

## The role of the Auditor-General in scrutinising government advertising

### The role of the Auditor-General and ANAO

#### The Auditor-General and the Guidelines

- 2.1 On 2 July 2008 the Government announced the *Guidelines on Campaign Advertising by Australian Government Departments and Agencies*.<sup>1</sup> The Guidelines would govern the content and presentation of Commonwealth Government campaign advertising.
- 2.2 The Guidelines stated that government information and advertising campaigns with expenditure in excess of \$250,000 would be reviewed by the Auditor-General, who would then report on the proposed campaign's compliance with these Guidelines.
- 2.3 The Auditor-General and the ANAO were responsible for reviewing the compliance of individual campaigns with the Guidelines throughout the campaign process, from June 2008<sup>2</sup> until 31 March 2010.

---

1 New Advertising Guidelines joint media release, viewed at [http://www.smos.gov.au/media/2008/mr\\_222008\\_joint.html](http://www.smos.gov.au/media/2008/mr_222008_joint.html) on 19 May 2010

2 The new arrangements in relation to Government advertising came into effect in June 2008, ahead of the public announcement of the new approach and the Guidelines. The first review undertaken by the ANAO related to a proposed campaign concerning changes to the Child Care Tax Rebate.

## Assurance activities

- 2.4 The Auditor-General undertakes assurance activities in accordance with his functions and powers under the *Auditor-General Act 1997*; in particular, section 20(1)(c) of the *Auditor-General Act 1997*, which allows the Auditor-General to enter into an arrangement with any person or body to provide services of a kind commonly performed by auditors.<sup>3</sup>
- 2.5 Apart from performance and financial statement audits, the Auditor-General can also undertake other assurance activities. The ANAO website describes these as generally consisting of reviews undertaken by agreement with the client, either at the request of the client or in response to requests from stakeholders, including Ministers and parliamentary committees.<sup>4</sup>
- 2.6 Prior to 31 March 2010, the ANAO undertook two main assurance activities, the Government Information and Advertising Campaigns, and the Defence Materiel Organisation Major Projects Report. The ANAO website also indicates that two other assurance reviews were completed in 2007-08.<sup>5</sup>

## 'Limited' and 'reasonable' assurance

- 2.7 Assurance reviews such as those performed by the ANAO on advertising campaigns are not an audit. They are conducted in accordance with the Australian Standard on Assurance Engagements ASAE 3000 issued by the Australian Auditing and Assurance Standards Board (AUASB) which applies to assurance engagements other than audits or reviews of historical financial information.<sup>6</sup>
- 2.8 In terms of the assurance framework developed by the auditing profession, reviews and audits are elements of an assurance continuum, with reviews providing *limited* assurance and audits providing *reasonable* assurance; the difference being a function of work effort.<sup>7</sup>

---

3 Australian National Audit Office, Sub 1, p 12.

4 Australian National Audit Office, Extract of Auditor-General Act, viewed at [http://cms.anao.gov.au/uploads/documents/Extract\\_of\\_Auditor\\_General\\_Act.pdf](http://cms.anao.gov.au/uploads/documents/Extract_of_Auditor_General_Act.pdf) on 20 May 2010

5 Australian National Audit Office, Assurance Activities, viewed at [http://www.anao.gov.au/director/publications/AG\\_Assurance.cfm](http://www.anao.gov.au/director/publications/AG_Assurance.cfm) on 20 May 2010

6 Australian Accounting Standards Board, *'Framework for Assurance Engagements'* (2007), p 10.

7 Australian National Audit Office, Sub 2, p 3.

2.9 The AUASB defines an assurance engagement as:

...an engagement in which an assurance practitioner expresses a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party about the outcome of the evaluation or measurement of a subject matter against criteria.<sup>8</sup>

2.10 A reasonable assurance engagement is commonly referred to as an audit while a limited assurance engagement is commonly referred to as a review.<sup>9</sup>

2.11 The Independent Auditor<sup>10</sup> of the ANAO further explained to the Committee the difference between the two engagements:

