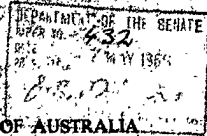


1968



THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

JOINT COMMITTEE OF PUBLIC ACCOUNTS

NINETY-FIFTH REPORT

TREASURY MINUTES ON THE
SEVENTY-EIGHTH, EIGHTY-FIRST
AND EIGHTY-SECOND REPORTS

TOGETHER WITH

SUMMARIES OF THOSE REPORTS

By Authority

A. J. ARNOLD, Commonwealth Government Printer, Canberra
(Printed in Australia)

JOINT COMMITTEE OF PUBLIC ACCOUNTS

SEVERN COMMITTEE

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B.W. Peters, Esquire, M.P.

I.L. Robinson, Esquire, M.P.

The Senate and the House of Representatives appointed their
Members on 22nd February, 1967.

(1) Appointed 23rd August, 1967.

(2) Deceased 2nd August, 1967.

DUTIES OF THE COMMITTEE

Section 8 of the Public Accounts Committee Act 1951-1966 reads as follows :-

8. The duties of the Committee are -

- (a) to examine the accounts of the receipts and expenditure of the Commonwealth and each statement and report transmitted to the Houses of Parliament by the Auditor-General in pursuance of sub-section (1.) of section fifty-three of the Audit Act 1901-1950;
- (b) to report to both Houses of the Parliament, with such comment as it thinks fit; any items or matters in those accounts, statements and reports, or any circumstances connected with them, to which the Committee is of the opinion that the attention of the Parliament should be directed;
- (c) to report to both Houses of the Parliament any alteration which the Committee thinks desirable in the form of the public accounts or in the method of keeping them, or in the mode of receipt, control, issue or payment of public moneys; and
- (d) to inquire into any question in connexion with the public accounts which is referred to it by either House of the Parliament, and to report to that House upon that question,

and include such other duties as are assigned to the Committee by Joint Standing Orders approved by both Houses of the Parliament.

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JOINT COMMITTEE OF PUBLIC ACCOUNTSCHAPTER 1 --INTRODUCTION

In its Seventy-ninth Report dated 10th March, 1966, P.P.No. 275
Your Committee set out in detail the basis of the Treasury of 1964-65-66
Minute arrangements which have been made to ensure that appropriate
action ensues from comments contained in our Reports.

As they now stand, the arrangements concerned are:-

- (1) The Report of Your Committee is tabled by the Chairman in the House of Representatives and by a Member of the Committee in the Senate. Motions are moved in both Houses of the Parliament that the Report be printed as a Parliamentary Paper.
- (2) The Chairman of Your Committee thereafter forwards a copy of the Report to the Departments affected and to the Treasurer with a request that he give the Report his consideration and inform the Chairman of the action taken to deal with Your Committee's comments.
- (3) The reply received, which is in the form of a Treasury Minute, is then examined by Your Committee and, together with the conclusions of the Report to which it relates, is submitted as soon as possible to the Parliament as a Report.
- (4) Where during its examination of a Treasury Minute Your Committee finds that there are recommendations not fully dealt with or which are subject to a further Minute, it holds an exploratory discussion with officers of the Department of the Treasury prior to the submission of the Minute to the Parliament.

- (5) In reporting a Treasury Minute to the Parliament, Your Committee does not usually make any comment on the Minute other than to note recommendations not fully dealt with or subject to a further Minute. In special cases where comment is thought to be necessary, Your Committee makes it.
- (6) Your Committee reviews a Treasury Minute, if necessary, when it again examines the department concerned.
- (7) The Department of the Treasury furnishes Your Committee with a half-yearly report on outstanding Treasury Minutes, indicating the progress made in dealing with Your Committee's comments.

CHAPTER 2 - TREASURY MINUTE ON THE SEVENTY-EIGHTH
REPORT RELATING TO THE REPORT OF THE
AUDITOR-GENERAL - FINANCIAL YEAR 1964-65

On 19th February, 1968, and in accordance with the arrangements relating to follow-up action on Your Committee's Reports, the Treasurer conveyed to the Chairman, a Treasury Minute dated 15th August, 1967, which reported the action taken on Your Committee's Seventy-Eighth Report.

In the Seventy-Eighth Report concerning the Report of the Auditor-General - Financial Year, 1964-1965.

Conclusions.

(16th March, 1966)

Treasury Minute

(15th August, 1967)

The Treasury has examined the Report and has discussed with relevant Departments and Authorities the observations and conclusions of the Committee which have, where necessary, been brought to the notice of officers concerned.

DEPARTMENT OF THE ARMY

20. Your Committee views with concern the irregularities revealed during this aspect of its inquiry and deplores the breaches of trust involved. Malpractices permitted by inadequate control at Bogan Gate and Holsworthy have resulted in a loss to the Commonwealth of a sum in excess of £1,300 (\$2,600) and the evidence received has indicated that it is unlikely that any part of this amount will be recovered.
- The Department of the Army has advised that ration accounting at both 7 Central Ammunition Depot, Bogan Gate, and 1 Royal Australian Regiment is now satisfactory.
- The Department has advised that on 13 December 1965 the Deputy Adjutant General decided, after considering advice by the Director of Legal Services, not to take further disciplinary action against members of 7

21. The evidence has revealed that in both instances the discrepancies were discovered by persons who were not members of the units involved and despite the remedial action taken to prevent further losses of a similar nature, Your Committee feels that these incidents reflect adversely both upon the authorities responsible for the general administration of the units and upon the individual members concerned with their rationing. It is regrettable that incidents of this nature should occur.

Central Ammunition Depot. However, The Deputy Adjutant General ordered that the four officers and soldiers concerned should be called upon under the terms of Australian Military Regulation 294A to show cause why they should not reimburse a total of \$200 to the Commonwealth. After considering all of the circumstances concerning the irregularities in rationing at 7 Central Ammunition Depot, Bogan Gate, the Adjutant General directed that orders under Australian Military Regulation 294A were not to be issued against the members involved.

The Department stated that in regard to 1 Royal Australian Regiment there is no evidence of physical loss of stores and therefore it does not consider it feasible to seek reimbursement from unit personnel. Army Headquarters does not contemplate disciplinary action additional to that already taken by Commander, 1 Division.

