

JCPAA INQUIRY INTO AUDIT REPORT NO.04 2008-09:

THE BUSINESS PARTNERSHIP AGREEMENT BETWEEN DEEWR AND CENTRELINK

OPENING STATEMENT BY: Mr MATT CAHILL, GROUP EXECUTIVE DIRECTOR

1. Thank you Chair. The audit's objective was to form an opinion on the administrative effectiveness of the arrangements between DEEWR and Centrelink for the delivery of working age employment services under the Business Partnership Agreement (BPA). The main focus of the audit was the 2006-09 BPA.

2. The 2006-09 BPA was (as were several before it) the foundation for a cross-agency partnership, essentially a purchaser-provider arrangement between DEEWR and Centrelink for the delivery of working age employment programs and payments on behalf of the Australian Government.

3. The BPA itself is a complex compilation of Protocols, Policy Guides and Service Level Agreements (SLAs). Together, these define the policy and service requirements, governance arrangements, performance standards and accountability mechanisms that DEEWR and Centrelink agree to follow in delivering working age employment programs to Australians. The ANAO examined the BPA and the agencies' administration of these programs under the auspices of the BPA.

4. We concluded that the 2006-09 BPA provided a workable model under which DEEWR and Centrelink operated to implement working age programs and services. However, we identified a number of procedural gaps and limitations, which in practical terms reduced the effectiveness of DEEWR's and Centrelink's administration under the BPA. For the business partnership to operate more strategically and effectively, particularly in terms of accountability, the ANAO considers that more attention needs to be given to aspects of governance, financial management, business assurance and performance monitoring under the BPA.

5. We acknowledge that several improvements to administration were underway or under consideration by both DEEWR and Centrelink during the audit.

6. Chair, with this in mind, we made four recommendations intended to assist DEEWR and Centrelink to build a stronger cross-agency partnership for delivery of working age employment programs. These were all 'agreed' by the agencies, except for one part of recommendation four, which DEEWR 'agreed with qualification'. The thrust of the recommendations to DEEWR and Centrelink was to:

- strengthen governance arrangements and information supporting the BPA, including defining the strategic roles and responsibilities of governance committees, and completing essential documentation supporting the BPA;
- enhance dispute resolution to provide more timely and transparent resolution of administrative issues;
- improve accountability for financial management, including better monitoring of the implementation of new policy proposals, and development of a more comprehensive financial management protocol under the BPA;
- work jointly to achieve a more cohesive approach to business assurance practices, particularly by establishing a cross-agency business assurance framework and risk management framework, and agreeing a program of standards management information reports; and
- strengthen the performance framework and performance reporting under the BPA, to ensure that DEEWR and Centrelink are accountable in meeting their agreed responsibilities.

7. Finally, I have with me today two members of the audit team to assist the Committee in its inquiry, Mr Steven Lack, Executive Director, who oversighted this audit and Ms Alexandra Geue, the Audit Manager.