
The Parliament of the Commonwealth of Australia

Report 420

Annual Report 2009-10

Joint Committee of Public Accounts and Audit

February 2011
Canberra

© Commonwealth of Australia 2010

ISBN 978-0-642-79413-0 (Printed version)

ISBN 978-0-642-79414-7 (HTML version)



Contents

Foreword	vi
Membership of the Committee	vii
List of abbreviations	xi
1 JCPAA functions and methods of operation.....	1
Introduction	1
Committee duties	1
Review Auditor-General's reports and conduct policy inquiries.....	2
Advise the Auditor-General of the audit priorities of the Parliament.....	3
Approve or reject any nomination for an appointment as Auditor-General or Independent Auditor.....	3
Review the annual budget of the ANAO.....	4
Approve the annual report requirements for Commonwealth agencies.....	5
Biannual hearings with the Commissioner of Taxation.....	5
Annual hearing on the ANAO/Defence "Major Projects Report"	5
Australasian Council of Public Accounts Committees (ACPAC)	6
How the Committee operates	6
Conduct of inquiries	6
Government responses to JCPAA reports	7
The Committee secretariat.....	8
2 Summary of activities for 2009-10.....	9
Committee reports	9
<i>Report 415: Review of Auditor-General's Reports tabled between September 2008 and January 2009</i>	9

<i>Report 416: Review of the Major Projects Report 2007-2008</i>	10
<i>Report 417: Review of Auditor-General's Reports tabled between February 2009 and September 2009</i>	10
Inquiries in progress at 30 June 2010	11
Inquiry into the <i>Auditor-General Act 1997</i>	11
Inquiry into the Auditor-General's role in scrutinising government advertising	12
Review of Auditor-General's reports	12
Other Committee activities for 2009-10	13
Audit priorities of the Parliament	13
Statement on the draft estimates for the ANAO, budget day 2010.....	14
Biannual public hearings with the Commissioner of Taxation	15
2009-10 Annual Report Requirements for Commonwealth agencies.....	15
Briefing on public sector governance issues	16
Engagement with the Independent Auditor	16
Speeches and meetings with delegations	17
Appendix A – Committee meetings 2009-10	19
Appendix B – Committee expenses 2009-10	21



Foreword

I am pleased to present the 2009-10 annual report of the Joint Committee of Public Accounts and Audit (JCPAA), pursuant to section 8B of the *Public Accounts and Audit Committee Act 1951*.

In general terms, the duties of the JCPAA are to:

- examine the financial affairs of authorities of the Commonwealth, and examine all reports of the Auditor-General that are tabled in each house of the Parliament;
- consider the operations and resources of the Audit Office;
- approve or reject the Prime Minister's recommendation for appointment of the Auditor-General and the Independent Auditor; and
- increase parliamentary and public awareness of the financial and related operations of government.

While this report is being released by the Committee in the 43rd Parliament, the activities recorded herein were undertaken by our predecessor Committee before the 2010 federal election. I thank the members of that Committee (chaired by Sharon Grierson MP, Deputy Chair Petro Georgiou MP) for their work, and on behalf of the new Committee flag our ongoing commitment to proper scrutiny of the use of public resources by the Executive and its agencies.

Robert Oakeshott MP
Chair



Membership of the Committee

43rd Parliament

Chair Mr Robert Oakeshott MP

Deputy Chair Mrs Yvette D'Ath MP

Members	The Hon Dick Adams MP	Senator Guy Barnett	
	Mr Jamie Briggs MP	Senator Mark Bishop	
	Ms Gai Brodtmann MP	Senator Annette Hurley	
	Mr Darren Cheeseman MP	Senator Helen Kroger	
	Mr Josh Frydenberg MP	Senator Glenn Sterle	
	Ms Deb O'Neill MP		
	Ms Laura Smyth MP		
	The Hon Alex Somlyay MP		

42nd Parliament (2009–10)

Chair Ms Sharon Grierson MP

Deputy Chair Mr Petro Georgiou MP

Members

The Hon Dick Adams MP (from 17/08/09)	Senator Guy Barnett
The Hon Arch Bevis MP	Senator Mark Bishop
The Hon Bronwyn Bishop MP	Senator David Bushby (until 02/02/10)
Mr David Bradbury MP	Senator David Feeney
Mr Jamie Briggs MP	Senator Helen Kroger (from 02/02/10)
Ms Catherine King MP	Senator Kate Lundy
The Hon Sussan Ley MP (from 03/02/10)	
Mr Shayne Neumann MP	
Mr Stuart Robert MP (until 03/02/10)	