The difference between limited assurance and reasonable assurance is the amount of work that you actually do. In a limited review you are doing certain discussions and reviewing certain documents. In terms of reasonable assurance you are increasing the level of work that you are doing, including reviewing and testing various systems. That is a choice that is part of the engagement.<sup>11</sup>

2.12 The ANAO advised the Committee that they performed limited assurance engagement in the case of government advertising campaigns rather than reasonable assurance engagement, as there was insufficient time for reasonable assurance engagement.<sup>12</sup>

---

8 Australian Accounting Standards Board, *Framework for Assurance Engagements* (2007), p 10.

9 As defined on Australian Accounting Standards Board Glossary of defined terms viewed at <http://www.auasb.gov.au/Standards-and-Guidance/Glossary-of-defined-terms.aspx> on 14 April 2010

10 The Independent Auditor is a private sector auditor who serves as external auditor to the ANAO by auditing the ANAO's annual financial statements and periodically conducting performance audits of selected areas of operation.

11 Mr Geoff Wilson, transcript, 11 March 2009, p 9.

12 Mr Simon Lewis, transcript, 9 September 2009, p 29.

## The review of government information and advertising campaigns

### Purpose of the review

- 2.13 The review of government information and advertising campaigns was designed to enable the Auditor-General to obtain sufficient appropriate evidence to form a conclusion in relation to the proposed campaign's compliance with the Guidelines.
- 2.14 The ANAO review was separate to, and independent of, any consideration of the proposed campaign and associated materials that had been undertaken by the Interdepartmental Committee on Communications (IDCC).<sup>13</sup>

### The role of the ANAO

- 2.15 The ANAO conducted the review by making enquiries and performing procedures considered reasonable in the circumstances.<sup>14</sup> This included:
- examining all relevant campaign materials including, for example, television, cinema and radio commercials, print and magazine advertisements, letters, and on-line and digital content;
  - reviewing supporting documents and records relevant to the campaign, including but not limited to strategic documents, policy and administrative approvals, developmental and market research, financial approvals and procurement documentation, and advice and assurances from third parties;
  - interviews with staff and contractors involved with the preparation of the campaign;
  - an assessment of the reasonableness of the judgements made by the administering department against each of the Guidelines; and
  - an examination of the certification by the Chief Executive.<sup>15</sup>
- 2.16 The ANAO worked with the agency over the development of the campaign and was able to provide the agency with preliminary feedback on matters arising in respect of each of the Guidelines.<sup>16</sup>

---

13 Australian National Audit Office, Sub 1, p 13.

14 Australian National Audit Office, Sub 1, p 12.

15 Australian National Audit Office, Sub 1, pp 12-13.

## Use of ANAO resources

- 2.17 The ANAO was provided with additional funding when the Guidelines were introduced and was able to establish a small team to undertake the review of advertising campaigns.
- 2.18 The ANAO advised the Committee that during 2008-2009 a total of 58 reports were completed, taking some 7,728 hours. This was equated to be 4.8 full time equivalent employees.<sup>17</sup> Up to 31 March 2010, the ANAO website indicated that a total of 87 reports had been completed.<sup>18</sup>
- 2.19 The *Campaign Advertising Review 2008-09* indicated that the workload associated with individual campaigns was higher than anticipated, with campaigns being delivered in sections, therefore requiring multiple review reports and consequent duplication of effort and administration for the commissioning agency and the ANAO.<sup>19</sup>
- 2.20 The ANAO indicated that they had obtained specialist advice when required:

...very early on in the process of government advertising reviews we look at various academic areas and players in the game from various agencies to see whether there would be a suitable person to provide, initially, brief training for the team in terms of this type of campaign process. Then, as we progress, we seek out other specialists in the areas that we would have to delve into – for example, electronic media, research and research techniques. Obviously we had presentations to all of our staff on all of those matters as a training program, which was fairly rigorous. Then, as necessary, we sought advice from those specialists on elements of the campaigns where we deemed we needed further support.<sup>20</sup>

