

**Expenditure from
the Advance to the
Minister for Finance
(Appropriation Acts
1979-80)**

Report

186

**Joint Committee of
Public Accounts**

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

JOINT COMMITTEE OF PUBLIC ACCOUNTS

186TH REPORT

EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR FINANCE

(APPROPRIATION ACTS 1979-80)

Australian Government Publishing Service
CANBERRA 1981

JOINT COMMITTEE OF PUBLIC ACCOUNTS

THIRTEENTH COMMITTEE

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ISBN 0 642 06602 7

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DUTIES OF THE COMMITTEE

Section 8.(1) of the Public Accounts Committee Act 1951 reads as follows:

- 8.(1) Subject to sub-section (2), the duties of the Committee are:
- (a) to examine the accounts of the receipts and expenditure of the Commonwealth including the financial statements transmitted to the Auditor-General under sub-section (4) of section 50 of the Audit Act 1901;
 - (aa) to examine the financial affairs of authorities of the Commonwealth to which this Act applies and of intergovernmental bodies to which this Act applies;
 - (ab) to examine all reports of the Auditor-General (including reports of the results of efficiency audits) copies of which have been laid before the Houses of the Parliament;
 - (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.

(iv)

PREFACE

Since the Committee was reformed late in 1952, a regular feature of its activities has been the annual examination of the Expenditure from the Advance to the Minister for Finance (formerly the Advance to the Treasurer). The Advance is authorised by the Annual Appropriation Acts and made available to the Minister for issue in accordance with the terms of the appropriation and section 36A of the Audit Act (see paragraphs 1.3 and 1.4 below).

In July 1980 the Committee obtained from Departments 128 explanations relating to excess items of expenditure from the Advance in 1979/80 as reported in the Minister's statement to the Parliament in August 1980 (see Appendix A). Four items were selected for further public examination and additional written information was requested from a further 12 departments in relation to their explanations.

In examining expenditure from the Advance to the Minister for Finance the Committee has sought to ascertain whether or not expenditure from the Advance has been confined to urgent and unforeseeable requirements for which provision could not have been made in the Original and Additional Estimates. The Committee has also sought to ascertain whether or not the departments concerned have maintained efficient administration in the expenditure of funds under the items examined.

For and on behalf of the Committee,

David M. Connolly, M.P.,
Chairman.

M. J. Talberg,
Secretary,
Joint Committee of Public Accounts,
Parliament House,
CANBERRA. A.C.T. 2600.

13 February, 1981

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CHAPTER 1

INTRODUCTION AND GENERAL CONCLUSIONS

1.1 A department requiring additional funds for existing services or newly approved services, for which the provisions in the Appropriation Acts (Nos. 1 and 2) were insufficient, or for which no provision was made, seeks approval from the Department of Finance for funds from the Advance. Funds are approved either by the Minister or his delegate. The Advance may be used to anticipate the passing of the Appropriation Bills Nos. 1 and 2 if it is necessary to make urgent payments.

1.2 In 1979/80, the last date for acceptance of Estimates for Appropriation Acts (Nos. 1 and 2), was 2 May 1979. The last date for acceptance of the Additional Estimates, for Appropriation Acts (Nos. 3 and 4), was 5 March 1980. The procedure adopted in 1974/75 for making provision for salary increases during the year was adopted again in 1979/80. Section 5 of the Appropriation Act (No. 1) 1979/80 made provision for the appropriation of additional amounts to be determined by the Minister for Finance to cover the payments during the year of increases in salaries and wages and payments in the nature of salaries granted under any law, award, order or determination. Expenditure charged under this Section up to 5 March 1980 was included under the respective departments in Appropriation Act (No. 3) which included a clause allowing expenditure from 5 March 1980 on salary increases to be charged to the Consolidated Revenue Fund.

1.3 In the case of Appropriation Act No. 1 (1979/80), \$125m was provided in Division 310 as follows:

To enable the Minister for Finance:

- (a) to make advances that will be recovered during the financial year;
- (b) to make moneys available for expenditure, being expenditure for the ordinary annual services of the Government -
 - (i) particulars of which will afterwards be submitted to the Parliament; or
 - (ii) pending the issue of a warrant of the Governor-General specifically applicable to the expenditure.

1.4 In the case of Appropriation Act No. 2 (1979/80), \$100m was provided in Division 850 as follows:

To enable the Minister for Finance:

- (a) to make advances that will be recovered during the financial year;
- (b) to make moneys available for expenditure, particulars of which will afterwards be submitted to the Parliament, including payments by way of financial assistance to a State on such terms and conditions, if any, as the Minister for Finance determines; and
- (c) to make moneys available for expenditure, pending the issue of a warrant of the Governor-General specifically applicable to the expenditure.

1.5 The first purpose of both Advances is to provide funds that will be recovered during the financial year. Recoveries to the Advances may be from any source including recoveries from the Additional Estimates later in the year. It is not unusual for departments to require additional funds in any year to meet unforeseen changes in circumstances prior to the Additional Estimates and in such cases the Department of Finance will provide the required money from the appropriate Advance "pending Additional Estimates". The Department concerned is then required to seek the amount involved in the Additional Estimates and when the additional Appropriation Acts are passed the amount is credited back to the Advance to the Minister for Finance. The same principle of re-imbursing the Advance to the Minister for Finance applies to amounts provided to departments "pending the issue of Governor-General's Warrants". In this way the Advances are used as sources of temporary finance. Details of the temporary finance and expenditure usage of the Advance in recent years is shown below.

1.6 The remaining purposes of both Advances are to meet commitments that could not have been foreseen in time for their inclusion in the Additional Estimates and particulars of which are later submitted to the Parliament. (See Appendix A). It is this category which interests the Committee on behalf of the Parliament.

1.7 In July 1980 the Committee obtained from Departments 128 explanations relating to excess items of expenditure from the Advance in 1979/80 as reported in the Minister's statement to the Parliament in August 1980 (see Appendix A.)

TEMPORARY FINANCE AND EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR FINANCE

Year	Appropriation Act No 1		Appropriation Act No 2	
	Temporary* Finance	Final*** Expenditure 30 June	Temporary** Finance	Final*** Expenditure 30 June
	\$	\$	\$	\$
1969-70	13 116 220	9 422 691	16 707 767	11 293 461
1970-71	14 435 510	9 456 525	7 223 720	8 322 884
1971-72	18 685 639	10 529 309	21 207 135	430 068
1972-73	43 573 425	10 005 085	28 519 724	9 120 805
1973-74	24 378 141	20 068 993	11 793 917	42 341 308
1974-75	17 131 645	32 871 025	15 045 879	56 828 260
1975-76	110 443 112	56 700 475	63 738 646	12 376 749
1976-77	86 585 112	18 372 410	60 816 652	722 802
1977-78	97 779 317	21 477 733	42 510 080	28 612 004
1978-79	54 452 373	35 161 334	24 356 655	430 258
1979-80	76 991 812	26 249 499	10 127 458	7 516 461

* Pending Appropriation Act No 3 or issue of Governor-General's Warrant.

** Pending Appropriation Act No 4 or issue of Governor-General's Warrant.

*** Between closing of applications for Additional Estimates and 30 June.

1.8 Four items were selected for further public examination by the Committee. These items are as follows:-

- . Department of Finance - Expenditure by Department in excess of the Governor-General's Warrant
- . Department of Social Security - Division 590/2/05 - Motor vehicle hire, maintenance and running expenses
- . Department of Transport - Division 655/1/01 - Salaries and payments in the nature of salary
- . Department of Veterans Affairs - Division 692/0/01 - other repatriation benefits, specialists, local medical officers and ancillary medical services.

1.9 The Committee also requested further written information from the following eleven departments in relation to their explanations.

- . Department of Administrative Services
- . Attorney General's Department
- . Department of Defence
- . Department of Foreign Affairs
- . Department of Home Affairs
- . Department of Housing and Construction
- . Department of Immigration and Ethnic Affairs
- . Department of National Development and Energy
- . Department of Transport (Divisions 655/2/03 and 655/2/22)
- . Department of Veterans Affairs (Divisions 692/0/04 and 692/0/07)

After examining the supplementary information provided, the Committee considers that expenditure from the advance was justified.

General Conclusions

1.10 In examining expenditure from the Advance to the Minister for Finance, the Public Accounts Committee sought to ascertain whether or not Expenditure from the Advance to the Minister for Finance had been confined to urgent and unforeseeable requirements for which provision could not have been made in the original and additional Estimates. It had also sought to ascertain whether or not the Departments concerned had maintained efficient administration in the expenditure under the item selected for inquiry.

1.11 The Committee is particularly concerned that in six cases, expenditure under an appropriation item was in excess of the Warrant Authority issued for that item. These cases were examined by the Committee at public inquiry, and it was determined that in the majority of cases the over-expenditure was caused by clerical error. The Committee would again remind Departments in this regard that Section 83 of the Constitution provides that "no money shall be drawn from the

Treasury of the Commonwealth except under Appropriation made by law" and that Section 34 of the Audit Act provides that "no Authorising Officer shall authorise the payments of any account ... until he shall have ascertained that the payment thereof, in addition to any accounts already authorised for payment will not exceed the amount of the appropriation".

1.12 This inquiry has shown that in most cases expenditure from the Advance to the Minister for Finance was confined to urgent and unforeseeable requirements for which provision could not have been made in the Appropriation Acts. In other cases, in particular the Department of Transport, there was evidence of clerical errors, inefficient estimating procedures, and delays which caused expenditure to be charged to the Advance when provision should properly have been made in the Additional Estimates. Attention has been drawn to these inadequacies where they have been identified.

CHAPTER 2

DEPARTMENT OF FINANCE

Expenditure in Excess of the Governor General's Warrant

2.1 Following the passing of the Annual Supply and Appropriation Acts through the Parliament, the Department of Finance seeks the issue of Governor General's warrant to provide authority for expenditure from the Commonwealth Public Account up to the amounts provided under the respective appropriations. For standing or special appropriations the Governor General's warrant is sought periodically (usually twice a year) to meet the purposes of the relevant legislation. Section 33 of the Audit Act provides that expenditure shall not exceed the amounts provided in the Governor General's warrant for any particular appropriation item. *

2.2 The Department of Finance has provided the Committee with a detailed paper on the legal and administrative basis for the control of Commonwealth Expenditure. The paper also incorporates a summary of the Department of Finance's ADP Appropriation Ledger facility, together with an explanation of the control aspects of the system which ensures, for the most part, that Departmental authorising officers do not authorise expenditure under an appropriation item in excess of the amount issued for that item by Warrant Advice. A copy of this paper is at Appendix B.

2.3 In 1979/80 there were six instances where expenditure under appropriation items exceeded the Warrant Authority held. The total over-expenditure was \$8,622,584 of which \$8,615,567 related to a single error made in one appropriation item. The Department of Finance informed the Committee that the over-expenditure fell into three categories. Details of the over-expenditure are as follows: **

(a) Excess issue of Warrant Advice due to clerical error.