Committee secretariat

43rd Parliament

Secretary	Mr Russell Chafer
Inquiry Secretaries	Ms Pauline Cullen Ms Stephanie Mikac Ms Penny Wijnberg
Senior Research Officer	Dr Narelle McGlusky
Research Officer	Ms Fiona Gardner

42nd Parliament (2009-10)

Secretary	Mr Russell Chafer
Inquiry Secretaries	Mr Muzammil Ali Ms Sharon Bryant Ms Pauline Cullen Dr Kris Veenstra
Senior Research Officers	Mr Shane Armstrong Dr Narelle McGlusky
ANAO secondee	Dr Stewart Ashe



List of abbreviations

ACPAC	Australasian Council of Public Accounts Committees
ANAO	Australian National Audit Office
ANU	Australian National University
CDI	Centre for Democratic Institutions
CEO	Chief Executive Officer
CPA	Commonwealth Parliamentary Association
DMO	Defence Materiel Organisation
DPM&C	Department of Prime Minister and Cabinet
FMA	Financial Management and Accountability (Act)
I(C)T	Information (and Communications) Technology
JCPAA	Joint Committee of Public Accounts and Audit
MPR	Major Projects Report
PAC	Public Accounts Committee

JCPAA functions and methods of operation

Introduction

- 1.1 The Joint Committee of Public Accounts and Audit (JCPAA) is a committee of the Commonwealth Parliament. The Committee is established pursuant to the *Public Accounts and Audit Committee Act 1951* and is empowered to scrutinise the monies spent by Commonwealth agencies from funds appropriated to them.¹

Committee duties

- 1.2 The duties of the JCPAA are described in detail in sections 8 and 8A of the Committee's Act. In general terms, the duties are to:
- examine the financial affairs of authorities of the Commonwealth;
 - examine all reports of the Auditor-General that are tabled in Parliament;
 - consider the operation and resources of the Australian National Audit Office (ANAO);
 - approve or reject any nomination for appointment of any person to the office of Auditor-General or Independent Auditor of the ANAO; and
 - increase parliamentary and public awareness of the financial and related operations of government.

1 The Act can be viewed at the Committee's website at www.aph.gov.au/house/committee/jcpaa.

- 1.3 Importantly, the Act provides that the Committee may report to the Parliament, with any comment it thinks fit, on any items or matters concerning the financial accounts and affairs of Commonwealth authorities, any report of the Auditor-General tabled in Parliament, or any circumstances connected with either. This power allows the Committee to essentially set its own work program, ensuring a high degree of autonomy from executive government.
- 1.4 More detailed information on the Committee's functions follows. Further information on the JCPAA's work is available through its website at www.aph.gov.au/house/committee/jcpaa, or by contacting the Committee secretariat at e-mail jcpaa@aph.gov.au or on ph 02 6277 4615. The website contains information on the Committee and its members, details of current and former inquiries including reports and evidence received, government responses to Committee recommendations, and advice on how to give evidence to the Committee.

Review Auditor-General's reports and conduct policy inquiries

- 1.5 Under its Act the Committee must examine all of the Auditor-General's reports on behalf of the Parliament.
- 1.6 In support of this process, every few months officers of the ANAO privately brief the Committee on the findings of all audit reports tabled since the last such briefing. The briefing includes suggestions from the ANAO as to which of its reports it thinks the Committee could most usefully examine in detail at a public hearing.
- 1.7 After the briefing the Committee formally selects audit reports it wishes to publicly review (the selection will not necessarily coincide with those reports proposed by the ANAO). The Committee will typically select reports where the ANAO has been particularly critical; where the agency concerned has a history of poor performance; where there is a high financial risk or safety risk to the community; or where the Committee is the obvious candidate to conduct a parliamentary review.
- 1.8 The Committee then conducts a public hearing in a "roundtable" format, with the witnesses from the audited agency, and the ANAO audit team, at the table together. The hearings usually focus on the findings of the audit report – how any deficiencies arose, and what actions the agency is undertaking in response to the ANAO's recommendations.
- 1.9 The Committee periodically tables reports in Parliament on recently-reviewed audit reports, including any recommendations it wishes to make additional to those already made by the Auditor-General. The

Committee, unlike the ANAO, is able to make recommendations about Government policy. The Committee can also use the ANAO's recommendations to draw conclusions for broader Government administration.

- 1.10 It should be noted that other committees are also able to review Auditor-General's reports relevant to their area of portfolio coverage. House of Representatives Standing Order 215(c) requires that the JCPAA be notified in writing if a House committee decides to review an Auditor-General's report.
- 1.11 The Committee also has the power to initiate its own policy inquiries. Such inquiries may arise either from findings of the Auditor-General or at the initiative of Committee members.