## The role of the Department of Finance and Deregulation

- 2.21 The Department of Finance and Deregulation (Finance) was responsible for the application and operation of the Guidelines and for providing a framework to agencies that were considering conducting advertising campaigns. The framework consisted of a number of elements including:

---

16 Australian National Audit Office, Sub 1, p 13.

17 Australian National Audit Office, Sub 8, p 1.

18 As viewed at [www.anao.gov.au](http://www.anao.gov.au) on 5 May 2010.

19 Australian National Audit Office, *'Campaign Advertising Review 2008-09'*, (2009), p 35.

20 Mr Michael White, transcript, 17 June 2010, p 6.

- the Guidelines themselves, which included supporting information, an explanation of the underlying principles and Finance's description of campaign costs and activities;
- advice, guidance and support by Finance to departments and agencies;
- the Interdepartmental Committee on Communications, chaired by Finance, which provided advice and guidance to agencies from a whole-of-government perspective;
- certification against the new Guidelines by the Chief Executive of the commissioning department or agency; and
- the Auditor-General's review and subsequent report to the relevant department or agency's Minister on the proposed campaign's compliance with the Guidelines.<sup>21</sup>

2.22 Finance released *Business Planning Processes for Campaign Information and Advertising Activities* in February 2009 to assist agencies in understanding their roles and responsibilities, to ensure that campaign advertising processes were compliant with the Guidelines.<sup>22</sup>

2.23 The ANAO stated that they regarded Finance as the gatekeeper for what is considered as normal business for an agency and what is considered campaign advertising.<sup>23</sup>

2.24 The Auditor-General stated that he received formal references from Finance as to agencies that were running advertising campaigns.<sup>24</sup> Agencies could also approach the ANAO when considering a campaign and could seek informal advice.

## The role of the Interdepartmental Committee on Communications

2.25 The IDCC was a committee of officials which reviewed advertising campaigns where expenditure was expected to be above \$250,000. The IDCC considered campaigns to ensure whole-of-government coordination.<sup>25</sup>

---

21 Australian National Audit Office, Sub 1, p 11.

22 Department of Finance and Deregulation, *'Campaign Advertising by Australian Government Departments and Agencies, Full Year Report 2008-09'* (2009), p 11.

23 Mr Peter White, transcript, 11 March 2009, p 26.

24 Mr Ian McPhee PSM, transcript, 10 Feb 2010, p 9.

25 Department of Finance and Deregulation, *'Campaign Advertising by Australian Government Departments and Agencies, Full Year Report 2008-09'* (2009), p 5.

2.26 The IDCC consisted of deputy secretaries from five agencies, chaired by a deputy secretary from Finance. The IDCC met monthly.<sup>26</sup>

2.27 The IDCC could review campaigns at any stage of development and implementation. Additionally, the IDCC could review the Guidelines and the associated policies and processes relating to campaign development and make recommendations to the Cabinet Secretary if required.<sup>27</sup>

2.28 Finance advised the Committee that:

The IDCC responsibility is advisory in nature. It is an advisory committee. We provide advice to agencies and as needed we will provide advice to the Minister for Finance and Deregulation and to the Special Minister of State.<sup>28</sup>

2.29 An officer from the ANAO attended IDCC meetings as an observer.<sup>29</sup>

2.30 The Finance website indicated that the IDCC:

...provides a whole-of-government perspective on communications campaigns, including timing, messages and campaign processes, and advises departments and agencies on their compliance with the Guidelines. The IDCC may review campaigns at any stage of development and implementation, but usually at one or more of the following stages: after development of the communication strategy; prior to production of materials; prior to campaign launch; and following post-campaign evaluation.<sup>30</sup>

## The role of the Communications Advice Branch

2.31 The Communications Advice Branch (CAB) is situated within Finance. The CAB is responsible for providing policy, advice and co-ordination of whole-of-government communication and advertising matters.