Department of Finance

Special Appropriation under Superannuation Acts	\$8 615 567
--	-------------

Department of Immigration & Ethnic Affairs

Division 360/6/02 (Grants in aid - Migrant Welfare Organisations)	\$39
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* See Appendix B

** Minutes of Evidence pp. 80,81,86

Department of the Senate

Division 101/1/01 (Salaries
and Allowances) \$3 725

Division 101/2/03 (Other
Administrative Expenses) \$33

- (b) Failure by Authorising Officer to submit negative Warrant Advice for posting to ADP Appropriation Ledger.

Department of Defence

Division 233/1/15 (Transfer Expenses) \$2 501

In this case the Department has explained that the error was made by an officer at the time of his transfer to another department and the error was not detected by the replacement officer.*

- (c) Submission by authorising officer of urgent payment authorisation in excess of funds available.

Attorney-General's Department

Division 173/2/04 (Family Law, Administrative Expenses, Office Services) \$719

The payment in question was made on 30 June 1980. The error was caused when departmental officers misread the daily computer Balance Report when working in dim light during an electricity blackout.**

2.4 The Committee received submissions from the above Departments which provided further reasons as to why the excess expenditure occurred. These submissions are reproduced at Appendix C.

2.5 In respect of the over-expenditure in the Superannuation Act appropriation, the Department of Finance informed the Committee*** that the situation arose through a single clerical error in posting Warrant Advices to the Authorising Officer's Warrant Authority Control Sheet. A Warrant Advice for \$20,000,000 was forwarded to the Department of Social Security to cover the payment of pensions under the Superannuation Acts, but inadvertently was not deducted from the balance of Warrant Authority held. The resultant expenditure in excess of Warrant Authority occurred through payment of pensions on 25 June 1980. This situation existed until 30

June 1980 when the expenditure was covered by Warrant No. 134 of that date, based on Governor General's Warrant No. 3 of 1980/81 which included an amount of \$469,200,000 under the Superannuation Acts.

2.6 Subsequent to the discovery of the error the Department of Finance has taken steps to strengthen its internal control procedures so as to improve clerical accuracy and to prevent a recurrence. These steps have included:*

- (i) each issue of Warrant Advice is now carried out on a single line of the ledger;
- (ii) a balance is finalised for each entry prior to dispatch of Warrant Advice;
- (iii) more stringent final week reviews are carried out on all ledgers.

2.7 The other Departments which have expended in excess of Warrant Authority held have recognised that the errors took place either through a breakdown of internal control procedures, or as a result of most unusual circumstances, and have taken remedial action to reduce the likelihood of errors occurring in the future. In addition, the Department of Finance is proposing enhancements to its ADP Appropriation Ledger facility so as to enable central offices of departments to submit all Warrant Advices for input to the facility which will result in an immediate check of their validity.**

2.8 The Committee was informed by the Department of Finance that the improvements, which are expected to be introduced by 1 July 1981, should eliminate the types of errors described at (a) and (b) of paragraph 2.3 above, and that category (c) errors could be lessened by the tightening of the end of year instructions to accounting officers.***

Conclusions

2.9 The Committee notes with concern any instances where expenditure on an appropriation item is in excess of Warrant Authority held for that item, as such expenditure is incurred without the authority of the Parliament or the approval of the Minister for Finance. It is noted that remedial action has taken place to improve internal control in the Departments which over-expended in 1979/80 and trusts that this will result in no further instance of over-expenditure in the future.

* Minutes of Evidence pp. 80,92

** Minutes of Evidence p.81

*** Minutes of Evidence pp. 73, 86-89

* Minutes of Evidence p.74

** Minutes of Evidence pp. 79,88,89,90,92,93

*** Minutes of Evidence pp. 79,81,96,97

2.10 The Committee is particularly concerned at the breakdown of internal control procedures in the Department of the Senate, which resulted in the Department over-expenditure in two appropriation items in 1979/80. The Committee considers that the Parliamentary Departments have an added responsibility to ensure that expenditure on all items is kept within the limit of Warrant Authority held. This Committee therefore expects that the remedial action taken within this Department will be sufficient to ensure that over expenditure will not recur at any time in the future.

2.11 A further matter of concern is that the Department of the Senate did not provide a response to a letter of 12 August 1980 from the Committee which sought detailed information in relation to the over expenditure until 3 October 1980, a period of approximately 2 months. The Committee considers that such a delay is unacceptable, especially as it was requested that a response be provided by 29 August 1980.

2.12 The Committee approves of the proposed enhancements to the Department of Finance ADP Appropriation Ledger System and considers that once these improvements are implemented there will be considerably less scope for Departments to expend in excess of the Warrant Authority held for particular appropriation items in the future.

CHAPTER 3

DEPARTMENT OF SOCIAL SECURITY

Division 590/2/05 - Administrative - Administrative Expenses - Motor Vehicles - Hire, maintenance and running expenses.

<u>Funds Available</u>	<u>1977-78</u> \$	<u>1978-79</u> \$	<u>1979-80</u> \$
Appropriation Act No. 1	715 000	1 000 000	1 330 000
Appropriation Act No. 3	65 000	-	240 000
Advance to the Minister for Finance	-	-	60 000
TOTAL FUNDS AVAILABLE	780 000	1 000 000	1 630 000
TOTAL EXPENDITURE	776 996	984 212	1 626 605
UNEXPENDED FUNDS AVAILABLE	3 004	15 788	3 395

3.1 This item provides for the hire, repair, maintenance and running expenses of vehicles on hire to the Department. The vehicles are primarily used by Departmental field officers to carry out their duties in relation to social welfare cases. The vehicles are for the most part hired from the Department of Administrative Services, although private car rental firms are also used.

3.2 The Committee was informed that the Department has in recent years engaged in a programme of decentralisation. Since July 1, 1978 the Department has opened 34 new regional offices throughout Australia and a further 87 offices have either been relocated or upgraded. Additional functions have also been absorbed by 80 offices during the same period.* The decentralisation programme has resulted in the Department expanding its field officer staff, and also extending its visiting services to townships where there are no permanent social security offices.** This expansion has resulted in the Department significantly increasing its motor vehicle fleet in 1980/81.

3.3 The Committee was told that the number of vehicles on permanent hire from the Department of Administrative Services had increased from 518 at 30 June 1979 to 672 at 30 June 1980, an increase of about 30% during the year. In addition, the Department of Administrative Services increased

* Minutes of Evidence p.114

** Minutes of Evidence pp 103 and 109

its vehicle hire charge rates from 24 September 1979, and the Department assessed that the effects of this would result in increased expenditure in the order of 20% at that time. * These factors account primarily for the 63% increase in this item in 1979/80.

Additional Estimates

3.4 An amount of \$240,000 was required in Appropriation Act No. 3 to cover:

	\$
Increased vehicle hire rates as from 24 September 1979	100 000
Increased requirement for short term hire cars	60 000
Earlier delivery of vehicles than anticipated	40 000
Increased costs of fuels, lubricants and servicing of vehicles	40 000
	<u>240 000</u>

3.5 In respect of the increased requirement for short term hire cars the Committee was told that the Department's short term hire varies significantly throughout the year depending on particular requirements and particular circumstances. The fluctuations may result from a sudden upsurge of work in a particular area, the temporary attachment of a person in a particular area, or pending the replacement by a permanent vehicle of an accident damaged vehicle. The Department does not keep detailed statistics on the number of vehicles on short term hire. **

3.6 The Committee was informed that the Department had received a number of vehicles earlier than had been anticipated. The Department estimates that in terms of vehicle months it had 212 vehicle months earlier delivery throughout the Commonwealth in 1979/80. This earlier delivery was welcomed by the Department as it had appointed many additional field work staff. Without the additional cars they would have been ineffective or the Department would have been forced to hire many more vehicles from private rental firms. ***

3.7 The Department estimates that the average cost, including running expenses for a vehicle on permanent hire is approximately \$2,400 per annum. The Departmental witness explained that the sub-item for fuels, lubricants and

* Minutes of Evidence p.103
 ** Minutes of Evidence p.104
 *** Minutes of Evidence p.106

servicing relates to arrangements in the country areas where independent servicing is required. *

3.8 The Department of Administrative Services provides normal servicing and petrol usage for cars in the metropolitan areas. There is a marked difference in hire rates for vehicles hired in the city and the country. For example the current hire rate for a four cylinder car is \$28 per week in the city and \$11 per week in country areas. **

3.9 The early delivery of the vehicles resulted in the Department becoming liable for hire costs, and in country areas running costs, earlier than expected. The Department was allocated a total of \$80,000 in additional estimates to cover the additional hire and servicing costs associated with the earlier delivery of vehicles. ***

Advance to the Minister for Finance

3.10 The Departmental submission provided the following information relating to estimates and actual expenditure in respect of this item.***

	Original allocation	Revised allocation following additional estimates	Expenditure	Excess of expenditure over allocation
	\$	\$	\$	\$
Permanent Hire	720 000	855 000	900 724	45 724
Short Term Hire	170 000	235 000	241 414	6 414
Running Expenses	440 000	480 000	484 467	4 467
	<u>1 330 000</u>	<u>1 570 000</u>	<u>1 626 605</u>	<u>56 605</u>

3.11 The Committee was informed that the amount of \$60,000 from the Advance to the Minister for Finance was required for the following reasons.

to cover relatively small discrepancies between estimates and actual needs in this item. These

* Minutes of Evidence p.105
 ** Minutes of Evidence p.105
 *** Minutes of Evidence p.99 \$40,000 for earlier delivery of vehicles and \$40,000 for increased cost of fuels, lubricants and servicing of vehicles
 **** Minutes of Evidence p.102

discrepancies totalled some \$20,600 out of \$1,570,000.

it was not envisaged that accounts for services rendered in late May and early June 1980 would be received in the Department in time to allow payment in 1979/80. Several State offices of the the Department received accounts, mainly from the Department of Administrative Services, covering services rendered up to the beginning of June in the first weeks of that month, necessitating an application for funds from the Advance to the Minister for Finance to ensure that the accounts were settled by due dates. Approximately \$36,000 was paid to the Department of Administrative Services in respect of those accounts.

Conclusion

3.12 The Committee is generally satisfied with the Department's explanation in relation to the Expenditure of \$56,605 from the Advance to the Minister for Finance for this item. However, the Committee notes that the Department's decentralisation and expansion program is of a long term nature and that vehicles have been hired from the Department of Administrative Services for several years. The Department on the basis of its past experience, should therefore have been able to make provision for the full costs of the car fleet expansion and for the payment of the June 1980 period ended accounts at additional estimates time.