Advise the Auditor-General of the audit priorities of the Parliament

- 1.12 Under its Act, the Committee determines the audit priorities of the Parliament and advises the Auditor-General of those priorities. The Committee performs this function by writing to all other parliamentary committees each year, asking for their advice on any programs or functions within their portfolio area they believe should be audited.
- 1.13 Those suggestions – and any the JCPAA wishes to put forward itself – are then referred to the Auditor-General for his consideration in finalising his work program for the following financial year (subject to a basic screening process to make sure the topics suggested are appropriate; for example, not asking the ANAO to comment on the merits of Government policy).
- 1.14 The *Auditor-General Act 1997* properly stipulates that the Auditor-General has autonomy in determining his work program, and as such he is free to reject, delay or amend suggested audits. However, the process ensures that the Auditor-General is cognisant of the views of the Parliament, and that the Parliament is engaged in planning scrutiny strategies rather than simply being presented with the final result of investigations.

Approve or reject any nomination for an appointment as Auditor-General or Independent Auditor

- 1.15 The *Auditor-General Act 1997* provides that the Audit Minister, when nominating a new Auditor-General, must not recommend an appointment to the Governor-General unless the proposed recommendation has first been approved by the Committee on behalf of the Parliament.

- 1.16 The Committee's Act in turn provides that within 14 days of receipt of the nomination, it must either: approve or reject the nomination by absolute majority; or seek an extension of time of 30 days. Failure to reach a decision within that period shall be taken to be approval of the nomination.
- 1.17 In the same way the Committee also approves or rejects any nomination for the position of Independent Auditor. The Independent Auditor is a person from the private sector appointed on a part-time basis to serve as external auditor to the ANAO – s/he audits the ANAO's financial statements, and periodically conducts performance audits of the ANAO following consultation with the Committee.

Review the annual budget of the ANAO

- 1.18 The Committee's Act requires it to consider draft estimates for the ANAO and the level of fees determined by the Auditor-General, and to make recommendations on the draft estimates to both Houses of Parliament and the Minister who administers the *Auditor-General Act 1997*.
- 1.19 In support of this process, over the second half of the financial year the Auditor-General briefs the Committee on the funds he will be seeking in the budget and why, and the ANAO's informal understanding of which of its proposals are likely to be successful or unsuccessful. The *Auditor-General Act* empowers the Auditor-General to disclose to the JCPAA, before the federal budget, the draft estimates for the Audit Office. The Committee then has the information it requires to make formal representations to government on behalf of the ANAO if necessary.
- 1.20 Immediately before the federal budget is delivered to the Parliament, the ANAO briefs the Committee on its funding allocation for the following year. The Chair then makes a statement to the Parliament, on budget day, on whether the Committee believes the ANAO has been given sufficient funding to carry out its functions.
- 1.21 This power is intended to discourage governments from trying to influence the Auditor-General by unduly restricting his funding, and is reinforced behind the scenes by the Committee having the information needed to engage government during the budget process.

Approve the annual report requirements for Commonwealth agencies

- 1.22 To ensure that Commonwealth agencies' annual reports are in a form that is useful to the Parliament, the *Public Service Act 1999* requires that those reports be prepared in accordance with detailed *Requirements for Annual Reports* approved by the JCPAA. The draft Requirements are prepared by the Department of Prime Minister and Cabinet (DPM&C).
- 1.23 Amongst other things the Requirements state that annual reports should provide "...sufficient information and analysis for the Parliament to make a fully informed judgement on departmental performance".

Biannual hearings with the Commissioner of Taxation

- 1.24 The Committee in the 41st Parliament initiated an inquiry into certain taxation matters. During the course of the inquiry the Commissioner of Taxation agreed to appear before the Committee at a public hearing twice each year, to update the Parliament and the public on recent developments in tax administration.
- 1.25 Seven of the biannual hearings have been held to date. The hearings are typically preceded by private briefings from tax law academics and interest groups. Transcripts of the hearings are available through the Parliament's website or from the Committee secretariat.

