

Administration of the Natural Disaster Relief and Recovery Disaster Relief and
Recovery Arrangements by Emergency Management Australia

Audit Report No.34 2014–15

Opening Statement by Acting Auditor-General

JCPAA Review 17 September 2015

1. Good morning Chairman and committee members.
2. The key message from the audit was that Emergency Management Australia (EMA) within the Attorney-General's Department has not been alert to clear signals that the NDRRA framework has required tightening. The result has been that, notwithstanding growing evidence that there has been millions of dollars of ineligible claims being reimbursed to states, and significant gaps in the extent to which key terms and conditions in the NDRRA determination have been adequately defined and explained, the department has continued to place significant reliance on state vetting and sign-offs.
3. Of particular note has been that EMA has not sought to amend its administrative practices in light of the growing body of work undertaken by the Australian Government Reconstruction Inspectorate, or in response to the Queensland Reconstruction Authority reporting that its work had resulted in \$4.6 billion in rejected or withdrawn claims in that state alone. Similarly, despite a relatively modest sample and considerable constraints on the quality and quantity of information voluntarily made available by states, ANAO's work found indications of widespread NDRRA over claiming.

4. EMA has also been reluctant to accept criticism of its approaches. Of note was that the department did not accept the conclusion of a February 2013 internal audit report that there were 'significant weaknesses' in claims verification processes, with action to respond to that internal audit report not being taken until 2014. This was also evident in the department's response to the ANAO audit report, with the department only agreeing to part of the first recommendation, and qualifying its agreement to the other part of that recommendation as well as both parts of the second recommendation.

5. The audit team and I would be happy to answer any questions the Committee may have.