The Branch is responsible for providing advice on communications good practice, strategies and research, and assisting with the procurement of communications consultants.

---

26 Mr Simon Lewis, transcript, 11 March 2009, p 14.

27 Department of Finance and Deregulation, *'Campaign Advertising by Australian Government Departments and Agencies, Full Year Report 2008-09'* (2009), p 5.

28 Mr Simon Lewis, transcript, 11 March 2009, p 21.

29 Mr Michael White, transcript, 22 Feb 2010, p 15.

30 Role of the IDCC viewed at [www.finance.gov.au](http://www.finance.gov.au) on 2 March 2010

The Branch also provides a secretariat function associated with the Interdepartmental Committee on Communications.<sup>31</sup>

- 2.32 Finance advised the Committee on the role of the CAB in government advertising:

Communications Advice Branch works with the agency that is undertaking the campaign advertising. It has a look at the nature of the campaign. That includes things like the audience focus of the campaign and the nature of the message. That brings together a series – usually three to five – of potential suppliers off the multi-use list.<sup>32</sup>

## Reporting

- 2.33 The ANAO provided a report on each campaign's compliance to the relevant agency and Minister. A copy of the report was also published on the ANAO's website.<sup>33</sup>
- 2.34 The ANAO also provided summary reports to Parliament. Under section 25 of the *Auditor-General's Act 1997* the Auditor-General is able to cause a report to be tabled in either House of the Parliament on any matter.<sup>34</sup>
- 2.35 At the time of writing, the *Campaign Advertising Review 2008-09* and the *Campaign Advertising Review 2009-31 March 2010* had been released. The *Campaign Advertising Review 2008-09*:

...provides the ANAO's perspective on the operation of the government advertising framework over the first 12 months of operation. The report provides an overview of the current framework for government advertising, identifies the roles of the various agencies, including the ANAO, and provides information on the assurance review activity for government advertising campaigns conducted by the ANAO. In considering the experience of the ANAO in undertaking assurance reviews during the financial year, the report also discusses key issues identified by the ANAO during 2008-09.<sup>35</sup>

---

31 Communications Advice Branch as viewed at <http://www.finance.gov.au/about-the-department/asset-management-group.html> on 15 June 2010

32 Mr John Grant, transcript, 26 October 2009, p 9.

33 Australian National Audit Office, *'Campaign Advertising Review 2008-09'* (2009); *'Campaign Advertising Review 2009 – 31 March 2010'*

34 *Auditor-General's Act 1997*, Section 25

35 Australian National Audit Office, *'Campaign Advertising Review 2008-09'* (2009), p 8.



- 2.36 Along with the introduction of the Guidelines, the Government also introduced biannual reporting on campaign advertising expenditure, consisting of a half-year and full-year report.
- 2.37 The Full Year Report covers the full financial year and provides data on both direct media placement expenditure and associated indirect campaign advertising expenditure. It also reports on the campaign advertising framework. The Half Year Report covers the first half of the financial year and only reports media placement expenditure.<sup>36</sup>
- 2.38 These reports are provided on Finance's website.

## Stages of a campaign

- 2.39 The *Business Planning Processes for Campaign Information and Advertising Activities*<sup>37</sup> provided agencies with a typical campaign development workflow which indicated the usual stages for the development of advertising and information campaigns. The critical stages of campaign development, implementation and assessment were set out as follows:
- Authority to commence;
    - ⇒ Campaign development;
    - ⇒ Developmental research;
    - ⇒ Communication strategy development;
    - ⇒ Development of briefs for Communications consultants;
    - ⇒ Selection of Communications consultants;
    - ⇒ Developing and refining campaign materials and strategies;
    - ⇒ Booking media space; and
    - ⇒ Benchmark research;
  - Campaign certification and review;
  - Campaign implementation and tracking; and
  - Campaign evaluation.<sup>38</sup>

---

36 All Reports on Australian Government advertising are able to be viewed at [http://www.finance.gov.au/advertising/campaign\\_advertising\\_2008-09.html](http://www.finance.gov.au/advertising/campaign_advertising_2008-09.html)

37 This document is currently being redeveloped.

38 Department of Finance and Deregulation, *'Business Planning Processes for Campaign Information and Advertising Activities'* (2009) p 15.