Annual hearing on the ANAO/Defence "Major Projects Report"

- 1.26 During the course of an inquiry into Defence financial reporting and equipment acquisition, the Committee in the 41st Parliament recommended that the ANAO be funded to produce an annual report on progress in major Defence acquisition projects, based on a similar process in the UK.² The Senate had previously requested that the Auditor-General produce such a report, based on recommendations of its Foreign Affairs, Defence and Trade References Committee.³
- 1.27 The JCPAA's belief was that an annual progress report would put the ANAO, and the Parliament, in a stronger position to review major Defence projects while they are still in train, rather than relying solely on scrutiny of individual projects via an audit, and parliamentary review, sometime after the event. The Committee was also of the view that

2 JCPAA, *Report 411: Progress on equipment acquisition and financial reporting in Defence*, August 2008, p. 158.

3 Senate Foreign Affairs, Defence and Trade References Committee, *Material Acquisition and Management in Defence*, March 2003, p. 79.

continuous monitoring through the annual review would assist in promoting cultural change in the management of Defence projects.

- 1.28 The first “Major Projects Report” (which comprises summary information on selected projects provided by the Defence Materiel Organisation and subjected to assurance review by the ANAO) was released in November 2008. A further two reports have since been released. The Committee has determined to hold a public hearing with the ANAO and the DMO after the release of each Major Projects Report.

Australasian Council of Public Accounts Committees (ACPAC)

- 1.29 The JCPAA, like the PACs or equivalent committees of the States and Territories, New Zealand, Papua New Guinea, the Solomon Islands and (when applicable) Fiji is a member of the Australasian Council of Public Accounts Committees (ACPAC). ACPAC is designed to share knowledge amongst the PACs and discuss common challenges.
- 1.30 ACPAC conducts its business at biennial conferences which rotate amongst the jurisdictions. The jurisdictions’ Auditors-General usually conduct their own conference immediately beforehand, and then attend the ACPAC conference.

How the Committee operates

Conduct of inquiries

- 1.31 The Committee usually advertises its inquiries in the national media and on the internet, and invites interested organisations and individuals to make written submissions. Public hearings and inspections are conducted around Australia as required.
- 1.32 While the Committee can receive confidential submissions and take evidence in camera, the Committee prefers to take as much of its evidence as possible in public. With limited exceptions its hearings are conducted in open session and broadcast through the parliamentary website. Interested parties can also access transcripts of the hearings, and written submissions, through the Committee’s website or by contacting the secretariat.
- 1.33 The Committee is able to divide itself into smaller “Sectional Committees” (sub-committees) for specific inquiries and reviews, although a Sectional

Committee's draft report must be adopted by the full Committee before tabling in Parliament.

- 1.34 As with other parliamentary committees, the JCPAA can summons witnesses to appear before it and produce documents, and can issue a warrant for the arrest of anyone who disobeys a summons. The Committee's Act states that it is able to take evidence on oath, and sets out a penalty of up to five years' imprisonment for anyone who deliberately gives false evidence while under oath.
- 1.35 As with other committees, proceedings before the JCPAA attract parliamentary privilege – the submissions made to it, and comments made by members and witnesses at public hearings, are part of the proceedings of Parliament and cannot be used in legal proceedings. It is also illegal to prejudice any person on the basis of evidence they have given, or propose to give, to a parliamentary committee.
- 1.36 The Committee presents the findings of its inquiries in reports containing recommendations for the Government's consideration. The reports are tabled in both Houses of Parliament. Copies are distributed to all submitters, witnesses and Commonwealth agencies with a responsibility for matters raised in the report. The reports are available to the public and can be accessed on the Committee's website.

Government responses to JCPAA reports

- 1.37 The JCPAA's reports are referred to the Minister for Finance and Deregulation after tabling in Parliament. The Minister's department in turn refers the Committee's recommendations to relevant agencies for attention.
- 1.38 Government responses to the JCPAA's policy recommendations are usually presented in a manner common to other committees, namely tabling in the Parliament by the relevant Minister. For the JCPAA's "administrative" recommendations (typically, those recommendations directed to agencies in the Committee's reviews of Auditor-General reports) responses are received in the form of what are termed "Executive Minutes" from individual agencies, addressing those recommendations addressed to them in the Committee's report. Executive Minutes are required to be presented within six months of the Committee's report.
- 1.39 The JCPAA authorises publication of Executive Minutes on its website as soon as practicable after receipt. Responses not previously tabled in Parliament will be presented in conjunction with this report. Authorising an Executive Minute for publication does not imply that the Committee is

necessarily satisfied with the relevant agency's response to its recommendations; the Committee reserves the right to follow up responses with agencies and Ministers.

The Committee secretariat

- 1.40 The Committee's secretariat is staffed by officers of the Department of the House of Representatives, and may be supplemented from time to time with secondees from the ANAO or relevant agencies (in particular, the Committee has a regular program of secondments from the ANAO). The secretariat provides procedural advice and administrative, research, analytical and drafting support to the Committee.