DEPARTMENT OF EXTERNAL AFFAIRS
Accounting - Overseas Offices

39. In respect of the Department's standard of accounting at overseas posts, the evidence received by Your Committee on this occasion was principally in respect of two facets:

Action taken by the Department in regard to the matters covered by the Committee's comments include the following :

the failure of overseas posts to match vouchers detailing the nature of orders for supplies with the paid accounts for those supplies and the failure of officers to undertake the degree of examination prescribed in respect of paid accounts forwarded to Australia. Before discussing any of this evidence we would state that we have not permitted the arguments heard to cloud our view of the deficiencies revealed in the administration of various overseas posts. In relation to ten overseas posts subjected to audit, nine were very lightly examined in that vouchers were reviewed only for the month of April 1965. Notwithstanding the explanations tendered, the fact remains that this limited audit had disclosed some eighty items attracting adverse comment. Your Committee believes that this is sufficient evidence of an unsatisfactory standard of accounting at overseas posts to warrant a demand for substantial improvement and we suggest that the Department should take early steps to circularise its posts, notifying its officers of our concern in this matter.

40. With regard to the Department's failure to submit matching purchase vouchers, on the grounds that the order voucher was required for later

(a) Immediately following the issue of the Treasury (Overseas Accounts) Directions and the Treasury Directions, a circular was sent to all posts requiring strict compliance with the provisions of these Directions. This has been followed up with circulars elaborating various aspects of the Directions.

(b) A circular was sent to all posts requiring them to ensure that requisitions and purchase orders detailing the nature of supplies are attached to vouchers covering payments for supplies. This is now being done by posts.

(c) Correspondence with various posts, covering over a thousand pages, designed to secure a more thorough compliance with accounting requirements.

(d) Since the hearings by the Committee which gave rise to the Report, visits have been made to twenty overseas missions, the Executive Officer (Finance) is on a tour of six posts in South East Asia and another six posts in India and Africa should be visited in September. During these visits problems raised by posts are dealt with and accounting requirements are explained fully.

transactions, Your Committee feels that the submission of copies indicating part satisfaction of an order is an answer so obvious as to warrant a rebuke to the Department for not adopting such a procedure. However, regardless of the earlier failings of the Department in this respect, we note that the revised procedures prescribed in section 34/44 of the new Treasury Directions and clause 25 of the Treasury (Overseas Accounts) Directions have removed any degree of uncertainty as to the submission or retention of documents at overseas posts.

41. After considering the evidence received in respect of the interpretations to be accorded to the various Treasury Instructions relative to the examination of documents, Your Committee believes that the reference to a Department's responsibility to "make such examination as it considers necessary" of vouchers received from an overseas office, as described in ^{the provisions of} section 32/93 of the now superseded Treasury Instructions, gave rise to some ambiguity when quoted as an amplification of the provisions of Treasury Regulation 132. We also believe that the provisions of Treasury Instruction 32/31 contributed to the confusion experienced by the Department of External Affairs in attempting to define the limits of

The Department believes that it will be difficult to eliminate weaknesses completely because of the difficulties of staffing and controlling overseas missions, which are required to comply with differing financial laws of local application. Also, Australia-based staff will inevitably have a number of duties additional to their financial duties to perform, and they are subject to the normal turnover applicable to all officers serving overseas. The Department has placed increased emphasis on finance training and counselling, but believes it will always be difficult to obtain the standard of performance overseas which is normal in Australia where career finance officers usually handle the accounting work of Departments. Turnover of staff in the Department's own Finance Section is, however, also a problem - of the twenty-six positions, only two have retained the same occupants since 30 June 1966.

The Treasury established a Sub-Treasury in Geneva on 1 July 1966: this will assist in improving the standard of accounting at European posts.

The Treasury has amended Treasury Direction 34/79 to eliminate the words which caused the Auditor-

responsibility of various accounting officers. Notwithstanding these past difficulties, the requirements of section 34/79 of the Treasury Directions now entirely justify the demand of the Audit Office for a 100 per cent examination. In this respect, we feel that the attention of the Department could have been more appropriately directed to the provisions of this section by the Department of the Treasury in tendering advice on the degree of examination to be afforded in respect of vouchers received from overseas posts. Since, under this section, for the purposes of Treasury Regulation 132, all accounting documents received from an overseas office are to be examined to ensure compliance with the Audit Act and associated regulations, we recognise that the extent of such a close scrutiny of vouchers will place heavy demands upon the examiners in the Department but we believe that while the Direction stipulates that a complete examination must be made, it must be obeyed implicitly. Any consequent inadequacies becoming evident in the staff structure will be a matter of internal administration to be resolved in conjunction with the Public Service Board.

General's Office to conclude that a 100% examination of accounting documents received from overseas offices operating imprest accounts was required. The amending Direction clarifies the original Treasury intention (as explained to the Committee by the Treasury Observer) that:

- (a) before reimbursing an imprest account a check should be made to verify that all items of receipt and expenditure have been correctly listed in the cash sheets, and all accounts paid at the overseas office have been certified and authorised by a Certifying Officer as defined in Clause 5 (1), of the Treasury (Overseas Accounts) Directions; and
- (b) either before or after reimbursement, the Chief Officer shall, for the purposes of Treasury Regulation 132, arrange for an examination of such of the accounting documents as he considers adequate to ensure that the provisions of the Audit Act, the Treasury Regulations and the Directions given thereunder have been complied with.

Sundry Debtors - Distressed Australians

46. The evidence received by Your Committee indicates that the Department has not exercised the degree of

The Department has indicated that satisfactory procedures are now in operation for loans to distressed

care required in the recovery of financial assistance extended to distressed Australians overseas. The accumulated debt of over \$38,000 (\$76,000) has been the result of procrastination in the face of a problem made difficult by previously neglecting to ensure that an officer's part-time duty has received due attention. Furthermore, this neglect has aroused doubts on the part of Your Committee as to whether the administrative failings in this respect have been restricted to the recovery of debts or whether loans to distressed Australians are being made available in a manner more liberal than should be allowed in the public interest. We trust that the Department of the Treasury will be able to reassure us on this matter and that the administration of this financial assistance will not attract adverse comment in future reports of the Auditor-General.

Australians overseas and the subsequent recovery of those loans. Each application receives thorough consideration, Commonwealth funds are committed only as a last resort and recovery action is vigorously pursued in each case (if necessary by legal process in the Courts, through the Commonwealth Crown Solicitor).

DEPARTMENT OF THE INTERIOR
News & Information Bureau

55. The evidence has suggested to Your Committee that the growth of Canberra has placed increasing demands upon the Department of the Interior and that the problems facing it are due to the current inadequacy of procedures formulated in earlier years. Notwithstanding the lack of staff we are not

The Department of the Interior states that the delay in reviewing procedures in the light of current requirements, particularly having regard to the very rapid growth of Canberra, was almost solely related to the shortage of staff. Steps to rectify this problem were taken as early as 1962, but considerable

satisfied that a sufficiently vigorous attempt has been made to cope with the difficulties even in the staff situation which existed before the increase of thirty-three positions in the Finance and Supply Section.