## Departmental processes for development and launch of campaigns

- 2.40 The *Business Planning Processes for Campaign Information and Advertising Activities* broadly outlined the process that agencies were required to follow for the development and launch of campaigns over \$250,000:
- the Minister of the relevant department or agency (Department) agrees to the development of a campaign, subject to funds being available;
  - the Department informs the Department of Finance and Deregulation (Finance) and the Australian National Audit Office (ANAO) of the impending advertising campaign;
  - Finance assists the department in the selection of the communications research consultant, to inform the communication strategy, and in the selection of other communications consultants (such as the creative agency and Non-English Speaking Background communications consultants);
  - the Department develops the campaign, which is reviewed at different stages by the Interdepartmental Committee on Communications (IDCC) from a whole-of-government perspective;
  - agency Chief Executive Officers are responsible for certifying that the campaign complies with the Guidelines;
  - the campaign is independently reviewed by the ANAO in relation to its compliance with the Guidelines; and
  - the Minister of the Department developing the campaign approves the launch of the campaign after receiving the ANAO review report and the Chief Executive certification.<sup>39</sup>
- 2.41 Finance, the IDCC and the ANAO interacted with the responsible agency throughout the development of the information or advertising campaign.

## ANAO review process

- 2.42 The ANAO produced a guide for agencies that outlined the review process and the suggested points in the campaign development process where the agency could liaise with the ANAO.<sup>40</sup> The process of the review involved the ANAO working closely with agencies through all stages of the campaigns.

---

39 Ibid p.2-3

40 Australian National Audit Office, Sub 1, p 22-7.

2.43 In summary the process was:

- Step 1 - Campaign Initiation

Focusing on the underlying principles for campaign development and relevance of materials to government responsibilities. (Guideline 1)

- Step 2 - Strategy and Procurement

Focusing on campaign presentation and content (Guidelines 2 and 3) and production and distribution (Guideline 4)

- Step 3 - Creative

Monitoring the presentation and content of materials to assist with assessing compliance with Guidelines 2 and 3.

- Step 4 - Reporting

At this stage the ANAO was seeking final assurance in relation to the requirement for Chief Executive certification, the underlying principles and the Guidelines.<sup>41</sup>

2.44 The ANAO stated that they received formal references from Finance as to agencies that were running advertising campaigns.<sup>42</sup> Agencies also contacted the ANAO when considering a campaign and could seek informal advice. The ANAO indicated that they reiterated the *Business Planning Processes for Campaign Information and Advertising Activities* when discussing potential advertising campaigns with agencies.

2.45 The ANAO considered that early consultation was a key factor in assisting agencies' compliance with the Guidelines and also ensuring that agencies had the documentation and processes in place to support efficient and effective review by the ANAO.<sup>43</sup>

2.46 The Auditor-General outlined to the Committee the ideal model that agencies could follow in the lead up to certification:

They have done the work to support the adherence of the campaign to the guidelines. They have laid out the cost benefit, they have laid out the research, they have justified their campaign and my people, apart from having a conversation, were able to say, 'Yes, that meets the guidelines and we're in good shape and

---

41 Australian National Audit Office, Sub 1, p 23-25.

42 Mr Ian McPhee, transcript, 10 Feb 2010, p 9.

43 Australian National Audit Office, 'Campaign Advertising Review 2008-09' (2009), p 45.

you can tell your secretary that we would be willing to provide an opinion if she is willing to sign off.' That is the desirable model.<sup>44</sup>

- 2.47 Additionally Finance and the IDCC would also interact with the responsible agency throughout the development of the information or advertising campaign.

## Access to agency staff and documentation

- 2.48 The Committee was interested in finding out about the ANAO's ability to access agency staff and key documentation as part of the certification process.