CHAPTER 4

DEPARTMENT OF TRANSPORT

Division 655/1/01 - Administrative - Salaries and payments in the nature of salary - Salaries and allowances.

Funds Available	1977/78	1978/79	1979/80
	\$	\$	\$
Appropriation Act No 1	137 400 000	147 900 000	163 320 000
Appropriation Act No 3	3 566 000	4 800 000	3 110 000
Advance to the Minister for Finance	2 450 000	-	3 250 000
TOTAL FUNDS AVAILABLE	143 416 000	152 700 000	169 680 000
TOTAL EXPENDITURE	143 244 741	152 427 918	169 629 808
UNEXPENDED FUNDS AVAILABLE	161 259	227 082	50 192

4.1 This item provides for the salaries and allowances of all permanent, temporary and casual staff employed in the central administration, regional offices and overseas offices, on navigational aid vessels and at numerous locations throughout Australia.

4.2 The Department informed the Committee that the amount of \$3.110m provided in Appropriation Act No. 3 was required to meet the effects of cost increases associated with the National Wage Case of January 1980.*

Advance to the Minister for Finance

4.3 The Department in a submission dated 15 July 1980 informed the Committee that the amount of \$3.25m from the Advance to the Minister for Finance was required for the following reasons:**

an approved increase of 70 in the staff ceiling was not received until April 1980, subsequent to the closure of additional estimates submissions;

* Minutes of Evidence p.4

** Minutes of Evidence p.5

- the number of staff within ceiling whose salary was paid from this item was greater than originally anticipated due to the staff of the Bureau of Transport Economics not attaining the forecast level of establishment. (In evidence given before the Committee, the Departmental witness said that the Bureau of Transport Economics average employment level in 1979/80 was approximately 16 below that provided for in the Bureau's appropriation under item 658/1/01;*)

- the transfer of some 30 staff from Papua New Guinea to Australia without replacement. These staff were previously paid by the Papua New Guinea Government.

4.4 In an additional submission of 19 August 1980** the Department stated that the factors in paragraph 4.3 would only account for \$1.53m of the \$3.25m received from the Advance.

4.5 The Department informed the Committee that it is likely that the remaining expenditure of \$1.72m is attributable to a number of factors that cannot readily be quantified. These factors include:***

- recruitment action over the yearly cycle was taken earlier in 1979/80 than in previous years;
- staff wastage was not as high as predicted in the latter part of the year;
- secondments of staff and the need to fill positions transferred to Canberra before their former occupants were deployed elsewhere caused an increase in the salary commitment;
- the Department had underestimated its average salary payment by between 1 and 2 per cent in 1979/80. However, the Department pointed out that it has over 11,000 officers spread over 130 different occupational groups.

4.6 At 30 June 1979, the Department had an operational staff of 11,048 whereas the approved staff ceiling was 11,001. During 1979/80, the Department recruited 148 new technical trainees. At 30 June 1980, the Department's operational staff was 11,304 whereas the approved staff ceiling was 11,270. **** The Department therefore was 47 over ceiling 1978/79 and 34 over ceiling in 1979/80.

* Minutes of Evidence pp. 5, 37

** Minutes of Evidence pp. 6, 38

*** Minutes of Evidence pp. 6, 38, 39, 40

**** Minutes of Evidence p. 7, 14, 17

4.7 In its submission of 19 August 1980 the Department informed the Committee that it is conscious of the need to refine its estimating procedures and that it currently has its estimating and control mechanisms under review.

Conclusions

4.8 The Committee considers that a significant proportion of the amount provided to the Department in the Advance to the Minister for Finance should have been foreseen at additional estimates time. Decisions relating to the recruitment and redeployment of staff are usually of a long term nature, and therefore the Department should have had ample time to incorporate the cost of these decisions within its estimates rather than to seek recourse to the Advance to the Minister for Finance.

4.9 The Committee is particularly concerned that \$1.72m of the amount provided for this item in the Advance to the Minister for Finance cannot readily be quantified or accounted for by the Department, and believes that this situation illustrates a serious deficiency in the Department's estimating and financial control procedures.

4.10 The Committee considers that, notwithstanding the diversity and complexity of operations, deficiencies in the Department's financial control procedures are further illustrated by the following unsatisfactory features:

- the underestimation of the average salary paid in the Department by a factor of between 1 and 2 per cent;
- the underestimation of staff wastage in the latter part of the year;
- the inability of the Department to be able to anticipate the full cost of its recruitment program in 1979/80, and make provision in the estimates accordingly;
- the inability of the Department to anticipate the number of staff paid under this item as a result of the Bureau of Transport Economics establishment not obtaining the forecast level and the transfer of the Papua New Guinea staff in time for inclusion in the additional estimates.

4.11 The Committee is concerned that the Department has exceeded its staff ceiling for at least 2 consecutive years, and suggests that the Department reviews its staffing procedures to ensure that in future it remains within approved ceiling levels.

4.12 The Committee notes that the Department is aware of the need to improve its estimating procedures, and expects that the current review will result in a significant improvement in performance in the future. The Committee wishes to be kept informed of the progress made in this review.

CHAPTER 5

DEPARTMENT OF VETERANS' AFFAIRS

Division 692/0/01 - Other Repatriation Benefits - Specialists, Local Medical Officers, and Ancillary Medical Services.

FUNDS AVAILABLE	1977/78 \$	1978/79 \$	1979/80 \$
Appropriation Act No. 1	37 161 000	44 600 000	51 707 000
Appropriation Act No. 3	4 302 000	2 000 000	6 923 000
Advance to the Minister for Finance	-	-	108 000
TOTAL FUNDS AVAILABLE	41 463 000	46 600 000	58 738 000
TOTAL EXPENDITURE	41 437 093	46 570 226	58 725 811
UNEXPENDED FUNDS AVAILABLE	25 907	29 774	12 189

5.1 This item provides for the treatment expenses of eligible persons, including certain Service pensioners, involving payment of medical fees, the reimbursement of medical expenses privately incurred and the provision and maintenance of medical equipment for eligible persons.*

5.2 The additional \$6.923m provided in Appropriation Act No. 3, 1979/80 for this item were required for the following reasons.**

- Average fee increases of approximately 9% for local medical officers and specialists from 1 November 1979 and allied health professionals from 1 January 1980 were estimated at \$3.706m;
- Increased demand by veterans for Departmental services was estimated to add \$3.217m to expenditure.

Advance to the Minister for Finance

5.3 The Committee was informed that the use of the Advance to the Minister for Finance was to pay an overdue claim for payment. This claim was discussed at the Repatriation General Hospital, Concord on 26 June 1980,

* Minutes of Evidence p.44

** Minutes of Evidence pp. 44,58

subsequent to the expenditure of all available funds and prior to the close of the general processing of accounts.*

5.4 The claim for payment totalled \$120,000 for goods supplied under contract to the Repatriation General Hospital, Concord in April, May and June 1980, by Domedica Pty Ltd., a firm which supplies consumables used in home dialysis units.
**

5.5 The Committee was informed that out of the \$120,000 outstanding, an amount of \$520 related to goods supplied on 17 April 1980, \$77,000 related to goods supplied in May and the balance of about \$40,000 related to goods supplied in June. ***

5.6 The delay in paying the April and May accounts arose through the need of the Department to resolve a price differential between the Department's order and the supplier's invoice prior to payment. From 1 April 1980, price increases for the supplier's product took effect under the terms of a new contract. The differential resulted through the supplier using the new prices in his invoices, whereas the Department's orders had been placed prior to 1 April 1980 under the old contract rates. The accounts section resolved the claim to the stores clerk for resolution. ****

5.7 The Department considered that it was appropriate to use the Advance to the Minister for Finance to pay this account in 1979/80 rather than defer it to the new financial year as the supplier was anxious for payment, and had threatened to cease further supply unless the account was promptly settled. In paying the account the Department was also acting in accordance with an instruction from the Department of Finance: +

"Departments are to note that all entitlements and claims that are normally due for payment in a financial year should be paid in that year. Where funds are insufficient to meet such claims, urgent application should be made to the Department of Finance for additional funds from the Advance to the Minister for Finance."

5.8 The Departmental submission to the Committee stated that a Staff Utilisation Review in its N.S.W. Branch had

* Minutes of Evidence p.45

** Minutes of Evidence pp. 46,65

*** Minutes of Evidence pp. 49,68

**** Minutes of Evidence pp. 50,55

+ Minutes of Evidence pp. 46,48,52,65,67,69

indicated that a strengthening was required in the accounts group at the Hospital. As a result, a new structure has been approved and staffed and it is expected that this will allow accounts to be processed more promptly.

Conclusion

5.9 The Committee accepts the Department's explanation.

COMMONWEALTH OF AUSTRALIA

ADVANCE TO THE MINISTER FOR FINANCE

Statement of Heads of Expenditure
and the amounts charged thereto
pursuant to section 36A of the
Audit Act 1901

Appropriation Act (No. 1) 1979-80
Division 310—\$125 000 000

Appropriation Act (No. 2) 1979-80
Division 850—\$100 000 000

APPROPRIATION ACT (No. 2) 1979-80—\$7 516 460

DEPARTMENTS AND SERVICES

	Issues from the Advance to the Minister for Finance	Expenditure
	\$	\$
Department of Aboriginal Affairs	103 308	103 308
Department of Administrative Services	54 620	31 800
Department of the Capital Territory	2 250 000	2 250 000
Department of Employment and Youth Affairs	88 499	38 074
Department of Foreign Affairs	122 000	..
Department of Health	100 000	100 000
Department of Home Affairs	182 000	182 000
Department of Housing and Construction	1 875 000	1 815 643
Department of Immigration and Ethnic Affairs	190 000	190 000
Postal and Telecommunications Department	88 000	87 123
Department of Science and the Environment	90 000	90 000
Department of Social Security	1 120 000	1 118 984
Department of Trade and Resources	450 000	450 000
Department of the Treasury	3 210 663	1 059 528

I. CASTLES
Secretary to the Department of Finance
August 1980

ERIC L. ROBINSON
Minister for Finance
August 1980

ABSTRACT

EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR FINANCE APPROPRIATION ACT (No. 1) 1979-80—\$26 249 500

DEPARTMENTS AND SERVICES

Page No.		Issues from the Advance to the Minister for Finance	
		\$	\$
5	Parliament	4 557 759	442 815
6	Department of Aboriginal Affairs	20 300	20 051
6	Department of Administrative Services	1 730 389	1 456 543
7	Attorney-General's Department	401 100	357 793
8	Department of Business and Consumer Affairs	10 300	9 677
8	Department of Defence	10 148 000	9 510 592
9	Department of Education	1 374 692	1 344 583
9	Department of Finance	23 810	15 498
10	Department of Foreign Affairs	3 425 000	3 368 978
11	Department of Health	258 000	256 652
11	Department of Home Affairs	6 901	6 340
12	Department of Housing and Construction	200 000	197 060
12	Department of Immigration and Ethnic Affairs	269 810	251 089
13	Department of National Development and Energy	151 600	149 118
13	Postal and Telecommunications Department	25 000	24 670
14	Department of Primary Industry	48 500	45 198
14	Department of the Prime Minister and Cabinet	300 788	299 753
14	Department of Productivity	3 305 000	3 238 994
15	Department of Social Security	103 724	91 689
15	Department of Trade and Resources	95 000	92 776
16	Department of Transport	3 865 000	3 793 182
16	Department of the Treasury	66 101	66 099
16	Department of Veterans' Affairs	1 361 000	1 210 350

EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR FINANCE

APPROPRIATION ACT (No. 1) 1979-80

DEPARTMENTS AND SERVICES

	Issues from the Advance to the Minister for Finance	
	\$	\$
PARLIAMENT		
DIVISION 101.—SENATE		
2.—Administrative Expenses—		
01. Printing, binding and distribution of papers	69 259	69 258
DIVISION 102.—HOUSE OF REPRESENTATIVES		
2.—Administrative Expenses—		
01. Printing, binding and distribution of papers	227 300	227 256
DIVISION 103.—PARLIAMENTARY REPORTING STAFF		
2.—Administrative Expenses—		
03. <i>Hansard</i> —Printing, distribution and binding—Senate	101 000	96 239
DIVISION 104.—PARLIAMENTARY LIBRARY		
1.—Salaries and Payments in the nature of Salary—		
02. Overtime	10 000	5 462
DIVISION 105.—JOINT HOUSE DEPARTMENT		
1.—Salaries and Payments in the nature of Salary—		
02. Overtime	7 000	5 364
2.—Administrative Expenses—		
01. Travelling and subsistence	1 400	1 283
03. Postage, telegrams and telephone services	39 100	37 262
05. Incidental and other expenditure	700	691
	41 200	39 236
Total: Division 105		48 200 44 600
Total: Parliament		455 759 442 815

	Issues from the Advance to the Minister for Finance	Expenditure
	\$	\$
DEPARTMENT OF ABORIGINAL AFFAIRS		
DIVISION 120.—ADMINISTRATIVE		
2.—Administrative Expenses—		
12. Incidental and other expenditure	20 300	20 051
Total: Department of Aboriginal Affairs	20 300	20 051

DEPARTMENT OF ADMINISTRATIVE SERVICES		
DIVISION 130.—ADMINISTRATIVE		
1.—Salaries and Payments in the nature of Salary—		
02. Overtime	54 800	43 757
2.—Administrative Expenses—		
01. Travelling and subsistence	25 000	3 149
07. National publicity materials and illustrations	23 700	23 624
	48 700	26 773
3.—Other Services—		
04. Ex-members of Parliament and their dependants— Annual allowances	504	504
12. Sir Robert Menzies Memorial Trust—Contribution	134 743	134 742
	135 247	135 246
5.—Australian Property Services—		
05. Fire protection—Commonwealth property	204 500	204 415
6.—Overseas Property Services—		
02. Property maintenance and services	79 400	78 265
Total: Division 130	522 647	488 456

DIVISION 138.—AUSTRALIAN FEDERAL POLICE		
1.—Salaries and Payments in the nature of Salary—		
02. Overtime	90 000	59 859
2.—Administrative Expenses—		
01. Travelling and subsistence	156 000	118 286
03. Postage, telegrams and telephone services	234 000	223 755

	Issues from the Advance to the Minister for Finance	Expenditure
	\$	\$
<i>Department of Administrative Services—continued</i>		
<i>Division 138.—Australian Federal Police—continued</i>		
2.—Administrative Expenses—continued		
04. Office services	30 000	12 567
10. Incidental and other expenditure	41 000	29 559
	461 000	384 167
Total: Division 138	551 000	444 026

DIVISION 140.—PARLIAMENTARY AND MINISTERIAL STAFF AND SERVICES		
2.—Administrative Expenses—		
01. Travelling and subsistence—Within Australia	49 000	..
3.—Conveyance of Members of Parliament and Others		
	115 000	50 010
4.—Visits Abroad of Ministers (including personal staff) and Others		
	96 000	77 457
Total: Division 140	260 000	127 467

DIVISION 155.—COMMONWEALTH ACCOMMODATION AND CATERING SERVICES LIMITED		
03. Migrant temporary accommodation assistance	394 242	394 242

DIVISION 160.—GRANTS COMMISSION		
1.—Salaries and Payments in the nature of Salary—		
02. Overtime	2 500	2 352
Total: Department of Administrative Services	1 730 389	1 456 543

ATTORNEY-GENERAL'S DEPARTMENT

DIVISION 165.—ADMINISTRATIVE		
2.—Administrative Expenses—		
05. Publication of Acts and Statutory Rules	98 000	63 746
06. Legal expenses	250 000	244 079
10. Incidental and other expenditure	45 000	41 868
Total: Division 165	393 000	349 693

Attorney-General's Department—continued

DIVISION 173.—FAMILY LAW

1.—Salaries and Payments in the nature of Salary—

03. Widow of Judge—payment in lieu of long leave	8 100	8 100
Total: Attorney-General's Department	401 100	357 793

DEPARTMENT OF BUSINESS AND CONSUMER AFFAIRS

DIVISION 199.—TRADE PRACTICES COMMISSION

1.—Salaries and Payments in the nature of Salary—

01. Salaries and allowances	4 300	3 679
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2.—Administrative Expenses—

07. Incidental and other expenditure	6 000	5 998
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Total: Department of Business and Consumer Affairs	10 300	9 677
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DEPARTMENT OF DEFENCE

DIVISION 230.—AUSTRALIAN DEFENCE FORCE

1.—Salaries and Payments in the nature of Salary—

01. Permanent Naval Forces	2 560 000	2 502 173
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DIVISION 233.—ADMINISTRATIVE AND OTHER EXPENDITURE

1.—Administrative Expenses—

06. Medical and dental services	87 000	82 889
07. Payments under <i>Compensation (Commonwealth Employees) Act</i> 1971	565 000	478 445
13. Post, handling, licences, agency and other commercial type services	55 000	31 678
15. Transfer expenses	400 000	402 500

Total: Division 233	1 107 000	995 512
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Department of Defence—continued

DIVISION 234.—EQUIPMENT AND STORES

1.—New Equipment and Stores—

04. Other equipment and stores	2 220 000	1 787 795
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2.—Replacement Equipment and Stores—

01. Weapons, armament, ammunition and explosives	840 000	816 946
02. Rations	1 200 000	1 157 019
03. Liquid fuels and lubricants	1 500 000	1 474 946
	3 540 000	3 448 911

Total: Division 234	5 760 000	5 236 706
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DIVISION 238.—NATURAL DISASTERS AND CIVIL DEFENCE

3.—Other Services—

02. Reimbursement of salaries paid by the States to Civil Defence personnel	15 000	14 677
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DIVISION 240.—DEFENCE CO-OPERATION

06. Equipment, facilities and associated expenditure for defence co-operation training in Australia	650 000	650 000
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DIVISION 241.—DEFENCE SCIENCE AND TECHNOLOGY

2.—Administrative Expenses—

03. Postage, telegrams and telephone services	11 000	10 310
09. Incidental and other expenditure	45 000	43 214

Total: Division 241	56 000	53 524
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Total: Department of Defence	10 148 000	9 510 592
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DEPARTMENT OF EDUCATION

DIVISION 270.—ADMINISTRATIVE

3.—Other Services—

14. Child migrant and refugee education—Associated services	110 000	109 357
16. Payments pursuant to section 34A (1) of the <i>Audit Act</i> 1901	2 000	2 000
	112 000	111 357

	Issues from the Advance to the Minister for Finance	Expenditure
	\$	\$
<i>Department of Education—continued</i>		
<i>Division 270.—Administrative—continued</i>		
<i>4.—Student Assistance Programs—</i>		
04. Aboriginal secondary grants	363 000	348 456
05. Aboriginal study grants	653 500	638 589
07. Non-State Tertiary Institutions—Payment of tuition fees	853	850
	1 017 353	987 895
<i>Total: Division 270</i>	1 129 353	1 099 252
 <i>DIVISION 278.—CANNBERRA COLLEGE OF ADVANCED EDUCATION</i>		
<i>1.—For expenditure under the Canberra College of Advanced Education Act 1967—Running expenses</i>	37 539	37 539
 <i>DIVISION 279.—THE AUSTRALIAN NATIONAL UNIVERSITY</i>		
<i>1.—Running expenses—Supplementary grant</i>	207 800	207 792
<i>Total: Department of Education</i>	1 374 692	1 344 583

DEPARTMENT OF FINANCE

DIVISION 308.—SUPERANNUATION FUND INVESTMENT TRUST

<i>1.—Salaries and Payments in the nature of Salary—</i>		
01. Salaries and allowances	13 810	13 810
<i>2.—Administrative Expenses—</i>		
01. Travelling and subsistence	10 000	1 688
<i>Total: Department of Finance</i>	23 810	15 498

DEPARTMENT OF FOREIGN AFFAIRS

DIVISION 315.—ADMINISTRATIVE

<i>2.—Administrative Expenses—</i>		
04. Representation at overseas conferences	75 000	74 596
13. Conferences in Australia—Expenses	40 000	30 530
	115 000	105 126

	Issues from the Advance to the Minister for Finance	Expenditure
	\$	\$
<i>Department of Foreign Affairs—continued</i>		
<i>Division 315.—Administrative—continued</i>		
<i>3.—Other Services—</i>		
05. Cultural relations overseas	35 000	..
<i>Total: Division 315</i>	150 000	105 126
 <i>DIVISION 318.—AUSTRALIAN DEVELOPMENT ASSISTANCE BUREAU</i>		
<i>9.—Emergency Humanitarian Relief—</i>		
01. Kampuchea	2 275 000	2 263 852
02. East Timor	1 000 000	1 000 000
<i>Total: Division 318</i>	3 275 000	3 263 852
<i>Total: Department of Foreign Affairs</i>	3 425 000	3 368 978

DEPARTMENT OF HEALTH

DIVISION 325.—ADMINISTRATIVE

<i>1.—Salaries and Payments in the nature of Salary—</i>		
02. Overtime	20 000	18 652
<i>3.—Other Services—</i>		
08. Commonwealth Serum Laboratories Commission— Advance for research under section 19 (b) of <i>Commonwealth Serum Laboratories Act 1961</i>	238 000	238 000
<i>Total: Department of Health</i>	258 000	256 652

DEPARTMENT OF HOME AFFAIRS

DIVISION 334.—AUSTRALIAN WAR MEMORIAL.

<i>1.—Salaries and Payments in the nature of Salary—</i>		
02. Overtime	1	..