56. It was indicated to Your Committee that the Department had been aware that previously existing store accounting procedures were inadequate. We feel that, if the Department was conscious of the inadequacies but was not in a position to effect immediate remedial measures, the out workings of the procedures should have been subject to constant review in order to detect errors as quickly as possible. However, evidence was received that no overtime had been worked by the Internal Audit staff during 1964-65 due to the necessity for staff members to be present during the conduct of an audit examination. Your Committee finds difficulty in appreciating this explanation.
57. Your Committee also considers that, although a limited number of internal auditors were available to the Department, consumable stores of an attractive nature should have been subject to regular audit examination, especially when the position of a permanent storekeeper was found difficult to fill. In these circumstances, and considering the

investigation was necessary to establish the staff members necessary at all levels to handle the increasing volume of work, particularly in the Local Government and Housing accounting areas. Considerable improvement has been effected in those areas: this has been facilitated by the complete changeover of the relevant accounting records to more modern machines, which will enable the Department to cope with the continuous growth in volume.

The Organisation and Methods Sub-Section, which has been supplemented by a senior position, is now fully staffed and has embarked upon a cyclical review programme of all sections of the Department.

The Finance and Supply Section is now fully staffed and a great deal of progress has been made in the review of accounting and stores procedures. The Department's stores functions have been centralised under the control of a Superintendent (Stores and Contracts) whose responsibilities include the implementation and oversight of approved procedures for the control of the various classes of stores in the branches of the Department. A detailed Stores and Contracts Manual has been completed and issued.

Action has been taken in connection with aspects of stores control in the News and Information Bureau which were the subject of Audit criticism. The

the nature of the stores, it is not surprising that discrepancies were revealed.

58. The limited number of seventy man-hours worked on the preparation of debit advices by the staff to the News and Information Bureau is disturbing when considered in the light of a delay of seven months between the raising of a work order and the raising of the associated charge. Although the position is now regarded as satisfactory, the fact that extensive arrears of work could be overtaken in such a limited time suggests that a comparatively simple task had been neglected to the detriment of another section responsible for the collection of the charges.

59. The Department has stated that, although a revised Audit programme has been formulated, more extensive internal audit examinations cannot be implemented until additional staff is obtained for the Section. Your Committee does not accept this view and suggests that the Department should examine its staff tables with a view to seconding any available officers to assist in the more routine aspects of auditing, until such time as skilled internal auditors become available, and that appropriations available for the payment of overtime should be utilised to the fullest extent necessary to implement audit examinations which are being deferred.

control of photographic consumables is now fully under control and operating satisfactorily. Reconciliation of debtors accounts relating to the News and Information Bureau activities has been completed, and work is now on a current basis.

The establishment of the Internal Audit Sub-Section has been increased by another position and the senior position in the Sub-Section reclassified from Class 5 to Class 6. Since the Senior Internal Auditor took up duty the internal audit programme has been reviewed and extended. The programme is being maintained on an up-to-date basis.

PARKS & GARDENS SECTION

73. Your Committee inquired into the Parks and Gardens Section of the Department of the Interior in connection with the Auditor-General's Report for the financial year 1962-63. In our Sixty-sixth Report, we stated that having regard to the accelerated development of Canberra in recent years and the need for the Parks and Gardens section to keep pace with that expansion, we found it difficult to understand why action was not taken at an earlier date to provide adequate accounting facilities and to revise existing accounting procedures. We further found it particularly difficult to appreciate the apparent inability of the Department to expand a register of assets even in times of rapid development. We accepted the Department's assurances that the costing, revenue and other accounting procedures related to the activities of the Parks and Gardens Section would be given priority in a programme of investigation and revision.

74. In the subsequent Treasury Minute of 19th August, 1965 relating to that Report, we were informed that the Department of the Interior had advised the Department of the Treasury that improved accounting procedures for stores and some costing operations had been implemented, that investigation into the other costing requirements was in course, that action was in hand to review the form and content of asset

The Department of the Interior states that in past years the Department has not been able to provide adequate costing of Parks and Gardens Section activities because of staffing and machine limitations, and the limitations of the existing form of the appropriations under which funds have been provided for parks and gardens activities.

There have been discussions and correspondence between the Department and Treasury extending over a considerable period concerning the provision of a more suitable form of appropriation, or a trust account, to enable the Department, among other things, to improve its costing of parks and gardens activities. Finality has not yet been reached, but it is hoped that a solution will be found to come into effect from 1 July, 1968.

Meanwhile, the Department has implemented an improved form of costing for parks and gardens activities from 1 July, 1966. Five additional positions were sought and approved by the Public Service Board to cope with the additional workload involved. The Department has advised that the new costing system, although not providing the complete solution to the problem, has already proved to be of considerable value to management. Further improvement of the system should be

registers, that additional positions to cope with the expected increase in work load had been provided and action had been taken to fill the positions.

possible in 1968-69, depending on the approval of a change in the form of the appropriations and/or the creation of a trust account.

75. In view of our findings in the Sixty-sixth Report and the remarks contained in the subsequent Treasury Minute, Your Committee is disturbed to find that, two years later in 1964-65, the Auditor-General has found it necessary to again report adversely on the Parks and Gardens Section of the Department. Your Committee reiterates that it is disturbed to find that it was not until relatively recently that the Department recognised a need for improved accounting control and procedures relevant to revenue, expenditure, stores and costing functions in its Parks and Gardens and other sections.

76. The evidence and subsequent submissions made by the Department of the Interior claimed that the establishment of a Trust Account would operate to the advantage of that Department. Although the Audit Office felt that the establishment of a Trust Account would possibly be of some assistance to the Department, it was unable to find any reason why supplementary or subsidiary records could not be established and operated satisfactorily under an annual appropriation procedure. In its subsequent submission, the Department of the Interior conceded that its objectives could probably be achieved without the use of a Trust Account, but claimed

that the absence of such an account would involve the establishment of supplementary records which would have to be posted independently from the Treasury accounting records. It was said that this would involve every voucher being costed and posted twice, once for the Treasury accounting records and once for the supplementary records. The Department claimed that apart from the significant increase in workload which would be involved in endeavouring to achieve its objectives without a Trust Account, the end result would not be completely satisfactory as only a Trust Account can provide the continuity necessary for the type of accounting required. The Department also considered that, whilst its existing staff would be adequate if a Trust Account were available to it, between six and ten additional staff would be required to achieve the desired improvements without a Trust Account.