Summary of activities for 2009-10

Committee reports

Report 415: Review of Auditor-General's Reports tabled between September 2008 and January 2009

- 2.1 This report, tabled in November 2009, concluded the Committee's examination of 14 audit reports presented to the Parliament by the Auditor-General. Of those 14 reports, the Committee had selected the following five for detailed scrutiny at public hearings conducted in March 2009:
- no. 4 2008-09, *The Business Partnership Agreement between the Department of Education, Employment and Workplace Relations and Centrelink;*
 - no. 7 2008-09, *Centrelink's Tip-off System;*
 - no. 11 2008-09, *Disability Employment Services;*
 - no. 12 2008-09, *Active After-school Communities Program;* and
 - no. 17 2008-09, *Administration of Job Network Outcome Payments.*
- 2.2 The report contained five recommendations directed to the relevant agencies.

Report 416: Review of the Major Projects Report 2007-2008

- 2.3 In November 2008 the first Defence/ ANAO *Major Projects Report* (MPR) was tabled in Parliament. In March 2009 the JCPAA had held a public hearing to review the MPR, with officers of the ANAO and the Defence Materiel Organisation (DMO) giving evidence.
- 2.4 In August 2009 the Committee took evidence from DMO at a further public hearing. The main purpose of that hearing was to follow up on the findings reported in the Committee's August 2008 *Report 411: Progress on equipment acquisition and financial reporting in Defence*. Information related to progress on the MPR was also provided to the Committee at that hearing.
- 2.5 The Committee subsequently tabled its *Report 416* in November 2009. The report contained five recommendations concerning the format and methodology for future MPRs.
- 2.6 A further public hearing was held in March 2010 to review the *Major Projects Report 2008-09*. While a report was not released prior to the 2010 federal election, the Committee in the 43rd Parliament has subsequently resolved to continue to review the MPRs on an annual basis.

Report 417: Review of Auditor-General's Reports tabled between February 2009 and September 2009

- 2.7 This report – the last tabled by the Committee in the 42nd Parliament – concluded the examination of 31 audit reports presented to the Parliament by the Auditor-General. Of those reports, the Committee had selected the following nine for detailed scrutiny at public hearings conducted from June to November 2009:
- no. 25 2008-09, *Green Office Procurement and Sustainable Office Management*;
 - no. 27 2008-09, *Management of the M113 Armoured Personnel Carrier Upgrade Project*;
 - no. 28 2008-09, *Quality and Integrity of the Department of Veterans' Affairs Income Support Records*;
 - no. 35 2008-09, *Management of the Movement Alert List*;
 - no. 36 2008-09, *Settlement Grants Program*;
 - no. 40 2008-09, *Planning and Allocating Aged Care Places and Capital Grants*;

- no. 43 2008-09, *Construction of the Christmas Island Immigration Detention Centre*;
- no. 48 2008-09, *Planning and Approval of Defence Major Capital Equipment Projects*; and
- no. 05 2009-10, *Protection of Residential Aged Care Accommodation Bonds*.

2.8 The report contained 18 recommendations directed to the various agencies. As with past reviews of audit reports, in several cases the Committee recommended that agencies provide it with progress reports to ensure that the recommendations of the ANAO are being properly implemented.

Inquiries in progress at 30 June 2010

2.9 As at 30 June 2010 the Committee had two policy inquiries underway, in addition to its ongoing review of Auditor-General's reports.

Inquiry into the *Auditor-General Act 1997*

2.10 In February 2009 the Committee had resolved to undertake a review of the *Auditor-General Act 1997*. The inquiry examined:

- whether the Act's focus on the Auditor-General's traditional assurance audit and performance audit roles gives the ANAO sufficient legislative backing for newer functions;
- any amendments necessary to clarify the ANAO's rights and obligations in relation to conducting audits and reviews;
- whether there should be changes to the categories of agencies that the Auditor-General audits, in particular section 16 of the Act which limits the Auditor-General's capacity to audit Government Business Enterprises;
- any proposed amendments to the Act which would strengthen the audit independence of the ANAO and the Auditor-General's capacity to fulfil his role as an Independent Officer of the Parliament; and
- the Auditor-General's capacity to examine the financial and performance outcomes from Commonwealth investments in the private sector and Commonwealth grants made to State and local governments.