DIVISION 335.—CHRISTMAS ISLAND

(Recoverable from Christmas Island Phosphate Commission and Internal Revenue)

<i>1.—Salaries and Payments in the nature of Salary—</i>		
02. Overtime	4 700	4 209

	Issues from the Advance to the Minister for Finance	Expenditure
	\$	\$
<i>Department of Home Affairs—continued</i>		
<i>Division 335.—Christmas Island—continued</i>		
2.—Administrative Expenses—		
03. Education allowances and school transport	2 200	2 131
<i>Total: Division 335</i>	<i>6 900</i>	<i>6 340</i>
Total: Department of Home Affairs	6 901	6 340

DEPARTMENT OF HOUSING AND CONSTRUCTION

DIVISION 352.—REPAIRS AND MAINTENANCE

1.—Departmental—		
07. Department of Education	200 000	197 060
Total: Department of Housing and Construction	200 000	197 060

DEPARTMENT OF IMMIGRATION AND ETHNIC AFFAIRS

DIVISION 360.—ADMINISTRATIVE

1.—Salaries and Payments in the nature of Salary—		
01. Salaries and allowances	53 000	38 151
2.—Administrative Expenses—		
01. Travelling and subsistence	16 000	14 935
05. Payments for services—Government authorities and agents	9 800	9 197
	<i>25 800</i>	<i>24 132</i>
<i>Total: Division 360</i>	<i>78 800</i>	<i>62 283</i>

DIVISION 364.—OVERSEAS SERVICE

1.—Salaries and Payments in the nature of Salary—		
01. Salaries and allowances	89 900	89 837
2.—Administrative Expenses—		
01. Travelling and subsistence	70 300	69 417
03. Telephone services	810	751

	Issues from the Advance to the Minister for Finance	Expenditure
	\$	\$
<i>Department of Immigration and Ethnic Affairs—continued</i>		
<i>Division 364.—Overseas Service—continued</i>		
2.—Administrative Expenses—continued		
04. Incidental and other expenditure	30 000	28 801
	<i>101 110</i>	<i>98 969</i>
<i>Total: Division 364</i>	<i>191 010</i>	<i>188 806</i>
Total: Department of Immigration and Ethnic Affairs	269 810	251 089

DEPARTMENT OF NATIONAL DEVELOPMENT AND ENERGY

DIVISION 430.—ADMINISTRATIVE

2.—Administrative Expenses—		
01. Travelling and subsistence	20 000	19 476
03. Postage, telegrams and telephone services	62 300	61 240
05. Payments under Compensation (Commonwealth Employees) Act 1971	3 300	3 294
<i>Total: Division 430</i>	<i>85 600</i>	<i>84 010</i>

DIVISION 431.—DIVISION OF NATIONAL MAPPING

2.—Administrative Expenses—		
03. Postage, telegrams and telephone services	6 000	5 975

DIVISION 432.—BUREAU OF MINERAL RESOURCES, GEOLOGY AND GEOPHYSICS

2.—Administrative Expenses—		
08. General stores	60 000	59 133
Total: Department of National Development and Energy	151 600	149 118

POSTAL AND TELECOMMUNICATIONS DEPARTMENT

DIVISION 480.—ADMINISTRATIVE

2.—Administrative Expenses—		
07. Incidental and other expenditure	25 000	24 670
Total: Postal and Telecommunications Department	25 000	24 670

	Issues from the Advance to the Minister for Finance	Expenditure
	\$	\$
DEPARTMENT OF PRIMARY INDUSTRY		
DIVISION 494.—BUREAU OF ANIMAL HEALTH (INCLUDING EXPORT INSPECTION SERVICES—MEAT)		
2.—Administrative Expenses—		
06. Compensation	19 000	16 287
DIVISION 495.—EXPORT INSPECTION SERVICES— OTHER THAN MEAT		
1.—Salaries and Payments in the nature of Salary—		
02. Overtime	29 500	28 911
Total: Department of Primary Industry	48 500	45 198

DEPARTMENT OF THE PRIME MINISTER AND CABINET

DIVISION 500.—ADMINISTRATIVE

3.—Other Services—

04. Distinguished visitors, guests and special occasions—Official hospitality, presentations and entertainment	122 000	121 942
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DIVISION 504.—CONVEYANCE OF GOVERNOR-GENERAL, MINISTERS OF STATE AND OTHERS BY R.A.A.F. AND DEPARTMENT OF TRANSPORT AIRCRAFT

01. R.A.A.F.	89 697	89 697
02. Department of Transport	3 491	3 490
Total: Division 504	93 188	93 187

DIVISION 515.—AUDITOR-GENERAL'S OFFICE

2.—Administrative Expenses—

01. Travelling and subsistence	85 600	84 624
Total: Department of the Prime Minister and Cabinet	300 788	299 753

DEPARTMENT OF PRODUCTIVITY

DIVISION 522.—ADMINISTRATIVE

3.—Other Services—

04. Assistance to inventors	38 000	38 000
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	Issues from the Advance to the Minister for Finance	Expenditure
	\$	\$
<i>Department of Productivity—continued</i>		
<i>Division 522.—Administrative—continued</i>		
<i>3.—Other Services—continued</i>		
08. Industrial Research and Development Act 1976—Commencement grants	2 600 000	2 600 000
Total: Division 522	2 638 000	2 638 000
DIVISION 525.—MAINTENANCE OF PRODUCTION CAPACITY		
01. Reserve capacity maintenance—Government Factories	557 000	491 121
DIVISION 526.—RESERVE STOCKS		
	110 000	109 873
Total: Department of Productivity	3 305 000	3 238 994

DEPARTMENT OF SOCIAL SECURITY

DIVISION 590.—ADMINISTRATIVE

2.—Administrative Expenses—

05. Motor vehicles—Hire, maintenance and running expenses	60 000	56 606
12. Freight and cartage	28 000	23 827
	88 000	80 433

3.—Other Services—

01. Grants for children's services (excluding payments to or for the States and the Northern Territory)	7 724	5 650
10. Boards, committees and advisory councils—Fees and expenses	4 000	2 982
11. Compassionate allowances, annuities and other payments	4 000	2 624
	15 724	11 256

Total: Department of Social Security	103 724	91 689
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DEPARTMENT OF TRADE AND RESOURCES

DIVISION 640.—ADMINISTRATIVE

2.—Administrative Expenses—

01. Travelling and subsistence	70 000	68 683
02. Office requisites and equipment, stationery and printing	25 000	24 093

Total: Department of Trade and Resources	95 000	92 776
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	Issues from the Advance to the Minister for Finance		Expenditure
	\$		\$
DEPARTMENT OF TRANSPORT			
DIVISION 655.—ADMINISTRATIVE			
1.—Salaries and Payments in the nature of Salary—			
01. Salaries and allowances	3 250 000		3 199 808
2.—Administrative Expenses—			
01. Travelling and subsistence	125 000		119 294
03. Postage, telegrams and telephone services	300 000		298 111
05. Fuel, light and power	100 000		90 240
14. General stores	20 000		19 394
22. Incidental and other expenditure	70 000		66 335
	615 000		593 374
Total: Department of Transport	3 865 000		3 793 182

DEPARTMENT OF THE TREASURY			
DIVISION 670.—ADMINISTRATIVE			
3.—Other Services—			
02. Loan management expenses	61 241		61 241
DIVISION 672.—AUSTRALIAN TAXATION OFFICE			
3.—Other Services—			
01. Payments pursuant to section 34A (1) of the <i>Audit Act</i> 1901	4 860		4 858
Total: Department of the Treasury	66 101		66 099

DEPARTMENT OF VETERANS' AFFAIRS			
DIVISION 691.—REPATRIATION HOSPITALS AND OTHER INSTITUTIONS			
1.—Salaries and Payments in the nature of Salary—			
01. Salaries and allowances	516 000		402 900
02. Overtime	44 000		22 384
Total: Division 691	560 000		425 284
DIVISION 692.—OTHER REPATRIATION BENEFITS			
01. Specialists, local medical officer and ancillary medical services	108 000		95 811
04. Dental treatment	457 000		454 585

	Issues from the Advance to the Minister for Finance		Expenditure
	\$		\$
<i>Department of Veterans' Affairs—continued</i>			
Division 692.—Other Repatriation Benefits—continued			
07. Telephone rental and postal concessions to pensioners (for payment to the Australian Telecommunications Commission and the Australian Postal Commission)		236 000	234 670
Total: Division 692		801 000	785 066
Total: Department of Veterans' Affairs		1 361 000	1 210 350

EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR FINANCE

APPROPRIATION ACT (No. 2) 1979-80

DEPARTMENTS AND SERVICES

	Issues from the Advance to the Minister for Finance	Expenditure
	\$	\$
DEPARTMENT OF ABORIGINAL AFFAIRS		
DIVISION 813.—PAYMENTS TO OR FOR THE STATES AND THE NORTHERN TERRITORY		
2.—For the purpose of assistance to the Northern Territory—		
01. Northern Territory Housing Commission	103 308	103 308
Total: Department of Aboriginal Affairs	103 308	103 308

DEPARTMENT OF ADMINISTRATIVE SERVICES

DIVISION 817.—CAPITAL WORKS AND SERVICES

5.—Commonwealth Accommodation and Catering Services Limited—Buildings, Works, Plant and Equipment—

01. Migrant centres	25 620	25 620
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DIVISION 819.—OTHER SERVICES

21. Inquiry on Medical Fees for Medical Benefit Purposes	20 000	5 326
22. Independent Public Inquiry into Domestic Air Fares	5 000	854
23. Tenth International Congress on Acoustics—Australia 1980	4 000	..

Total: Division 819 29 000 6 180

Total: Department of Administrative Services 54 620 31 800

DEPARTMENT OF THE CAPITAL TERRITORY

DIVISION 829.—CAPITAL WORKS AND SERVICES

5.—For expenditure under the National Capital Development Commission Act 1957

	2 250 000	2 250 000
Total: Department of the Capital Territory	2 250 000	2 250 000

Issues from the
Advance to the
Minister for Finance

\$ \$

DEPARTMENT OF EMPLOYMENT AND YOUTH AFFAIRS

DIVISION 839.—PAYMENTS TO OR FOR THE STATES AND THE NORTHERN TERRITORY

01. Apprentices in State Government establishments	88 499	38 074
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Total: Department of Employment and Youth Affairs 88 499 38 074

DEPARTMENT OF FOREIGN AFFAIRS

DIVISION 851.—CAPITAL WORKS AND SERVICES

1.—Plant and Equipment—

01. Computer equipment	122 000	..
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Total: Department of Foreign Affairs 122 000 ..