PRIME MINISTER'S DEPARTMENT

95. Your Committee notes that the matters reported upon by the Auditor-General, although ultimately the administrative responsibility of the Prime Minister's Department, arose out of the apparently semi-autonomous nature of the administration of Australia House and that the Prime Minister's Department took remedial action immediately on becoming aware of the situation. We recognize that the Department was found to be at

The High Commissioner (United Kingdom) Act 1966, which was assented to on 28 October, 1966 -

- (a) gave the High Commissioner authority to delegate the powers conferred on him by section 9 of the Act in relation to the appointment of officers and the engagement of employees;
- (b) validated appointments of officers and engagements of employees made

fault in respect of the appointment and engagement of staff only after an interpretation of the Regulations was received from the Attorney-General's Department and we note that although salaries paid were not in accordance with the Fourth Schedule to the Regulations, Ministerial approval was obtained prior to any variation.

However, despite the difficulties encountered in engagement and retaining the services of local personnel, Your Committee cannot condone the unauthorised extension of more beneficial conditions to such staff. Your Committee does not deny that those difficulties exist and must be overcome but we suggest that the proper solution lies in the amendment of the appropriate Regulations rather than the application of conditions prescribed by other legislation not intended to cater for the situation.

otherwise than by the High Commissioner;

- (c) validated salary increases paid by way of ministerial approval to locally engaged staff in excess of the scale of rates specified in the Fourth Schedule to the High Commissioner (Staff) Regulations.

Proposed amendments to the Regulations have been submitted to the Attorney-General's Department. The amendments will extend to locally engaged staff certain beneficial provisions, which now are enjoyed by staff employed under the Public Service Act. Some amendments relating to financial provisions received Executive Council approval on 16 June, 1967.

DEPARTMENT OF TRADE & INDUSTRY

Accounting - Overseas Offices

105. Of the three major aspects of our inquiry into the Department of Trade and Industry, viz, general accounting standards, sundry debtors and the adjustment of temporary advances, Your Committee is most disturbed at the apparent failure to adequately pursue settlement of debts and the adjustment of advances until such time as attention had been directed to the deficiencies during a public investigation. Evidence

Accounts examiners have continued to refer deficiencies in accounting documents to the posts concerned for rectification. The criticisms resulting from visits to overseas posts by the Auditor-General have been discussed with the posts concerned and these posts are now aware of their responsibilities. Training of Trade Commissioners in finance and accounting matters has been stepped-up while a programme of post inspections by

was received which indicated that, after Your Committee's inquiry was commenced action was taken to reduce outstanding sundry debtors from seventy-four to twenty-two accounts and that, of thirty five unadjusted advances outstanding at the time of the hearing, all but two had been, or were expected to be, finalised by the beginning of 1966. The Auditor-General's report to the Parliament and the consequential inquiry into these matters by Your Committee were time consuming and expensive administrative procedures which could well have been obviated if the Department had effected remedial measures when it became obvious that the level of both types of account was increasing to an unacceptable degree.

a senior officer of the Department has been implemented.

Sundry Debtors.

Considerable improvement has been achieved with the Sundry Debtors Ledger and detailed instructions have been issued to accounts staff concerned. Adjustment of nearly all long standing accounts has been completed.

Adjustment of Advances.

The position regarding the adjustment of advances is satisfactory.

106 Your Committee notes that, in referring to the accounting within the Department, the observer from the Auditor-General's Office, Mr. A. K. Ragless, conceded that the standard had been improved considerably within the twelve months preceding the inquiry and that the perfection perhaps sought by his office was not easy to attain. Despite the Department's suggestion that failures to attach various documents to overseas vouchers was a matter which had been overstressed, the Audit Observer stated that the absence of such documents impeded a proper examination of the transactions and for this reason the Audit Office regarded the documents as important. In the light of these observations

and the evidence received Your Committee trusts that the standard of accounting within the Department will continue to improve and that it will not prove necessary to inquire for a third time into any of the matters examined on this occasion.

THE DEPARTMENT OF THE TREASURY

Taxes Written Off

115. Your Committee is satisfied that the safeguards inherent in departmental procedures in the Taxation Branch ensure that taxation revenue due to the Commonwealth is not prematurely written-off. However, we suggest that consideration should be given to a practice of annotating indexes in all States, in the event of individual tax debts being suspended, in order to detect interstate absconders. Your Committee also recommends that the appropriate authorities should consider the difficulties being experienced by the Taxation Branch, in respect of debtors absconding overseas, with a view to providing an alternative to the present necessity to rely upon inadequate State legislation.
- The Taxation Branch has decided to introduce, for a trial period of three years, a modified system of annotating indexes in all Taxation Offices for taxes written off in cases where taxpayers are untraceable. Experience will then determine whether the annotation procedure should be extended to smaller amounts or discontinued.
- Avenues have been explored to ensure that losses arising from debtors absconding overseas are kept to a minimum. Administrative procedures have been introduced to enable Commonwealth officials stationed in countries overseas to seek the recovery of tax which remains unpaid after the departure of the person concerned.

CHAPTER 3 - TREASURY MINUTE ON THE EIGHTY-FIRST REPORT
RELATIVE TO THE SUPPLEMENTARY REPORT OF THE
AUDITOR-GENERAL - FINANCIAL YEAR 1964-65
(THE CANBERRA COMMUNITY HOSPITAL)

On 19th February, 1968, and in accordance with the arrangements relating to follow-up action on Your Committee's Reports, the Treasurer conveyed to the Chairman a Treasury Minute dated 25th August, 1967, which reported the action taken on Your Committee's Eighty-First Report.

In the Eighty-First Report concerning the report on the Canberra Community Hospital - Financial Year 1965-65.

Conclusions
(27th July, 1966.)

Treasury Minute
(25th August, 1967.)

The Treasury has examined the Report and has discussed with relevant Departments and Authorities the observations and conclusions of the Committee which have, where necessary, been brought to the notice of officers concerned.

THE CANBERRA COMMUNITY HOSPITAL

97. The evidence submitted in this inquiry shows that since Your Committee's previous inquiry into the Canberra Community Hospital in 1960, substantial changes have occurred in the hospital's internal administration and the hospital itself has been enlarged in response to the needs of a rapidly growing population in the Australian Capital Territory. (Paras. 15 to 20.)