- 2.11 The Committee took evidence at three public hearings in 2009-10 (in addition to an earlier public hearing in June 2009). The inquiry received 18 submissions.
- 2.12 The inquiry was still in progress as at 30 June 2010, and subsequently lapsed with the dissolution of the House for the 2010 federal election. However, the inquiry was resumed by the JCPAA in the 43rd Parliament and a report containing 13 recommendations was released in December 2010.¹

Inquiry into the Auditor-General's role in scrutinising government advertising

- 2.13 In July 2008 the Government announced new guidelines for Commonwealth advertising, including a formal scrutiny role for the Auditor-General for all advertising campaigns over \$250 000 (in the form of a limited assurance review on whether anything had come to the Auditor-General's attention which caused him to believe that the proposed advertising campaign was inconsistent with the guidelines).²
- 2.14 The Committee subsequently resolved to assess the Auditor-General's role under the guidelines. In 2009-10 the Committee took evidence at six public hearings (following two hearings in 2008-09), with evidence taken from the ANAO, a range of government departments and others. As at 30 June 24 submissions had been received.
- 2.15 The inquiry was still in progress as at 30 June 2010, and subsequently lapsed with the dissolution of the House for the federal election. The inquiry has since been resumed by the JCPAA in the 43rd Parliament.

Review of Auditor-General's reports

- 2.16 As at 30 June 2010 the Committee was reviewing the following nine Auditor-General's reports, selected from 37 audits presented to the Parliament between September 2009 and May 2010:
- no. 07 2009-10, *Administration of Grants by the National Health and Medical Research Council*;

1 JCPAA, *Report 419: Inquiry into the Auditor-General Act 1997*, December 2010.

2 In March 2010 the Government announced a further revised framework for government advertising following a review by former senior public servant Dr Allan Hawke AC. As a result of the review the Auditor-General's role in scrutinising proposed advertising campaigns before their launch was abolished.

- no. 08 2009-10, *The Australian Taxation Office's Implementation of the Change Program: a strategic overview*;
 - no. 10 2009-10, *Processing of Incoming International Air Passengers*;
 - no. 15 2009-10, *AusAID's Management of the Expanding Australian Aid Program*;
 - no. 20 2009-10, *The National Broadband Network Request for Proposal Process*;
 - no. 26 2009-10, *Administration of Climate Change Programs*;
 - no. 27 2009-10, *Coordination and Reporting of Australia's Climate Change Measures*;
 - no. 31 2009-10, *Management of the AusLink Roads to Recovery Program*;
and
 - no. 33 2009-10, *Building the Education Revolution – Primary Schools for the 21st Century*.
- 2.17 The audit reports were reviewed at six public hearings held between March and June 2010.
- 2.18 The reviews were still in progress as at 30 June 2010, and subsequently lapsed with the dissolution of the House for the federal election. However, the reviews were resumed by the JCPAA in the 43rd Parliament and a report containing four recommendations was released in December 2010.³

Other Committee activities for 2009-10

Audit priorities of the Parliament

- 2.19 In May 2010 the Committee received the ANAO's draft audit work program for 2010-11, and forwarded it to other parliamentary committees for comment so as to help determine the annual audit priorities of the Parliament.
- 2.20 Following responses from the other committees, the JCPAA advised the Auditor-General that the Parliament's audit priorities, for his

3 JCPAA, *Report 418: Review of Auditor-General's Reports Nos. 4 to 38 (2009-10)*, December 2010.

consideration as appropriate in finalising his 2010-11 work program, included:

- the Attorney-General's Department's management of territories;
- Customs' detection of illicit drugs and precursors;
- Customs' management arrangements for the processing of imports;
- Customs' processing of incoming international passengers (secondary examination phase);
- the Australian Federal Police's management of Project Spectrum;
- the Department of Foreign Affairs and Trade's management of biometric passports (ePassports);
- electronic records management by agencies;
- governance arrangements for commercial enterprises established by, or in partnership with, public sector agencies;
- agencies' compliance with national archiving standards; and
- agencies' compliance with Freedom of Information requirements and their preparedness for changes to FOI legislation.

Statement on the draft estimates for the ANAO, budget day 2010

- 2.21 In February 2010 the Committee was briefed by the Auditor-General and other ANAO officers on the ANAO's budget proposals for 2010-11. On 10 May, the day before the Federal Budget, the Committee was again briefed by the Auditor-General on the ANAO's confirmed appropriation.
- 2.22 On budget day the then Chair gave the customary speech to the House on the adequacy of the ANAO's appropriation. A corresponding statement was later delivered to the Senate by one of the Committee's Senate members.
- 2.23 On behalf of the Committee the Chair noted the Auditor-General's advice that his appropriation for 2010-11 would allow him to meet his obligations, including maintaining his targets for production of performance audit reports and public sector "Better Practice Guides".
- 2.24 On that basis the Committee endorsed the budget proposed for the ANAO. However, the Chair expressed the Committee's concern about a lack of new funding for the substantial workload associated with a full revision to the Australian Auditing and Assurance Standards taking effect

in 2010. The Chair urged the Government to support any request for such funding in the 2011-12 budget process.⁴