DEPARTMENT OF HEALTH

DIVISION 857.—OTHER SERVICES

04. Grant to Walter and Eliza Hall Institute—New building feasibility study	100 000	100 000
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Total: Department of Health 100 000 100 000

DEPARTMENT OF HOME AFFAIRS

DIVISION 862.—OTHER SERVICES

08. Financial assistance towards exhibition tour of the United States of America by speedboat 'Spirit of Australia'	100 000	100 000
09. Special contribution to the Australian Yachting Federation	45 000	45 000
10. Assistance towards attendance at the Non-government Organizations' Forum—Copenhagen 1980	37 000	37 000

Total: Department of Home Affairs 182 000 182 000

DEPARTMENT OF HOUSING AND CONSTRUCTION

DIVISION 865.—CAPITAL WORKS AND SERVICES

1.—Buildings and Works—Departmental—

11. Department of Health	461 000	439 502
22. Department of Science and the Environment	381 000	362 000

	Issues from the Advance to the Minister for Finance	Expenditure
	\$	\$
<i>Department of Housing and Construction—continued</i>		
<i>Division 865.—Capital Works and Services—continued</i>		
<i>1.—Buildings and Works—Departmental—continued</i>		
23. Department of Science and the Environment—Commonwealth Scientific and Industrial Research Organization	1 000 000	986 849
24. Department of Social Security	33 000	27 292
Total: Department of Housing and Construction	1 875 000	1 815 643

DEPARTMENT OF IMMIGRATION AND ETHNIC AFFAIRS

DIVISION 870.—CAPITAL WORKS AND SERVICES

2.—Advances and Loans—

01. Loans to voluntary agencies for refugee resettlement assistance	190 000	190 000
Total: Department of Immigration and Ethnic Affairs	190 000	190 000

POSTAL AND TELECOMMUNICATIONS DEPARTMENT

DIVISION 911.—OTHER SERVICES

02. National Communications Satellite—Earnest payment to the United States of America National Aeronautics and Space Administration for satellite launch reservation	88 000	87 123
Total: Postal and Telecommunications Department	88 000	87 123

DEPARTMENT OF SCIENCE AND THE ENVIRONMENT

DIVISION 928.—PAYMENTS TO OR FOR THE STATES AND THE NORTHERN TERRITORY

2.—For the purposes of the *Environment (Financial Assistance) Act 1977*

01. Nature conservation	50 000	50 000
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3.—For expenditure under the *States Grants (Nature Conservation) Act 1974*

	40 000	40 000
Total: Department of Science and the Environment	90 000	90 000

DEPARTMENT OF SOCIAL SECURITY

DIVISION 940.—PAYMENTS TO OR FOR THE STATES AND THE NORTHERN TERRITORY

03. <i>States Grants (Home Care) Act 1969</i> —Grants towards costs of home care services	1 120 000	1 118 984
Total: Department of Social Security	1 120 000	1 118 984

	Issues from the Advance to the Minister for Finance	Expenditure
	\$	\$
DEPARTMENT OF TRADE AND RESOURCES		
DIVISION 952.—PAYMENTS TO OR FOR THE STATES AND THE NORTHERN TERRITORY		
01. Grant to Queensland for the purpose of creating employment oppor- tunities in the Maryborough region	450 000	450 000
Total: Department of Trade and Resources	450 000	450 000

DEPARTMENT OF THE TREASURY

DIVISION 970.—PAYMENTS TO OR FOR THE STATES AND THE NORTHERN TERRITORY

01. Northern Territory—General purpose revenue assistance—Tax sharing entitlement	2 776 687	625 552
03. Northern Territory—General purpose capital grant	144 325	144 325
04. Northern Territory—General purpose capital advance	289 651	289 651
Total: Department of the Treasury	3 210 663	1 059 528

EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR FINANCE 1979-80
CONTROL OF WARRANT AUTHORITY AND EXPENDITURE
SUBMISSION BY DEPARTMENT OF FINANCE

LEGAL AND ADMINISTRATIVE BASIS FOR CONTROL OF EXPENDITURE

Section 83 of the Constitution provides that "no money shall be drawn from the Treasury of the Commonwealth except under appropriation made by law".

2. Immediately upon the passage of the annual Supply and Appropriation Acts the Department of Finance seeks the issue of Governor-General's Warrant to provide authority for expenditure from the Commonwealth Public Account up to the amounts provided under the respective appropriations. Section 33 of the Audit Act provides that expenditure shall not exceed the amounts provided in Governor-General's Warrants.

3. For standing (special) Appropriations, Governor-General's Warrant is sought periodically (usually twice a year) in such amounts as are required to meet the purposes of the relevant legislation.

4. Finance Regulations and Directions provide for the Department of Finance to issue Warrant Authority to departmental Permanent Heads up to the amounts covered by Governor-General's Warrants under the respective appropriation items. A Permanent Head (or his delegate) may apportion the amounts provided by Warrant Authority

between Authorising Officers in various localities by means of Warrant Advice. The Warrant Advices issued to any one Authorising Officer are required to be sequentially numbered in a separate numerical series. Amounts may subsequently be withdrawn from an Authorising Officer by means of a negative Warrant Advice to the extent that the funds issued exceed his requirements to meet expenditure.

5. Finance Direction 7/3 provides that funds issued by Warrant Advice may not exceed the amount of Warrant Authority held for any appropriation item; to ensure this the Permanent Head is required to maintain a record of Warrant Authority received and Warrant Advice issued.

6. A further fundamental requirement (Finance Regulation 90) is that an Authorising Officer may not authorise expenditure under an appropriation item in excess of the amount issued to him by Warrant Advice. To this end, Authorising Officers are required to maintain an Appropriation Ledger in which is recorded the amount of Warrant Advice received and the progressive expenditure under each appropriation item.

SYSTEM ARRANGEMENTS

7. To meet the management needs of departments for extensive dissection of expenditure recording below appropriation item level the Department of Finance, through its Accounting Offices in all States, and Geneva, London and Washington, operates a common service

ADP Appropriation Ledger facility for all departments. Under this arrangement a separate Ledger is maintained for each Authorising Officer within the total system.

8. Upon receipt of a Warrant Advice from a departmental head office an Authorising Officer submits it to his local Accounting Office for posting to the ADP Appropriation Ledger. Progressively throughout a financial year an Authorising Officer submits batches of authorised expenditure vouchers to the Accounting Office for the dual purpose of issue of cheques to the payees and recording of the related expenditure in the ADP Appropriation Ledger. The ADP system provides an immediate (that is, within minutes) funds exception message to the Accounting Office in the event that posting of an expenditure voucher causes the cumulative expenditure under an appropriation item to exceed the funds available (that is, the Warrant Advice previously posted on behalf of the Authorising Officer concerned). In such cases the Accounting Office immediately contacts the Authorising Officer concerned.

9. Normally the Accounting Office is required to be satisfied (by means of ADP Ledger reports) that funds are available before it issues the related cheques; however, the Finance Ledgers Manual provides that an Authorising Officer may designate a payment as "Urgent", in which case the Accounting Office will issue the cheque without awaiting the outcome of the ledger posting. In these cases the Authorising Officer accepts personal responsibility to ensure that funds are available before the urgent payment is made.

10. At the commencement of each day's business the ADP Appropriation Ledger system provides each Authorising Officer with a daily Balance Report showing funds held and cumulative expenditure under each appropriation item. Inter alia, this report provides the basis upon which he can determine that funds are available to meet an urgent payment, if required. In addition, under the new centralised ADP Appropriation Ledger system (referred in para 14 below) enquiry terminals are progressively being installed in each department to enable Authorising Officers to directly ascertain the up to date funds position for appropriation items under their control.

CONTROL ASPECTS

11. As mentioned in paras 5 and 6 above, the two fundamental requirements for expenditure control are that:

- (a) Permanent Heads may not issue Warrant Advice in excess of Warrant Authority held; and
- (b) Authorising Officers may not authorise expenditure in excess of Warrant Advice held.

12. The manual record of Warrant Advices issued to Authorising Officers which departmental head offices have traditionally maintained for the purposes of requirement 11(a), is of a very simple nature - given that, in most cases, Warrant Advices are issued to no more than ten separate Authorising Officers and no more

frequently than three or four times during a financial year. Departments are well aware of the need for care in the maintenance of this control record and over the years there have been very few instances of over-issue of Warrant Advice due to undetected clerical error.

13. The Department of Finance ADP Appropriation Ledger system was developed during the 1960's to operate on the CDC computer equipment of the Australian Bureau of Statistics in Canberra and in each State capital. These decentralised processes provided a satisfactory means of expenditure control for individual Authorising Officers on a local basis (requirement 11(b), above); however, they did not provide a framework within which the head office records of Warrant Advices issued could be automated to provide safeguards against occasional clerical errors.

14. As from 1 Jul 1980 the appropriation ledgers for all departments were transferred to a new centralised ADP Appropriation Ledger system maintained on the Department of Finance computer in Canberra. The new system, as currently developed, does not yet provide for the control of Warrant Advices issued against Warrant Authority held; however, such a facility does form part of the overall systems concept and is among proposed enhancements to be progressively introduced. It should be possible to introduce the facility as from 1 Jul 1981. (It is envisaged that head offices of departments would submit all Warrant Advices for input to the system centrally, with the benefit of immediate check of their validity).

COMMENT ON SPECIFIC CASES OF OVER-EXPENDITURE - 1979/80

15. The six cases of expenditure in excess of Warrant Authority which occurred in the financial year 1979/80 may be categorised as follows:-

1. Excess issue of Warrant Advice due to clerical error:

Department of Finance - Special Appropriation

under Superannuation Acts - Overexpenditure \$8,615,567

Department of Immigration & Ethnic Affairs -

Division 360-6-02 - Overexpenditure \$39

Department of the Senate -

Division 101-1-01 - Overexpenditure \$3,725

Division 101-2-03 - Overexpenditure \$33

2. Failure by Authorising Officer to submit negative
Warrant Advice for posting to ADP Appropriation Ledger:

Department of Defence -

Division 233-1-15 - Overexpenditure \$2,501

(In this case the Department has explained that the error of omission was made by an officer at the time of his transfer to another department and the error was not detected by the officer who replaced him)

3. Submission by Authorising Officer of urgent payment
authorisation in excess of funds available:

Attorney-General's Department -

Division 173-2-04 - Overexpenditure \$719

(The payment in question was made on 30 Jun 1980. The departmental officers misread the daily computer Balance Report when working in dim light during an electricity blackout).

16. These errors have to be seen in the context that there are in excess of 400 Authorising Officers controlling expenditure of some \$30 billion a year.

17. The proposed system enhancement outlined in paragraph 14 should eliminate the types of errors in categories 1 and 2 above. An error of the type described in category 3 above (which was due to most unusual circumstances) could be lessened by the tightening of the end of year instructions to Accounting Offices.