The Canberra Community
Hospital Ordinance

98. Although since 1960, four amendments have been made to the Canberra Community Hospital Ordinance, Your Committee is disturbed to find that the Ordinance requires re-drafting to convert it to a modern piece of legislation and that the Department of Health, which is charged with responsibility for the Ordinance, has not so far given attention to such a revision and to the resolving of basic policy issues which must evidently precede it. Your Committee accepts the assurance given by the observer representing the Department of Health that the Department proposes to proceed with a review of the Ordinance and to consult the Hospital Board extensively before reaching its final considerations but would emphasise the need for this work to be brought to a satisfactory completion with minimum delay. (Paras. 25 to 29.)

The Department of Health states that, following a decision by the Government, the management of the Canberra Community Hospital will be undertaken by a nominated Board after the current Board's term expires on 30 September 1967. Action to amend the Ordinance to give effect to this decision is currently being taken.

Action is also in hand to prepare a new Ordinance, superseding the Canberra Community Hospital Ordinance, to cover public hospitals in Canberra following the Government's decision regarding establishment of these hospitals. It is accordingly considered that action to review the whole scope of the Canberra Community Hospital Ordinance, which is regarded as reasonable within the present context of hospital facilities in Canberra, is not warranted.

The Hospital By-Laws

99. Your Committee is also disturbed to find that the by-laws, which relate to the domestic daily operations of the hospital, are seriously out-of-date, and are inconsistent with the Ordinance. We are strongly of the opinion that early, positive action should be taken by the parties concerned to re-cast the by-laws in modern form in association with the proposed review of the Ordinance. (Paras. 32 to 37.)

The Department has advised that action is in hand for a review by the Hospital authorities of the by-laws made under the provisions of section 40 of the Canberra Community Hospital Ordinance and to submit comments to the Minister for Health.

100. The evidence shows that whilst the staff of the hospital has been increased since 1960, staff turnover has constituted a serious problem for the Hospital Administration. Under the Ordinance the Hospital Board may, subject to the directions of the Minister and with his concurrence, appoint staff for the hospital. In these circumstances it is a matter for the Minister to seek advice or to request the Department of Health to advise him. Under these arrangements the Public Service Board acts as a special adviser to the Department of Health and then, finally, to the Minister. (Paras. 38 to 43.)

Establishment Proposals

101. Your Committee commends strongly the investigations currently being undertaken by the Department of Health to minimise delays and provide closer liaison to ensure that hospital staffing matters are discussed at an early stage in their development by the various authorities concerned. At the same time, however, we note with some concern the suggestion made by Mr. Carroll that copies of establishment proposals formulated by the Hospital Board should be forwarded direct to the Public Service Board concurrently with their formal submission to the Minister and that, in like manner, the Public Service Board should informally supply copies of its advice direct to the Hospital Board. Whilst this procedure would

The Department of Health and the Hospital Board do not believe that there is any real foundation for the Committee's concern that the suggested informal arrangement between the Hospital Board and the Public Service Board concerning establishment proposals might prove embarrassing. The Department envisages that it will be kept fully informed of the results of the liaison between the Hospital Board and the Public Service Board, thereby facilitating its advice to the Minister.

no doubt ensure a closer contact between the two Boards, it appears that as it is a matter for the Minister to decide whether or not he wishes to seek advice, the informal arrangement suggested by Mr. Carroll could prove embarrassing to all parties concerned. The apparent need for administrative devices of this type raises at once the whole question of the adequacy of the present formal relationship between the Minister and the Hospital Board. (Paras. 44 and 45)

Stocktaking Arrangements

102. The evidence relative to the hospital authorities' inability to adequately account for all items of equipment suggests that the difficulties have not all been occasioned within the hospital administration. It was stated that the value of furniture, plant and equipment, in the most recently published balance sheet was indicated as \$639,972 but that this figure was discrepant to an extent of approximately \$60,000 due to inaccuracies in an inventory prepared by a clerk. The extent of the inaccuracy inclines Your Committee to the view that the degree of care exercised during the stocktake was less than that required and our opinion is reinforced by evidence that departmental stocktakes were conducted by officers of the departments of the hospital. We acknowledge that such officers are capable of identifying

The Hospital Board has advised that the asset register has been redesigned in order that a cyclical stocktake can be undertaken each year, thereby making it possible for administrative staff to perform the work involved in the stocktake.

items of equipment peculiar to their tanks but we question whether they would accord the same degree of attention to a stocktake as would an officer with a purely administrative background who, we believe, would be more conscious of the significance of his task. Your Committee believes that the practice of employing Dieticians and Nursing Sisters to conduct sectional stocktakes should cease and that those officers should be involved only when called upon to assist an administrative officer to identify unfamiliar items of equipment. (Paras. 54 to 57 and 64.)

The Asset Register

103. Your Committee is not satisfied that the present form of Asset Register was designed to provide with accuracy the information demanded to support a financial account exceeding \$6,000,000 in value. No control account is maintained as part of the register and we believe that, in these circumstances, both the removal of cards for hand posting and the volume of hand posted entries must inevitably lead to inaccuracies. Your Committee believes that the first remedial measure to be undertaken should be the implementation of the proposal to acquire additional machine facilities for the purpose of maintaining the register. (Paras. 54 to 67.)

The control account over the asset register is the furniture and equipment account in the general ledger. This account is reconciled with the summary extract from the asset register. However, the furniture and equipment section of the asset register contains some items of moveable furniture and equipment which are recorded only physically in this section of the ledger as no values are available when these items are taken on charge following the handover of the building to the Department of Health by contracting authorities. Following an approach made by the Hospital to the Public Service Board, officers of the Board's Management Services Division undertook an organisation and methods

review of the Hospital's financial and stores accounting arrangements and related activities. This review, which commenced in May 1966, has now been completed and the final of a series of four reports on the review was submitted to the Hospital in May 1967. The review team gave special attention to the recording and control of assets and recommended a system of accounting whereby each asset is given an identification number to facilitate maintenance of the asset records and stocktaking. The proposed system also provides for continuous reconciliation of the values shown in the asset records with the general ledger control accounts. The recommendations of the review team in this regard have been accepted by the Hospital Board and the new system will be introduced as soon as the necessary staffing arrangements have been made.

