

Committee Secretary
Senate Legal and Constitutional Affairs Committee
Parliament House
Canberra ACT 2600

04 September 2014

Re: Work undertaken by the Australian Federal Police's Oil for Food Taskforce

Dear Committee Secretary

Further to the [submission of the 19th July 2014](#), I would like to add some supplementary observations that are drawn from answers received in the latest Budget Estimates, 2014.

Firstly the reply from the Department of Finance ([Q. F147](#)) was based on the following question.

'Is the Department of Finance able to give a definitive overview of Australian Government public sector fraud and financial error in 2011-12 and 2012-13? If not, why not?'

It's the 'why not' that grabs my attention here,

'The nature of the information collected does not enable an overall figure for fraud to be determined.'

This part answer is the first thing that I would ask the Committee to consider!

Secondly is the reply from the Department of the Prime Minister and Cabinet ([Q. 170](#)) which related to Annual Reports presented to the Parliament.

It is the last sentence to this question that I would now like to bring to your attention.

'The Department notes that, once the annual reports are tabled, the Senate scrutinises annual reports of departments and agencies under Senate Standing Order 25 (20).'

Is there a disjoint presented here?

Has there been a lack of cross referencing between stakeholders here?

Has this been going on for two years as the question to the Department of Finance alludes, or decades as my experience and your inquiry suggests?

John Howard may have said "If you see something suspicious, report it", but did anyone in Finance tell their Minister, and more importantly were the Parliament and the Public Sector reading from the same map and questionably the same scale.

Are the Commonwealth Fraud Guidelines an accurate measure for Senate Standing Orders 25 (20) to be taking a bearing from? Apparently not!

It appears that guidelines have emanated from the Department of Prime Minister and Cabinet from since at least 2002, when I became aware of them. It is mandatory, rightly or wrongly, that mandatory statements be included when producing Departmental and Agency Annual Reports.

What I observed and began to question from 2002 was the following statement in part from the 2001-2002 Defence Annual Report Letter of Transmittal to the Minister for Defence.

'In accordance with Section 45 of the Financial Management and Accountability Act 1997 and pursuant to Regulation 19 of that Act, we are satisfied that Defence has prepared fraud risk assessments and fraud control plans, and has in place appropriate fraud prevention, detection, investigation and reporting procedures and processes that meet the specific needs of Defence and comply with the Commonwealth Fraud Control Guidelines 2002.'

By observation, the mandatory statement included in, in this case within the Annual Report of the Department of Defence, has allowed Defence a 'get out of jail' pass for any fiduciary failings in their 'fraud prevention, detection, investigation and reporting procedures', and by the direction of the Department of the Prime Minister and Cabinet, diluted the effectiveness of the Commonwealth Fraud Guidelines since their inception.

The only probity left appears to be with the Senate, a handful of Senators per Committee, and their scrutiny of the Senate Estimates process and the application of Senate Standing Orders 25 (20).

I hope I have been able to better highlight the parallels that existed and still exist with the policing formation that I was a member of.

I thank the Committee for its consideration and I will attach references to material that I have used.

Yours respectfully

Michael Wunderlich

Encl.

Reference:

1. Submission to Committee – 19 July 2014
<http://www.aph.gov.au/DocumentStore.ashx?id=9f909a9f-12b8-4f64-8245-c6db7ef0268e&subId=298391>
2. Written question to the Department of Finance by Senator Xenophon
[Senate Budget Estimates, June 2014 Written Finance Q. F147
http://www.aph.gov.au/~media/Committees/fapa_ctte/estimates/bud_1415/finance/f147.pdf](http://www.aph.gov.au/~media/Committees/fapa_ctte/estimates/bud_1415/finance/f147.pdf)
3. Written question to the Department of Prime Minister and Cabinet by Senator Xenophon
[Senate Budget Estimates, June 2014 Written DPMC Q. 170
http://www.aph.gov.au/~media/Committees/fapa_ctte/estimates/bud_1415/pmc/pm170.pdf](http://www.aph.gov.au/~media/Committees/fapa_ctte/estimates/bud_1415/pmc/pm170.pdf)
4. Guidelines for Annual Reports
http://www.dpmc.gov.au/guidelines/docs/annual_report_requirements_2013-14_markedup.doc

Annual Report Requirements

12 Management and Accountability

Corporate Governance

Mandatory

- (1) Under the Commonwealth Fraud Control Guidelines,¹⁶ agency heads are required to certify in their annual reports that:
- (a) their agency has prepared fraud risk assessments and fraud control plans,
 - (b) their agency has in place appropriate fraud prevention, detection, investigation, reporting and data collection procedures and processes that meet the specific needs of the agency, and
 - (c) they have taken all reasonable measures to minimise the incidence of fraud in their agency and to investigate and recover the proceeds of fraud against their agency.

Agencies may wish to include this certification in the letter of transmittal from the departmental secretary or agency head.

5. Defence Annual Reports
<http://www.defence.gov.au/AnnualReports/>