Department of Finance
13 Aug 1980

APPENDIX C(1)



DEPARTMENT OF FINANCE

NEWLANDS STREET, PARKES, A.C.T. 2600
Telephone: CANBERRA 83 9111

Reference:

Contact Officers:

Telephone:

Mr M. J. Talberg
Secretary
Joint Parliamentary Committee
of Public Accounts
Parliament House
CANBERRA ACT 2600

Dear Mr Talberg

**EXPENDITURE IN EXCESS OF GOVERNOR-GENERAL'S WARRANT
SPECIAL APPROPRIATION UNDER THE SUPERANNUATION ACTS 1922
AND 1976 AND RELATED LEGISLATION**

We spoke on Wednesday afternoon (30 Jul 1980) about events leading to expenditure under the special appropriation for payments under the Superannuation Acts, which for 5 days between 25 and 30 Jun 1980 were in excess of Governor-General's Warrant. I said that I would write setting out the circumstances of the matter and outlining action we are taking to prevent a recurrence.

The situation arose through a clerical error in posting Warrant Advices to the Authorising Officer's Warrant Authority Control Sheet. A Warrant Advice for \$20,000,000 was forwarded to the Department of Social Security to cover the payment of pensions under the Superannuation Acts but inadvertently was not deducted from the balance of Warrant Authority held. The resultant expenditure in excess of warrant authority occurred through payment of pensions on pension payday 25 June 1980. This situation existed until 30 June 1980 when the expenditure was covered by Warrant No. 134 of 30 June 1980, based on Governor-General's Warrant No 3 of 1980/81 which included an amount of \$469,200,000 under the Superannuation Acts. The error was detected on 4 July 1980 when the computer produced Central Ledger indicated a situation at variance with the Authorising Officer's manually maintained ledger. Investigation of the variance revealed a single clerical posting error in the manually maintained ledger.

When the error was noted by the Central Office Authorizing Officer and brought to my attention steps were taken to strengthen internal control and to prevent a recurrence. These included:-

- (i) each ledger transaction (ie. issue of Warrant Advice) is now carried out on a single line of the ledger;
- (ii) a balance is finalised for each entry prior to despatch of Warrant Advice
- (iii) the entire Control Sheet Ledger will be checked and certified monthly
- (iv) more stringent final week reviews are carried out on all ledger items.

These measures are designed to improve clerical accuracy and to ensure reliability of the manually maintained records.

In the longer term, it may be possible to utilise computer produced records to control in a consolidated way the issue and withdrawal of warrant advices. The objective would be to have a fail-safe mechanism which enables arithmetical discrepancies in records used to control appropriations to be identified sufficiently quickly to enable suitable remedial measures to be taken before payment occurs. It is envisaged that officers of the Auditor-General's Office will be consulted in this exercise. The Department will be looking at this matter with a view to its use for all departments.

J.R. Bennett
J.R. Bennett
Assistant Secretary
Management Services
4 August 1980



AUSTRALIAN SENATE
CANBERRA, A.C.T.

APPENDIX C(ii)

3 October 1980

The Secretary
Joint Parliamentary Committee of
Public Accounts,
Parliament House,
CANBERRA A.C.T. 2600

Expenditure from the Advance to the
Minister for Finance 1979/80
Reference: Your 1980/5 of 12 August 1980

The attached explanation by the Department's Authorising Officer has been forwarded to the Department of Finance as required by that Department. The memorandum explains in detail the circumstances surrounding the over-expenditure and the measures taken to ensure that available warrant is not exceeded in the future.

As the Authorising Officer's explanation describes, the Department's Warrant Control Ledger has been restructured to provide immediate and accurate information of the warrant available under each Appropriation Item. It is expected that this measure, together with a strengthening of the checking procedures will ensure that the information and balances in the Department's computer maintained Appropriation Ledger are correct and correspond to the details in the manually maintained Warrant Control Ledger.

K.O. Bradshaw
(K.O. BRADSHAW)
Acting Clerk of the Senate



AUSTRALIAN SENATE
CANBERRA ACT

Clerk of the Senate

Expenditure in Excess of Appropriations 1979-80
Divisions 101-1-01 and 101-2-03

You will recall the matter of unauthorised expenditure in excess of funds appropriated by Parliament was referred to you by the Acting Usher of the Black Rod accompanied by a report by the Senior Parliamentary Officer (Administration). As reported, expenditure in excess of appropriations of \$3724.58 occurred in Division 101-1-01 Salaries and Allowances and \$33.63 in Division 101-2-03 Other Administrative Expenses.

In respect of Division 101-1-1, the excess expenditure was the result of an error and an omission by officers of the Department of the Senate and a processing error by the Department of Finance. Action was taken on 8 May 1980 to transfer \$60,000 from the Appropriation Ledger maintained by the Authorising Officer in the Department of Finance (AO 1628) to Authorising Officer Ledger 1011, for which I am responsible, to enable the payment of Senators travelling allowances. A post-processing check of the variations made to the ledgers was conducted and revealed that an incorrect working code had been used on the ADP input documentation (Form 39) prepared by the Administration Office and that officers of the Department of Finance had also incorrectly processed the transactions.

The net effect of these errors was to increase by \$60,000 the funds available in Authorising Officer Ledger 1628 for the payment of staff salaries, and to also increase by \$60,000 the level of funds available in Authorising Officer Ledger 1011 for the payment of Senators travelling allowances.

An officer of the Department was directed to take amending action to correct the posting errors. However these actions were not effected and follow-up action failed to ensure that the corrections had been made. Examination of the funds position nearing the close of the financial year failed to disclose that warrant in Division 101-1-01 had been overated, by \$60,000 with the result that expenditure, whilst not exceeding the warrant recorded in the Appropriation Ledger, in fact exceeded funds available under the Appropriation Act.

In respect of Division 101-2-03, the excess expenditure was the result of omissions by officers of the Department of the Senate. During the Supply period (July-November 1979) funds amounting to \$2379.00 were transferred to Accounting Offices in London and Geneva, and the level of funds available in the Departments Canberra Ledger reduced accordingly. During this

.../2

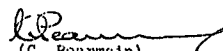
2.

period, the Departments Appropriation Ledger was restructured to amalgamate three previously separate items to form Item 101-2-03 Other Administrative Expenses.

In December 1979, the total amount of funds available under Appropriation Act No.1 was posted as Warrant Authority to the Appropriation Ledger. At this time, the funds that had previously been allocated to the Overseas Accounting Offices were inadvertently overlooked, with the result that the total warrant posted to the Canberra Authorising Officer Ledger remained overstated and consequently the balance of available funds also overstated. At the close of the Financial Year expenditure remained less than the warrant posted to the Appropriation Ledger but in fact exceeded funds appropriated by Parliament under the Appropriation Acts by an amount of \$33.63.

In summary, the excess expenditures were primarily the result of breakdowns in procedures within the Administration Office. In accord with my responsibilities under Section 34(2) of the Audit Act and Finance Regulation 90(1) the Departments Warrant Control Ledger has been restructured to facilitate the proper control of Warrant and amended checking procedures implemented to ensure that details recorded in the Department's Appropriation Ledger are at all times correct. Following the implementation of the revised records and procedures it is expected that the overexpenditure of appropriated funds will be avoided in the future.

Details of the excess expenditures have also been provided to the Joint Parliamentary Committee of Public Accounts, The Department of Finance, The Public Service Board and the Auditor General's Office.


(C. Pearmain)
Authorising Officer

APPENDIX C(iii)EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR FINANCE 1979-80EXPLANATORY STATEMENTDEPARTMENT OF THE SENATE

Division : 101 Senate
 Sub-Division : 01 Salaries and Payments in the Nature
 of Salaries
 Item : 01 Salaries and Allowances

Purpose of Item

This item provides for salaries and allowances payable to Senate officers.

Funds Available

	<u>1977-78</u>	<u>1978-79</u>	<u>1979-80</u>
	\$	\$	\$
Appropriation Act No. 1	1,678,000	1,785,400	2,051,500
Appropriation Act No. 3	10,000	11,000	-
Advance to Minister for Finance	-	-	-
TOTAL FUNDS AVAILABLE	1,688,000	1,796,400	2,051,500
TOTAL EXPENDITURE	1,668,881	1,789,513	2,055,225
UNEXPENDED FUNDS AVAILABLE	19,119	6,887	-
			3,725

Explanation of unauthorised expenditure

In early 1980 it was estimated that savings within this item would offset the need for additional funds required as a result of the National Wage Case decision in January 1980. Some of these anticipated savings did not eventuate, hence a requirement for additional funds of \$3,725. This expenditure was incurred without warrant through a breakdown in warrant control procedures which have since been identified and in respect of which remedial measures have been taken.

EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR FINANCE 1979-80EXPLANATORY STATEMENTDEPARTMENT OF THE SENATE

Division : 101 Senate
 Sub-Division : 02 Administrative Expenses
 Item : 03 Other Administrative Expenses

Purpose of Item

This item provides for travelling and subsistence, office requisites, equipment and stationery, incidental and other expenditure and management consultancy fees.

Funds Available

	<u>1977-78</u>	<u>1978-79</u>	<u>1979-80</u>
	\$	\$	\$
Appropriation Act No. 1	179,500	232,400	292,500
Appropriation Act No. 3	105,800	38,800	62,500
Advance to Minister for Finance	1,575	1,860	-
TOTAL FUNDS AVAILABLE	286,875	273,060	354,700
TOTAL EXPENDITURE	277,169	272,713	354,733
UNEXPENDED FUNDS AVAILABLE	9,706	347	-
			33

Explanation of unauthorised expenditure

At the beginning of the 1979-80 financial year a decision was taken to amalgamate three previously separate items into one new item - Other Administrative Expenses. The former items were :
 101-2-01 Travelling and Subsistence
 101-2-02 Office Requisites, Equipment and Stationery
 101-2-06 Incidental and Other Expenditure
 Expenditure details for 1977-78 and 1978-79 in the above table have been arranged to reflect the present structure.

An amount of \$33 was expended during 1979-80 without warrant through a breakdown in warrant control procedures relating in part to overseas accounting offices. This resulted in the level of available funds in the Departmental Ledger to be overstated. The specific factors leading to the breakdown in procedures have since been identified and remedial steps have been taken to improve Departmental control procedures.

APPENDIX C(iv)

EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR FINANCE 1979/80

EXPLANATORY STATEMENT

DEPARTMENT OF DEFENCE

Division 233 Administrative and Other Expenditure

Sub-Division 1 Administrative Expenses

Item 15 Transfer Expenses

Purpose of Item

This item covers payment of removal expenses, disturbance allowance and other transfer expenses.