Costing of Equipment Supplied by the
Department of Works

104. The evidence has revealed to Your Committee a situation which, during its currency, we suggest, must have been unique in the field of hospital administration. We refer to the supply of equipment to the hospital by the Department of Works and that department's inability to provide detailed costs of the equipment made available. Your Committee feels that this practice must have contributed substantially to the hospital's difficulties and

The Department of Works has advised that the parties concerned have agreed that established commercial practice will be followed in that assets which form an integral part of a building, e.g. air conditioning items, would be regarded as part of the building. An arrangement has also been instituted whereby the Hospital authorities will seek information from the Department of Works as to the cost of nominated moveable items of furniture and equipment supplied

that the absence of detailed cost statements without regard to any other factor would have frustrated the most efficient accounting system. Having regard to the satisfactory form in which such information is currently supplied, Your Committee can only observe that it is difficult to understand why the Department of Works did not foresee the difficulties being engendered by that inadequacy. (Paras. 54 to 67.)

as part of a building contract. The Department of Works has arranged for future contracts to nominate items of this nature. Prices will then be supplied automatically.

The Furniture and Equipment Account.

105. At the time of Your Committee's public hearings, we were informed that there remained a discrepancy of \$1,083.72 in the Furniture and Equipment account. Notwithstanding this assertion, information subsequently conveyed to your Committee indicated that adjustments to the extent of \$186,094 were found to be necessary, apart from the sum of \$11,031 which was written off. However, these adjustments related only to the records maintained by the hospital and no estimate could be provided of the extent of the physical discrepancies. It would now appear that the results of the 1965 stocktake have been abandoned and that the administrative effort applied until recently to achieve a reconciliation has been directed wholly to the finance ledger account and the asset register. (Paras. 54 to 67.)

The Hospital Board has advised that remedial action regarding adjustments required to the Furniture and Equipment Account was completed to 30th June, 1966.

106. We have already recognised that the hospital's difficulties have not been occasioned entirely within the administration. However, we believe that the administration has been at fault in failing to implement more strenuous remedial measures when faced with discrepancies of such magnitude. An effort involving 400 man hours was applied by only two officers although the hospital authorities were aware that the difficulties were much more complex than the immediate problem with which the two officers were engaged. When this Report was prepared the major aspects of the difficulties were still unresolved. Your Committee is manifestly dissatisfied with the administration in this respect and we expect appropriate remedial action to be taken without delay. In this regard we shall examine the Reports of the Auditor-General for the financial year 1965-66 and, depending on the state of affairs reflected relative to the Canberra Community Hospital, we would propose to have further discussions with the Auditor-General at an early date. (Paras, 54 to 67.)

Cubicle-type Wards

107. Your Committee is disturbed by the evidence submitted relative to private ward accommodation at the Canberra Community Hospital. It is clear that an unwise decision was made in authorising the construction of

The Department of Health accepts responsibility for the decision to build cubicle-type wards, but points out that the decision was taken only after considerable discussion in 1959 by the Canberra Community Hospital Development

cubicle-type wards and that their conversion to single rooms, at a cost of \$12,000, will not only result in unnecessary temporary inconvenience to the hospital, but will also prove more costly than would have been the case had they been designed as single rooms initially. Although it was suggested that the Department of Works may have been responsible for the decision to install cubicle-type wards your Committee is unable to overlook the unequivocal claim made by Mr. Carroll that the Department of Health is the client department in respect of the siting and building of the Canberra Community Hospital and of any future Government owned hospitals in the Australian Capital Territory. In these circumstances it is difficult to escape the conclusion that the decision to construct cubicle-type wards at the present hospital was primarily the responsibility of the Department of Health. (Paras 73 to 75.)

Steering Committee upon which the Hospital Board was represented. Further, the Department of Works has advised that the plan incorporating the cubicle-type wards was endorsed by the Hospital Board. The type of accommodation therefore represented the considered view of interested parties at that time.

Hospital Medical Services

108. The evidence shows that the Canberra Community Hospital is required to provide services for any medical practitioner registered by the Australian Capital Territory Medical Registration Board for practice in the Territory, providing that he has consulting rooms and can be contacted by telephone. It was stated that on

The Department of Health has not commented on the Committee's proposal as it believes that the question of reviewing aspects of the present services provided by the Hospital is closely associated with the Hospital Board's proposed comprehensive medical service consideration of which is a matter of Government policy.

the basis of its present services the hospital is, in effect, a large private hospital operated by the Government. The claims made in relation to hospital medical services indicate that some aspects of the present services provided by the hospital call for review. (Paras. 76 to 81)

Proposed Hospital Facilities in Canberra

109. In regard to proposed facilities at the Canberra Community Hospital, the evidence shows that in recent years the Hospital Board has been concerned by the growth in Canberra's population in relation to the hospital bed capacity available but has been unable to ascertain what planning is taking place to provide additional permanent hospital beds. In these circumstances, the Hospital Board has found it necessary to plan to increase its bed capacity, including temporary beds, to 750 compared with a maximum number of 600 beds recommended by the National Capital Development Commission. (Paras. 82 to 87).

110. The planning of hospitals in the Australian Capital Territory is undertaken by an advisory committee, "The Australian Capital Territory Hospital Planning Committee" comprising representatives of the Department of

The Department of Health has indicated that, as the responsibility for decisions on the provision of hospital facilities in Canberra rests with the Government, it offers no comment on this aspect of the Report. The Department states that the population projections used by the Department of Health Observer were based on official projections by the National Capital Development Commission. The figures supplied by Mr. Pead, a member of the Hospital Board, were stated to have been provided by the Commission on the evening of 18 April 1966 (the day before the final hearing of the Committee) but have not been confirmed as official. The Department of Health considers that the implied criticism of the figures it supplied was somewhat unreasonable in this light and also because the projected population figures for Canberra will obviously vary from time to time.

Health, the National Capital Development Commission, the Canberra Community Hospital Board and the Department of the Interior. The evidence shows clearly, however, that whilst this Committee has made recommendations to the Minister relative to hospital needs the Hospital Board has not been kept informed of decisions arising from the Committee's advice. Hence, three months after the Minister, on the basis of a detailed recommendation by the Hospital Planning Committee relating to the proposed Woden Hospital, had approved the establishment of a Steering Committee to plan the Woden Hospital, the Secretary of the Hospital Board wrote to the Director-General seeking clarification of the position relating to future accommodation for geriatric and rehabilitation services and also drew attention to the need for at least temporary accommodation if the Canberra Community Hospital was not to provide such services on a permanent basis. (Paras. 88 to 91)

111. In view of the administrative problems confronting the Hospital Board, we regard as most unsatisfactory the failure of the Department of Health to make known its plans for the construction of the Woden Hospital until an announcement of the details was made by Mr. Carroll on 19th April, 1966 as evidence tendered to Your Committee. We also note that the data supplied by Mr. Carroll relative to future

The Hospital Board has pointed out that the two members of the Hospital Board who were also members of the Australian Capital Territory Hospital Planning Committee were not representing the Hospital Board on the Committee. They were nominated by the Board as persons with sufficient experience and background in hospital affairs to assist the Planning Committee in its investigations and deliberations.

hospital bed requirements for the Australian Capital Territory for the period 1966 to 1975 could be out-of-date by comparison with data supplied by Mr. Pead, a member of the Hospital Board. (Paras. 92 to 94.)

