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Joint Committee of Public Accounts and Audit
Implementation of COVID-19 measures: Inquiry into Auditor-General Reports
Nos. 20, 22, 23, 24 and 39 (2020–21)

3 December 2021

Opening Statement by the Auditor-General

Introduction

1. Good afternoon Chair and Committee Members.
2. Thank you for the opportunity to appear before the Committee today as part of the inquiry into the implementation of COVID-19 measures. I note that the focus of today's hearing is on Auditor-General Reports:
 - No. 22 (2020–21) *Planning and Governance of COVID-19 Procurements to Increase the National Medical Stockpile*;
 - No. 23 (2020–21) *Services Australia COVID-19 Measures and Enterprise Risk Management*;
 - and
 - No. 39 (2020–21) *COVID-19 Procurements and Deployments of the National Medical Stockpile*.

ANAO's approach to auditing COVID-19 measures

3. The COVID-19 pandemic and the government's response to it significantly impacted on the risk environment faced by the Australian public sector. To account for this change in risk environment, the ANAO acted promptly to support the sector and provide assurance to the Parliament that key response measures were being implemented effectively.
4. In 2020 the ANAO developed a COVID-19 multi-year audit strategy, which outlines our approach to auditing COVID-19 measures across three phases.
 - Under phase one of the strategy, the ANAO initiated five early-stage audits of front-line entities that were implementing COVID-19 response measures. These audits were tabled between December 2020 and May 2021 and include the three audits that are the focus of the Committee's hearing today.

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- Phase two of the strategy is currently underway. Its focus is on the design, implementation and governance of COVID-19 response measures. The first audit conducted under this phase is expected to be tabled this month. It examines the management of international travel restrictions during COVID-19. There are five other phase-two audits currently in progress, expected to table in quarters three and four of 2021–22.
 - Phase three will focus on the outcomes of the government’s COVID-19 response, and topics will be included in consideration of the ANAO’s next annual audit work program.
5. The ANAO’s approach to auditing COVID-19 response measures has been informed by, and aligns with, approaches adopted by peer national audit institutions. The ANAO, like audit institutions in the United States, United Kingdom, Canada and New Zealand¹, considered the Parliament’s need for transparency and independent assurance during the pandemic response and conducted a range of audits over the 2020 and 2021 years
6. The focus for early-stage audits by the ANAO was on whether entities: established fit-for-purpose governance arrangements; appropriately identified and managed implementation risks; and were flexible and adaptive in mobilising resources. In addition to the audit reports subject to this inquiry, other audits included Report No. 20 *Management of the Australian Public Service’s Workforce Response to COVID-19* and Report No. 24 *The Australian Taxation Office’s Management of Risks Related to the Rapid Implementation of COVID-19 Economic Response Measures*.

Communicating performance audit insights

7. In April 2020 the ANAO published an edition of its ‘Audit Insights’ product that distilled key messages from past performance audits of the rapid implementation of government initiatives, including in response to the Global Financial Crisis.² This was the ANAO’s most accessed product during the 2020. Feedback from entities indicates it was widely used and assisted entities with their initial implementation of COVID-19 response measures.

¹ For information on these audit institutions’ responses to COVID-19, see: Government Accountability Office (US), *Coronavirus Oversight*, available from <https://www.gao.gov/coronavirus>; National Audit Office (UK), *COVID-19*, available from <https://www.nao.org.uk/covid-19/>; Office of the Auditor General of Canada, *COVID-19 Pandemic*, available from https://www.oag-bvg.gc.ca/internet/English/parl_fs_e_43614.html; and Controller and Auditor-General (NZ), *Covid-19*, available from <https://oag.parliament.nz/reports/covid-19>.

² ANAO, *Rapid Implementation of Australian Government Initiatives*, Audit Insights, 16 April 2020.

