Parliamentarians' entitlements in Audit Report No.5 2001-02, *Parliamentarians' Entitlements: 1999-2000*. That audit examined the administrative and control structures governing the expenditures and entitlements accruing to Parliamentarians and Ministers in 1999-2000. The ANAO made a number of recommendations directed at clarifying and improving those control structures. Audit Report No. 5 2001-02 did not include specific examination of the administration by Finance of the entitlements of staff engaged under the MoPS Act. However, many of the overarching accountability, governance and control processes examined in that audit also relate to the administration of MoPS Act staff.

Should you require further information, please contact me on 6203 7594.

Yours sincerely



Warren J. Cochrane
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Performance Audit Services Group