Autonomy for the Hospital Board

112. During the course of our inquiry it was claimed that, to enable the Hospital Board to administer adequately its large and essential service in a city growing as rapidly as Canberra, the Hospital Board should be autonomous and should be divorced from other Government instrumentalities which currently have a measure of control over the hospital. In particular, the present system of control through the Minister for Health was said to be antiquated and outmoded. In opposition to this claim it was argued that in Queensland, the establishment of hospitals is subject to the Minister for Health and salaries are subject to examination and approval by the Public Service Commissioner. It was also argued that although hospital boards have a degree of autonomy in New South Wales and Victoria, their establishment, staffing and determination of salaries are the responsibility of a commission or government agency and that the extent of Government financial assistance accorded the Canberra Community Hospital is greater than that accorded hospitals in those two States. Whilst recognising that the question of autonomy is a matter of Government policy Your Committee feels bound to observe that the evidence submitted

As the Committee's observations concerning the question of autonomy for the Hospital Board fall within the area of Government policy the Department has offered no comment.

in this inquiry strongly suggests that the present form of hospital control is not conducive to the provision of a high standard of hospital administration in the Australian Capital Territory. This is particularly the case in respect of such matters as the maintenance of a modern and efficient Ordinance and the staffing of the hospital. We also note that, apart from capital expenditure, the subsidy paid to the Canberra Community Hospital in 1963-64 amounted to 60.4 per cent of hospital revenue compared with 49.0 per cent for hospitals in New South Wales and 49.7 per cent in Victoria. In all the circumstances Your Committee believes that careful consideration should be given to the question of whether a greater degree of recognition might be accorded the Canberra Community Hospital Board in line with the position relative to hospital administration in the States of the Commonwealth but suitably adapted to meet the special needs of the Australian Capital Territory.

(Paras. 21 to 14)

CHAPTER 4 - TREASURY MINUTE ON THE EIGHTY-SECOND REPORT
RELATING TO THE REPORT ON EXPENDITURE FROM THE
ADVANCE TO THE TREASURER - FINANCIAL YEAR
1965-66.

On 19th February, 1968, and in accordance with the arrangements relating to follow-up action on Your Committee's Reports, the Treasurer conveyed to the Chairman, a Treasury Minute dated 24th August, 1967, which reported the action taken on Your Committee's Eighty-Second Report.

In the Eighty-Second Report concerning the report on Expenditure from Advance to the Treasurer - Financial Year 1965-66.

Conclusions
(21st September, 1966)

Treasury Minute
(24th August, 1967)

The Treasury has examined the Report and has discussed with relevant Departments and Authorities the observations of the Committee which have, where necessary, been brought to the notice of officers concerned.

DEPARTMENT OF CIVIL AVIATION

35. Your Committee accepts the Department's submission that a need existed to draw upon the Advance to the Treasurer and, after reviewing the explanation tendered, commends the Department for it. The record of estimating in the last three years. We would suggest, however, that the Department's difficulty in attempting to foresee the date of repayments to its salaries votes might be obviated if the attention of other departments and Commonwealth instrumentalities was

Although the Department believes that the time between rendition and payment of accounts is not unreasonably long, all regional offices have been alerted to the problems which can arise from receipt of repayments late in the financial year.

drawn to the necessity to effect payment of outstanding claims at a date earlier than the last week of the financial year.

DEPARTMENT OF EXTERNAL AFFAIRS

Accounting Standards

74. Your Committee believes that the Treasury Regulations are subjected to review and amendment by the Department of the Treasury to a degree sufficient to require strict observance and we are concerned to note that the Department failed to observe the provisions of Treasury Regulation 90 which requires that an Authorising Officer shall not authorise expenditure unless he is in possession of a Warrant Authority for expenditure. Apart from this aspect of the Department's administration of expenditure from the item, Your Committee accepts the explanations tendered.
- The Department has noted the comments of the Committee and has drawn the attention of the officers concerned to the need to maintain greater care to ensure that errors and omissions are avoided.
93. Your Committee recognises that the Department had a need for funds from the Advance to the Treasurer due to circumstances beyond its control and we accept the explanation tendered relative to the difficulties in securing leased accommodation in Fiji. However, we do believe that the preparation and submission to the Department of the Treasury of an application for funds which was discrepant in its most significant aspect, i.e, the value of the funds required, suggests to Your Committee the existence of a

degree of care less than that expected of officers charged with the administration of expenditure. Your Committee trusts that it will not be necessary to inquire into the results of such patent errors in the future.

France - Incidental & Other Expenditure

84. Referring to the unauthorised expenditure by the London office, Mr. Brennan explained that the British Government had changed the basis of the costing for maintenance work which had resulted in a temporary cessation in the submission of claims for work undertaken. The British Government had then presented, in 1965-66, accounts covering an eighteen month period in respect of which authority was given to the High Commission in London to pay 12 months' accounts. However, despite the absence of authority to do so, all of the accounts rendered were paid by the High Commissioner's Office.
- The Prime Minister's Department has advised that the attention of officers of the High Commissioner's Office, London, has been drawn to the need for proper authority prior to the expenditure of funds. The Department points out, however, that in this case there were some extenuating circumstances.
86. Your Committee is again concerned to note both the Department's failure to adhere to prescribed procedures and the evidence that the over-expenditures in both instances were occasioned by an officer's neglect in matters of detail. Your Committee notes, however, that the need to properly account for exchange rate variations had been brought to the attention of all officers concerned and we trust that the attention of officers in the High Commissioner's Office, London, has been drawn to the need for

proper authority prior to the expenditure of funds.

DEPARTMENT OF NATIONAL DEVELOPMENT

119. Your Committee is disturbed that an error involving almost 10 per cent of an appropriation should occur in a subsidiary financial record and remain undetected for a period of four months. We find little reassurance in the evidence that the error would have been revealed before the close of the financial year if the rate of expenditure in the final month had not been unusually heavy. This explanation infers that regardless of the rate of expenditure, a substantial error would have remained for at least three months.