- 2.49 The ANAO replied:

...in brief, we provide agencies with a clear indication of what we expect to find. We are looking to get an efficient process going on our part and on their part. We provide them with our expectations and we certainly do get access, including, from time to time, discussions with secretaries to make sure that we are getting a good outcome and we understand each other's perspective. In the broad, there are no problems.<sup>45</sup>

- 2.50 The ANAO further added:

Following advice from an agency that a campaign is being developed or they have ideas, we immediately recommend that we have an initial, or opening, meeting with them. We provide them with a reference to our guidance on the website and to the Department of Finance and Deregulation's guidance. We also have a section 20 contract, which is the agreement under which we are performing these reviews. We then establish a contact within the actual campaign – the campaign manager – and allocate one of our managers to the role of overseeing that campaign. We then sum that up in what we call an 'opening letter' and provide that to the branch head of the department or agency.<sup>46</sup>

- 2.51 Mr Michael White from the ANAO gave an example to the Committee of the review process for the Child Care Rebate advertising campaign. He described the level of cooperation from the Department of Education, Employment and Workplace Relations as being at a high level, also

---

44 Mr Ian McPhee PSM, transcript, 26 October 2009, p 17.

45 Mr Ian McPhee PSM, transcript, 13 May 2009, p 5.

46 Mr Michael White, transcript, 13 May 2009, p 5.

acknowledging that there was a short time frame for the Child Care Rebate advertising campaign.<sup>47</sup>

## Ordinary business activities

- 2.52 The ANAO reported that they had informed Finance of a potential issue in distinguishing between ordinary business activities of agencies and campaign advertising.
- 2.53 In practice, the ANAO used the decisions by Finance as the discriminator for what is regarded as normal business for an agency and what is campaign advertising.<sup>48</sup>

## Accuracy of information and advertising campaigns

- 2.54 The ANAO explained to the Committee that in the early stages of the Guideline implementation they were alerted to inaccuracies with information in a particular campaign.
- I recall getting an email or a letter from a citizen out there saying, 'In those ads those stacks aren't coal stacks.' They were actually something else.<sup>49</sup>
- 2.55 As a result the ANAO subsequently sought representation from agencies about the factual accuracy of the information being portrayed in all campaigns.<sup>50</sup>
- 2.56 Later in the inquiry, the Commonwealth Ombudsman informed the Committee about some of the issues identified in his report, *Administration of the Economic Security Strategy Payment - An examination of the implementation, monitoring and review of the scheme, November 2009*.<sup>51</sup> The report focussed on information material about the Economic Security Strategy Payment (ESSP) that created misapprehensions in members of the public and resulted in 156 complaints to the Ombudsman's office.<sup>52</sup>
- 2.57 The ANAO were challenged by some Committee members as to the accuracy of their review of the ESSP campaign in light of the issues and findings raised by the Ombudsman. They responded that they were

---

47 Mr Michael White, transcript, 26 October 2009, p 28.

48 Mr Peter White, transcript, 11 March 2009, p 26.

49 Mr Ian McPhee PSM, transcript, 11 March 2009, p 19.

50 Mr Ian McPhee PSM, transcript, 11 March 2009, p 19.

51 Commonwealth Ombudsman, *Administration of the Economic Security Strategy Payment - An examination of the implementation, monitoring and review of the scheme* (2009)

52 Professor John McMillan, transcript, 23 November 2009, p 1.

provided with a sign-off that the information being presented by the advertising agency was accurate.<sup>53</sup> Additionally the ANAO considered that the information was not inaccurate but could have been made more complete.<sup>54</sup>

2.58 It was acknowledged that there were significant time constraints around this campaign.<sup>55</sup>

---

53 Mr Ian McPhee PSM, transcript, 23 November 2009, p 15.

54 Mr Ian McPhee PSM, transcript, 23 November 2009, pp 14-15.

55 Professor John McMillan, transcript, 23 November 2009, p 9; Mr Ian McPhee PSM, transcript, 23 November 2009, p 14.