Biannual public hearings with the Commissioner of Taxation

- 2.25 The Committee held two public hearings with the Commissioner of Taxation during the course of the year, in October 2009 and April 2010. The first hearing was preceded by private briefings from the Inspector-General of Taxation Mr Ali Noroozi and Professor Valerie Braithwaite from the Australian National University. The customary private briefings were not held prior to the second hearing, to enable detailed examination of an ANAO audit of the ATO's comprehensive Change Program⁵, which includes a new income tax processing system as part of the replacement of many ATO IT systems and processes.
- 2.26 A wide range of matters concerning administration of the tax system and taxpayer compliance were discussed at the hearings. At the April 2010 hearing the Committee closely scrutinised the management of the ATO's Change Program and subsequent delays in some tax returns in early 2010. Transcripts of the hearings are available on the Committee's website.

2009-10 Annual Report Requirements for Commonwealth agencies

- 2.27 In June 2010 the Committee approved the draft *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies* for release to agencies, following a briefing for the Chair and Deputy Chair by relevant officers of the Departments of Prime Minister and Cabinet and the Department of Finance and Deregulation.
- 2.28 The most significant changes to the Requirements as approved by the JCPAA the preceding year reflected changes to the format for agencies' Portfolio Budget Statements from 2009-10 onwards, and a heavier emphasis on reporting achievements against key performance indicators.
- 2.29 The Requirements as approved by the Committee are available on the website of the Department of Prime Minister and Cabinet.⁶

4 See statement at aph.gov.au/house/committee/jcpaa/budgetspeeches/budgetstatement10.pdf.

5 ANAO, Audit Report No. 8 2009-10, *The Australian Taxation Office's Implementation of the Change Program: a Strategic Overview*, October 2009.

6 See www.dpmc.gov.au/guidelines/docs/annual_report_requirements.pdf.

Briefing on public sector governance issues

- 2.30 An innovation trialled by the JCPAA in recent years has been occasional private briefings with the Secretary of the Department of Prime Minister and Cabinet and the Australian Public Service Commissioner, who is responsible for promoting leadership, learning and development in the public service. The meetings help to inform the Committee of the latest initiatives in enhancing public service management capacity.
- 2.31 A further such briefing was held in August 2009, with the list of attendees expanded to include the Auditor-General and the Secretary of the Department of Finance and Deregulation. The discussions were wide-ranging and included the findings of the Public Service Commissioner's annual *State of the Service* report, the impact of the ongoing efficiency dividend, workforce planning issues, the public service's capacity for strategic policy advice and effective implementation of government programs, interaction between the public service and consultants, progress on public sector ICT reforms, opportunities and challenges presented by interactive communications technologies, the capacity of public servants to provide frank advice to Government and to brief non-government members as appropriate, the interaction between public servants and parliamentary committees, the operation of the Lobbying Code of Conduct, and "whistleblower" protections for public servants.

Engagement with the Independent Auditor

- 2.32 During 2009-10 the Committee endorsed a proposed program of performance audits of the ANAO put forward by the Independent Auditor of the ANAO, Mr Geoff Wilson (CEO of KPMG Australia).
- 2.33 The Committee subsequently noted the findings of a May 2010 review by Mr Wilson of the effectiveness of ICT management across the ANAO's key applications and systems. His report was broadly supportive but suggested some areas for improvement to business processes.⁷

7 Mr Geoff Wilson, *Australian National Audit Office - IT Performance Review*, May 2010, available at www.anao.gov.au/uploads/documents/IT%20Performance%20Review.pdf.

Speeches and meetings with delegations

- 2.34 The Committee is keen to disseminate information on its role and activities, and to contribute where it can to enhancing public sector accountability. Accordingly, the Committee's Chair and secretariat regularly make presentations to seminars and visiting delegations.
- 2.35 During 2009-10 the Committee's then-Chair Sharon Grierson MP and secretariat staff made the following presentations:

<i>Role of the JCPAA (Committee Secretary)</i>	Indonesian officials on secondment to the ANAO	August 2009
<i>Role of the JCPAA (Committee Secretary)</i>	Visiting parliamentary delegation from Finland	August 2009
<i>Parliamentary oversight of public expenditure and the FMA Act (Committee Chair)</i>	Seminar in Dili for members of the East Timor National Assembly	August 2009
<i>Accountability in government (Committee Chair)</i>	CPA Regional Seminar, Wellington New Zealand	November 2009
<i>Role of the JCPAA (Committee Secretary)</i>	Visiting parliamentary delegation from Kiribati	February 2010
<i>Role of the JCPAA (Committee Secretary)</i>	Visiting parliamentary delegation from Bangladesh	February 2010
<i>How to run a committee (Committee Secretary)</i>	Indonesian members and officials attending CDI seminar on "Effective Financial Scrutiny: The Role of Parliament in Public Finance"	February 2010
<i>Role of the JCPAA in oversight of Defence major projects (Committee Chair and secretariat staff)</i>	Visiting parliamentary delegation from Indonesia	June 2010
<i>Role of the JCPAA (Committee Secretary)</i>	Visiting delegation of officials from Mongolia	June 2010

Robert Oakeshott MP
Committee Chair



Appendix A – Committee meetings 2009-10

Meeting date	Meeting details
12 August 2009	Regular private meeting, including roundtable briefing on public sector governance issues
19 August	Regular private meeting
19 August	Public hearing on progress with reforms in defence equipment acquisition and financial reporting
7 September	Private briefing with ANAO on recently-tabled audit reports
9 September	Regular private meeting
9 September	Public hearing, inquiry into government advertising
16 September	Regular private meeting
16 September	Public hearing, inquiry into the <i>Auditor-General Act 1997</i>
19 October	Public hearing, inquiry into the <i>Auditor-General Act 1997</i>
21 October	Regular private meeting, including briefing from Inspector-General of Taxation
21 October	Public hearing, inquiry into government advertising
23 October	Biannual public hearing with the Commissioner of Taxation, preceded by private briefing from Professor Valerie Braithwaite of the ANU
26 October	Public hearing, inquiry into government advertising
28 October	Regular private meeting
28 October	Private briefing and public hearing, review of audit reports
16 November	Private briefing and public hearing, review of audit reports
18 November	Regular private meeting
18 November	Private briefing and public hearing, review of audit reports
23 November	Public hearing, inquiry into government advertising
25 November	Regular private meeting
25 November	Private briefing and public hearing, review of audit reports
3 February 2010	Regular private meeting
8 February	Public hearing, inquiry into the <i>Auditor-General Act 1997</i>
10 February	Regular private meeting

Meeting date	Meeting details
24 February	Regular private meeting, including briefing from the ANAO on its 2010-11 budget submission
11 March	Private briefing and public hearing, review of audit reports
15 March	Private briefing and public hearing, 2008-09 Defence <i>Major Projects Report</i>
17 March	Regular private meeting
17 March	Private briefing and public hearing, review of audit reports
22 April	Private briefing and public hearing, review of audit reports (ATO Change Program) and biannual public hearing with the Commissioner of Taxation
10 May	Private briefing, 2010-11 appropriation for the ANAO
12 May	Regular private meeting
12 May	Private briefing and public hearing, review of audit reports
24 May	Private briefing with the ANAO, government advertising inquiry
26 May	Regular private meeting
2 June	Regular private meeting
16 June	Regular private meeting
16 June	Private briefing with the ANAO, review of audit reports
17 June	Public hearing, inquiry into government advertising
21 June	Private briefing and public hearing, review of audit reports
23 June	Regular private meeting

Note: All meetings in 2009-10 were held in Parliament House, Canberra.



Appendix B – Committee expenses 2009-10

The Committee secretariat's annual budget for staff remuneration and administrative costs forms part of the appropriation made to the Department of the House of Representatives.

Secretariat staffing expenses for 2009-10 totalled approximately \$545 400 (salaries and on-costs, principally employer superannuation contributions).¹ The Committee's administrative expenses for 2009-10 totalled \$11 070. The main components of this expenditure were:

- \$4809 on printing and publishing services;
- \$3388 on catering for meetings and hearings; and
- \$1956 on flights, accommodation and incidental travel expenses for secretariat staff supporting Committee activities (as with other parliamentary committees, members' travel on Committee business is funded by the Department of Finance and Deregulation; details of parliamentary entitlements administered by that Department are published at www.finance.gov.au/publications/parliamentarians-reporting/index.html).

The Chair and Deputy Chair of the Committee respectively receive an additional salary of 16 per cent and eight per cent of a Member's basic salary in recognition of the responsibilities of their positions. The amount of the allowance is determined by the Remuneration Tribunal and paid by the Department of the House of Representatives pursuant to the *Remuneration and Allowances Act 1990*.

¹ The secretariat also supported the House of Representative Standing Committee on Industry, Science and Innovation during 2009-10. The figure for secretariat staffing expenses for the JCPAA excludes an estimation of such expenses devoted solely to the House committee.