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8. In May 2021 the ANAO published an edition of Audit Insights on emergency management.³ This Insights product summarised the key messages from early-stage COVID-19 audits.
- It was pleasing that audits found entities' early responses to the pandemic were largely effective. Generally, entities examined through these audits established fit-for-purpose governance arrangements, implemented appropriate risk management processes, and mobilised resources effectively. For example, the audit of the Australian Taxation Office's risk management found it followed a sound process to identify and obtain resources and capabilities to support its rapid implementation of economic response measures.⁴
 - A consistent theme from early-stage COVID-19 audits was that pre-pandemic planning was insufficient. The audit of the Australian Public Service's workforce response to COVID-19 found that management of the APS workforce in implementing the Australian Government's COVID-19 priorities was effective. A key insight was that whole-of-government crisis management documents did not include information on identifying critical government functions and mobilising the workforce across entities in a public health emergency.⁵ There would be value in crisis management frameworks, plans and arrangements being updated to include consideration of APS-wide operational management matters, such as roles and responsibilities for identifying critical functions, mobilising the APS workforce and issuing APS-wide directions.
9. Going forward, we will continue to communicate insights from COVID-19 audits to ensure the sector is informed of the key messages emerging from this work.

Key findings from Auditor-General Reports Nos. 22, 23 and 39

10. Noting the focus of the Committee's hearing today, I would like to provide more detail on the key findings from audits of Services Australia's risk management and the Department of Health and the Department of Industry, Science, Energy and Resources' management of procurements and deployments of the National Medical Stockpile.

³ ANAO, *Emergency Management — Insights from the Australian Government's COVID-19 Response*, Audit Insights, 28 May 2021.

⁴ Auditor General Report No.24 of 2020–21 *The Australian Taxation Office's Management of Risks Related to the Rapid Implementation of COVID-19 Economic Response Measures*, paragraph 13.

⁵ Auditor-General Report No.20 of 2020–21 *Management of the Australian Public Service's Workforce Response to COVID-19*, paragraphs 2.6 and 2.7.

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Services Australia's risk management (Auditor-General Report No. 23)

11. Services Australia was responsible for implementing a range of COVID-19 economic response measures relating to income support and household payments. The audit assessed whether it effectively managed risks relating to the rapid preparation for, and delivery of, these measures.
12. The audit found Services Australia was largely effective in managing the risks related to the rapid preparation for and delivery of COVID-19 economic response measures as it:
 - effectively prepared for the delivery of the measures, developing fit-for-purpose governance arrangements and scaling up resources to meet increased demand;
 - adequately identified, addressed and communicated risks, except for risks related to welfare payment system access changes, which were not adequately considered or documented; and
 - monitored risks to the implementation of the measures and impacts on business as usual.

National Medical Stockpile (Auditor-General Reports Nos. 22 and 39)

13. The National Medical Stockpile is a strategic reserve of pharmaceuticals, vaccines, antidotes and personal protective equipment for use during a public health emergency. The ANAO conducted two audits of the stockpile.
 - The first examined the effectiveness of planning and governance arrangements for COVID-19 procurements to increase the stockpile.
 - The second examined whether COVID-19 procurements were consistent with the proper use and management of public resources, and whether stockpile deployments were effective.
14. Report No. 22 found the COVID-19 procurement requirement for personal protective equipment and medical equipment was met or exceeded, but elements of the Department of Health's procurement planning could have been improved. The ANAO made four recommendations to the department to improve aspects of its effectiveness in managing the NMS. The department has agreed with all 4 recommendations.
15. Report No. 39 found procurement processes to increase the NMS were largely consistent with the proper use and management of public resources. The effectiveness of deployments from the stockpile could not be established, due to a lack of performance measures, targets and data. The four recommendations made to the department in the report were agreed.
16. We would be happy to answer any questions the Committee may have.

Attachment – ANAO COVID-19 audit resources

ANAO COVID-19 multi-year audit strategy

<https://www.anao.gov.au/work-program/covid-19>

Audit insights editions

ANAO, *Rapid Implementation of Australian Government Initiatives*, Audit Insights, 16 April 2020

<https://www.anao.gov.au/work/audit-insights/rapid-implementation-australian-government-initiatives>

ANAO, *Emergency Management — Insights from the Australian Government’s COVID-19 Response*, Audit Insights, 28 May 2021

<https://www.anao.gov.au/work/audit-insights/emergency-management-insights-the-australian-government-covid-19-response>