<u>Funds Available</u>	<u>1977/78</u>	<u>1978/79</u>	<u>1979/80</u>
	\$	\$	\$
Appropriation Act No 1	5,345,000	6,759,000	6,849,000
Appropriation Act No 3	1,242,000	-	481,000
Advance to the Minister for Finance	-	320,000	400,000
Total Funds Available	6,587,000	7,079,000	7,730,000
Total Expenditure	6,502,119	7,010,567	7,732,501
Unexpended Funds Available	84,881	68,433	- 2,501

Explanation of Requirements for Additional Funds 1979/80

Appropriation Act No 3

2. The provision in Appropriation Act No 3 was required to cover the following: \$

a. Removal Expenses - Local

(1) Price Variations

. Price increases notified since
Budget Estimates + 34,000

	\$
(2) <u>Other Changes</u>	
. Underestimate due to Budget Estimate for 1979/80 being based on an estimated final spend for 1978/79. In the event the actual final spend was higher	+ 48,000
Total Variation a.	+ 82,000
b. <u>Removal Expenses - Overseas</u>	
(1) <u>Price Variations</u>	
. Price increases notified since Budget Estimates	+ 251,000
(2) <u>Other Changes</u>	
. Late submission of 1978/79 contractors' accounts in South East Asia not provided in Budget	+ 187,000
. Other miscellaneous variations	- 30,000
	+ 157,000
Total Variation b.	+ 408,000
c. <u>Disturbance Allowance</u>	
<u>Other Changes</u>	
. Provision for effect of average strength increases during 1979/80 and other minor variations	+ 6,000
d. <u>Other</u>	
<u>Other Changes</u>	
. Reduced requirement based on expenditure trends to date	- 15,000
Total additional amount obtained	+ 481,000

Advance to the Minister for Finance

3. The requirement to seek additional funds from the Advance to the Minister for Finance was due to the following factors:	\$
a. Increases of 15% in the cost of removals in the USA, 20% in the cost of removals in the UK advised following closure of the Additional Estimates.	+ 30,000
b. Increase in the number of members opting to arrange their local removals by private contractors in lieu of Department of Administrative Services contractors.	+ 46,000
c. Increased rates for disturbance allowance approved by the PSB with flow-on to the Defence Force, which became effective in May 1980 retrospective to November 1979.	+ 83,000
d. The actual number of postings from overseas back to Australia during FY 1979/80 was 90 more than estimated when the Additional Estimates was compiled. Removal costs average \$2,000, and this caused a rise in expenditure.	+ 180,000
e. Other miscellaneous variations.	+ 61,000
	+ 400,000

Overexpenditure

4. The overexpenditure resulted from an error in a Regional Office where a reduction to warrant available was not posted. The officer concerned left the Department shortly thereafter. His replacement did not detect the error.
5. Apart from the work pressures that always exist in Finance Offices in June, additional pressures were generated by:
 - a. Power shortages due to an industrial dispute which produced discontinuities and diseconomies.
 - b. Preparations for the new Department of Finance computer and ledger systems effective 1 July 1980.

- c. Arrangements necessary for changed procedures due to new Regulations under the Audit Act being effective from 1 July 1980.

	\$
Additional expenditure	402,501
Overexpenditure	~ 2,501
Total from the Advance to the Minister for Finance	400,000

15 July 1980

APPENDIX C(v)

EXPENDITURE FROM ADVANCE TO THE MINISTER FOR FINANCE 1979-80

EXPLANATORY STATEMENT

DEPARTMENT OF IMMIGRATION AND ETHNIC AFFAIRS

Division : 360 Administrative
Sub-Division : 6 Grants-in-Aid
Item : 02 Grants to Organisations for Migrant Welfare Activities

Purpose of Item:

Provides financial assistance to selected community welfare agencies to enable them to employ welfare workers and qualified social workers to help migrants with major social problems. Ancillary allowances are also provided to assist agencies with secretarial and other miscellaneous expenses.

<u>Funds Available</u>	<u>1977-78</u>	<u>1978-79</u>	<u>1979-80</u>
	\$	\$	\$
Appropriation Act No.1	655,000	972,000	1,503,500
Appropriation Act No.3	-	-	-
Advance to the Minister for Finance	-	-	-
Total Funds Available	655,000	972,000	1,503,500
Total Expenditure	643,302	948,150	1,503,539
Unexpended Funds Available	11,698	23,850	-
Expenditure without Warrant Authority	-	-	39

Explanation of Requirement for Additional Funds in 1979-80

The overexpenditure of \$39 without the provision of funds from the Advance to the Minister for Finance was due to a clerical error which occurred in the Department and which was not discovered until too late for covering warrant to be obtained.

The agreed bid for the 1979/80 estimates under this item was \$1,503,550. However, in rounding off of the total estimates this amount reduced by \$50 to \$1,503,500. Unfortunately this rounding off was not noted on documents on which the issue of warrant was made and resulted in the over issue of warrant available by \$50.

This error, which should have become evident through departmental checking procedures, was not noted until after the end of the financial year.

The Galbally Report recommended that the number of grants allocated under the grant-in-aid program should be determined by the funds available. Grant agreements entered into with community welfare agencies were also based on the original estimate of \$1,503,550 and payments were made to the extent of \$1,503,539 through the local Authorising Officer who held warrant for that amount.

APPENDIX C(vi)

EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR FINANCE 1979/80

Explanatory Statement

ATTORNEY-GENERAL'S DEPARTMENT

Division : 173 - Family Law
Sub-Division : 2 - Administrative Expenses
Item : 04 - Office Services
Purpose of Item : This item provides for the cost of cleaning, electricity, fuel oil, laundry, minor works and other related expenditure.

<u>Funds Available</u>	<u>1977/78</u>	<u>1978/79</u>	<u>1979/80</u>
Appropriation Act No. 1	85,000	105,000	101,000
Appropriation Act No. 3	-	-	-
Advance to the Minister for Finance	-	-	-
TOTAL FUNDS AVAILABLE	85,000	105,000	101,000
TOTAL EXPENDITURE	77,098	87,329	101,719
UNEXPENDED FUNDS AVAILABLE	7,902	17,671	-
EXPENDITURE IN EXCESS OF APPROPRIATION			719

Explanation of overexpenditure of funds in 1979/80

Under normal operating conditions throughout a financial year, before an account is finally processed, the previous day's computer print outs, provided by the Department of Finance, are examined and no further payment action is taken if there is insufficient warrant held. The account is then held pending an application for additional funds and the receipt of further warrant. During the month of June each financial year, this system is augmented by a manual recording system within the departmental accounts section to assist in avoiding the available warrant being exceeded. In addition, should such an account be processed, the Department of Finance computer will print an "exception" report if the warrant is exceeded; the relevant cheques are then withheld from despatch and re-paid.

On Monday 30 June 1980 an account for \$883-64, received on Friday 27 June 1980 by the departmental accounts section, Adelaide, was being processed prior to the close off (11.30 a.m.) of 1979/80 accounts when a State-wide power break-down occurred (10.10 a.m.) which lasted four hours.

During the power black-out the final 1979/80 batch of accounts was being processed and both the accounts clerk and the checking officer misread the warrant for division 173/2/04 as being \$5,982.00 instead of \$6,082.00; at the time the accounts staff were working in an area which had no emergency lighting and were using the hand written manual funds contr record as the previous day's computer print out was not yet available. As expenditure up to 27 June 1980 was \$6,080.36, the account was included in the batch forwarded to the Department of Finance.

On the morning of 1 July 1980 it was brought to notice by the Central Office of the Department that the appropriation for Division 173/2/04 had been exceeded. Action was immediately taken by the Authorising Officer, Adelaide to recover the cheque from the payee. The Department of Finance, Canberra, was contacted by telephone to ascertain whether any action could be taken to obtain additional warrant or for the repayment of the cheque to the Public Account. However, the departmental officer was advised that warrant authority could not be issued retrospectively and that it was not possible to pay a cheque to the Commonwealth Public Account on 1 July with retrospective effect to 30 June.

If the power black-out had occurred on any other day than 30 June 1980, the final working day of the financial year, the corrective action taken by the Department in recovering the cheque would have ensured that the appropriation was not exceeded.

The Authorising Officer, Attorney-General's Department, Adelaide, who is one of the most experienced departmental officers in this area, has tendered his apologies for the error which he states would not have occurred under normal lighting conditions.

The Department regrets the error which arose out of completely fortuitous circumstances; it is also satisfied that, but for the failure of the lighting in the work area concerned, back-up manual funds records would have prevented the error taking place. Nevertheless, action has been taken to remind staff of each departmental accounts area of the necessity to ensure that all possible care is taken to avoid the overspending of a warrant.

APPENDIX D

DATES OF HEARINGS, LIST OF WITNESSES AND OBSERVERS

The items selected from the Statement of Expenditure from the Advance to the Minister for Finance were made the subject of a public inquiry at Parliament House, Canberra on Tuesday 19 August 1980.

The following witnesses were sworn or made an affirmation and were examined by the Committee during the public inquiry:

Department of Finance

- | | |
|-------------------------|--|
| Mr P.L. Liddbetter | - Assistant Secretary,
Accounting Operations Branch |
| Mr A.D. Preston-Stanley | - Director,
Finance and General Section |
| Mr B.K. Conroy | - Chief Finance Officer,
Accounting Operations Branch |

Department of Social Security

- | | |
|-------------------|--|
| Mr D. Corrigan | - First Assistant Director-General
Management Division, Central
Administration |
| Mr C. Calvert | - Assistant Director-General,
Finance Branch, Central
Administration |
| Mr J.D. Wilkinson | - Director,
Accommodation and Services
Section,
Central Administration |
| Mr L. Portley | - First Assistant Director,
Management Branch,
New South Wales Administration |

Department of Transport

- | | |
|--------------------|--|
| Mr C.C. Halton | - Secretary |
| Mr R.H.J. Thompson | - First Assistant Secretary,
Management Services |
| Mr K.H. Toakley | - Acting First Assistant Secretary
Finance and Commercial |

Mr K.I. Smith	- Assistant Secretary, Finance
Mr G.T. O'Halloran	- Finance Director, Budget Section
Mr G.J. Whitty	- Senior Inspector, Establishments Section

Department of Veteran's Affairs

Sir Richard Kingsland, C.B.E., D.F.C.	- Secretary
Mr J.H. Greenwood, O.B.E.	- Deputy Commissioner, New South Wales
Mr G.T. Miller	- First Assistant Commissioner, Management Services
Mr J.W. Muir	- First Assistant Commissioner, Treatment Services
Mr G.A. Woodward	- Assistant Commissioner, Finance
Mr R.D. Trusty	- Finance Manager Sydney, New South Wales

During the Public Inquiry the Committee was assisted by the following observers:

Mr A. Finch	- Department of Finance
Mr W.D. Tyrrell	- Department of Finance
Mr P. Bowen	- Department of Finance
Mr G. Balfour	- Department of Finance
Mr V.L. Lorenz	- Department of Finance
Mr R. Smith	- Auditor-General's Office
Mr M. Watson	- Auditor-General's Office
Mr I. McPhee	- Auditor-General's Office
Mr A. Buchanan	- Auditor-General's Office
Mr C. Bannerman	- Public Service Board
Mr D.Y. Firth	- Public Service Board