The Department believes that revisions it has made to its procedures have so improved its system of funds control that there will be no recurrence of errors of the type reported upon by the Committee.

120. It appears to Your Committee that the failure to detect the error at an earlier date is an indication that the Department's financial control has been less effective than should be expected. We expect that the remedial measures being implemented by the Department will recognise that room for an unreasonable degree of error has existed and Your Committee trusts that it will not be necessary to examine the Department in future for a failure to accurately record the extent of available funds.

DEPARTMENT OF WORKS

176. Your Committee is familiar with the difficult staff situation that commonly prevails in the Northern Territory but we do not accept that an error of \$72,400 (a sum equal to nearly 60 per cent of the Department's actual requirements) would have occurred if the preparation of the Estimates had been adequately supervised and reviewed by senior officers within the Northern Territory Branch. Your Committee is dissatisfied that an error of this magnitude should occur.

The Department has advised that steps have been taken to ensure that satisfactory commitment control procedures are being adhered to in the Northern Territory Branch of the Department.

GENERAL

177. This chapter relates to certain comments of a general nature which Your Committee desires to make in respect of the evidence taken during its inquiry and relating to expenditure from the Advance to the Treasurer.

A Treasury Circular has been issued drawing the attention of all Authorising Officers to section 83 of the Constitution section 34/(2) (b) of the Audit Act 1901-1966 and Treasury Regulations 90 and 92. Departments and Authorising Officers were reminded that no specific appropriation may be exceeded without the Treasurer's approval pursuant to section 36A of the Audit Act.

178. In its Sixty-eighth Report relating to expenditure from the Advance to the Treasurer for the financial year 1963-64, Your Committee drew attention to the unsatisfactory nature of some of the explanatory statements submitted by Departments. During the course of that inquiry the attention of witnesses was drawn to the defects discovered and representatives of the Department of the Treasury undertook to prepare, in collaboration

The Public Service Board has held discussions with the Departments concerned with the object of ensuring that no avoidable delays occur in the processing of applications for permanent appointment.

The attention of the Departments concerned has been drawn to the

with Your Committee, a suitable pro-forma statement and to circulate copies of this to departments together with the Treasury circular that is sent to departments each year in connection with expenditure from the Advance to the Treasurer. Arising from the discussions which were held late in 1964 a pro-forma was developed which it was felt would meet the needs of the Department of the Treasury and Your Committee.

Committee's comments regarding the standard of explanations submitted to the Committee.

179. Whilst our examination of the explanatory statements submitted in connection with expenditure from the Advance to the Treasurer in 1964-65, based on the agreed pro-forma, showed a very substantial improvement in the quality of the explanations submitted, experience in the use of the pro-forma showed that it was in need of further refinement and in our Seventy-fourth Report relative to that Inquiry we indicated that we would welcome further discussions with officers of the Department of the Treasury. Further discussions were held in May 1966 when it was agreed that Your Committee should design a pro-forma to meet its specific needs.

180. The new pro-forma provided for separate explanations relating to expenditure from the Additional Estimates and expenditure from the Advance to the Treasurer. Moreover, the pro-forma made provision for an analysis of funds available to departments rather than an analysis of expenditure as had been

required in earlier years. This change highlighted at once a number of cases in which departments had sought and obtained access to funds from the Advance to the Treasurer late in the financial year but had not, for various reasons, finally required the amounts so obtained. In some cases, this situation reflected the absence of a realistic approach in the assessment of financial needs in the closing weeks of the financial year.

181. Our examination of departmental submissions showed that in a number of cases, amounts had been charged to the Advance to the Treasurer without Warrant Authority. In some of these cases the failure to obtain Warrant Authority resulted from the unforeseen but urgent need for expenditure by the department concerned. In other cases, however, departments had obtained Treasury approval to incur liability but had subsequently neglected to acquire Warrant Authority from the Department of the Treasury. In these circumstances, Your Committee would emphasise the need for Treasury Regulation 90 (1) to be observed by departments. This Regulation is as follows:

"90 (1) An Authorizing Officer shall not authorize expenditure from Revenue or Loan Appropriation until a Warrant Authority for Expenditure in accordance with Form 30 authorizing expenditure accordingly has been obtained from the Secretary, Department of the Treasury. "

182. A review at the conclusion of our inquiry of all the evidence tendered revealed that some departments had submitted that over-expenditure had been incurred in respect of the provisions made for the employment of temporary employees because the processes employed in arranging for the permanent appointment of those employees had not been completed by the end of the financial year. The Departments of Civil Aviation, Customs and Excise and Primary Industry each stated that as a result the salaries of such employees were debited to these votes for a longer period during the financial year than had been expected. In particular, the Department of Primary Industry informed us that the associated documentation was being processed and submitted to the Public Service Board at the time the Additional Estimates were being formulated but delays in completing the formalities had necessitated a call upon the Advance to the Treasurer in order to augment the funds sought in the Original and Supplementary Appropriations. Your Committee received no observations from the Public Service Board observer, or evidence from the departments, to indicate precisely where the delays occurred but we trust that departments and the Public Service Board which have a joint responsibility to effect the permanent appointment of officers, will endeavour to avoid delays in future which result in calls being made upon the Advance to the Treasurer.

183. Your Committee would also invite attention to the fact that in order to provide

an accurate and comprehensive explanation, some departments found it necessary to submit during the public inquiry a supplementary submission or oral amendments containing both additions and corrections to the original exhibit. Whilst Your Committee recognises that certain unforeseeable circumstances can arise in which departments may find a need to make additional submissions or corrections, such additions and corrections should be furnished to the Committee's Secretariat in sufficient time before the relevant public inquiry, to enable the Committee to take them into consideration in its oral examination of the department concerned. In this regard we would draw attention to memorandum 66/411 of 18 January 1966, circulated by the Secretary, Public Service Board, to all Permanent Heads, where it stated:

"The importance of thorough briefing of witnesses and the accuracy of departmental written submissions cannot be overestimated. It is in the interests of each Department and the Service generally, that the evidence tendered to the Public Accounts Committee is of the highest quality. It would therefore be appreciated if this circular could be brought to the attention of those officers in your Department who are likely to be

concerned with the preparation of material for the Committee, or who may be required to appear in person at future public hearings of the Committee".

For and on behalf of the Committee.

RICHARD CLEAVER,
Chairman

DAVID N. REID,
Secretary,
Joint Committee of Public Accounts,
Parliament House,
CANBERRA. ... A.C.T.

21st March, 1968.