

Report 397

Annual Report 2002–2003

Joint Committee of Public Accounts and Audit

November 2003

Canberra

© Commonwealth of Australia 2003

ISBN [Click **here** and type ISBN Number]

Produced by CanPrint Communications Pty Limited



Contents

Chairman's Foreword	v
Membership of the Committee	vii
Highlights of the Year	xi

THE REPORT

1	JCPAA Purpose, Objectives and methods of Operation	1
2	Summary of Reports Tabled and Other Activities	7
3	Work in Progress	15

APPENDICES

Appendix A	Committee Meetings and Hearings	21
Appendix B	Committee Expenses	25



Foreword

It gives me great pleasure to present the annual report of the Joint Committee of Public Accounts and Audit, pursuant to section 8B of the *Public Accounts and Audit Committee Act 1951*. Section 8B of the Act requires the Committee to table in both Houses of Parliament a report on the Committee's performance each financial year. Tabling of the annual reports is an important accountability mechanism by which Parliament and, through it the public, can conveniently assess the Committee's performance.

Of course, the Committee's performance should be judged principally by the quality of our other reports tabled during the year and the recommendations they contain. The Committee had a productive year in 2002-2003 with the completion of 2 major inquiries: Report 391, *Review of Independent Auditing by Registered Company Auditors* and Report 394, *Review of Australia's Quarantine Function*. The Committee also tabled 2 reports with recommendations as part of its on-going statutory obligation to review all reports of the Auditor-General.

Report 391, *Review of Independent Auditing by Registered Company Auditors* was the first time the JCPAA had undertaken an inquiry into private sector issues and gave the Committee an opportunity to bring its expertise in audit and corporate governance matters to bear on the issue of audit independence generally. The report contained 13 recommendations including some with amendments to the *Corporations Act 2001*. I am pleased to note that many of the report's recommendations have been subsequently incorporated into either the Corporate Law Economic Reform Program's (CLERP) draft CLERP (Audit Reform & Corporate Disclosure) Bill or the Listing Rules of the Australian Stock Exchange.

Report 394, *Review of Australia's Quarantine Function* was an extensive review of Australia's quarantine function following the foot and mouth outbreak in the United Kingdom in February 2001. In general, the Committee believed that Australia's quarantine function is in good shape and that the additional funding allocated by the Government in the 2001-02 Budget to the quarantine function is being well spent. The Committee was particularly impressed with the enthusiasm and professionalism of quarantine personnel that it met during the inquiry and with the strategy in northern Australia of involving indigenous peoples in quarantine activities. The report contained 13 recommendations designed to enhance Australia's quarantine function.

The two other reports tabled in the year, *Report 390, Review of Auditor-Generals' Reports 2001-2002, First, Second and Third Quarters* and *Report 393, Review of Auditor-General's Reports 2001-2002, Fourth Quarter*, reflected the Committee's ongoing statutory role in reviewing the reports of the Auditor-General.

In the latter half of the financial year, the Committee announced a review of aviation security in Australia in light of several aviation security breaches. As aviation security is an ongoing concern to Australians, it is important to have in place a robust aviation security framework. The Committee believes that this is a timely inquiry and is one that has already generated widespread public interest.

Finally, I wish to thank my colleagues on the Committee, and in particular my Deputy Chair Tanya Plibersek, for their support and commitment to the Committee during the year. With Members of their calibre, I believe the Committee is in good hands.

Bob Charles MP

Chairman

Chairman and Deputy Chair of the Committee 2002-2003



Bob Charles MP
Chairman



Tanya Plibersek MP
Deputy Chair

Members of the Committee – 2002-2003



Steven Ciobo MP



John Cobb MP



Senator Richard
Colbeck
(until 25 March 2003)



Senator Stephen
Conroy
(from 5 February
2003)



Petro Georgiou MP



Sharon Grierson MP



Alan Griffin MP



Senator John Hogg
(until 5 February
2003)

(Continued on page ix)

Members of the Committee – 2002-2003 (Continued)



Senator Gary
Humphries
(from 25 March
2003)



Catherine King MP



Peter King MP



Senator Kate Lundy
(from 19 November
2002)



Senator Claire Moore
(Until 19 November
2002)



Senator Andrew
Murray



Senator Nigel
Scullion



The Hon Alex
Somlyay MP



Senator John
Watson

Highlights of the Year

Reports presented

Report 390, *Review of the Auditor-General's Reports 2001--2002, First, Second and Third Quarters*, August 2002

Report 391, *Review of Independent Auditing by Registered Company Auditors*, September 2002

Report 392, *Annual Report 2001--2002*, November 2002

Report 393, *Review of Auditor-General's Reports 2000--2001, Fourth Quarter*, February 2003

Report 394, *Review of Australia's Quarantine Function*, March 2003

Responses by Government to Reports

Report 374, *Review of the Financial Management and Accountability Act 1997 and the Commonwealth Authorities and Companies Act 1997* – Dated 29 November 2002

Report 385, *Review of Auditor-General's Reports, 1999--2000, Second and Third Quarters* – Dated 1 August 2002 and 13 January 2003

Report 386, *Review of Auditor-General Act 1997* – Dated 19 September 2002

Report 388, *Review of Accrual Budget Documentation* – Dated 6 September 2002, 14 March 2003 and 6 May 2003

Report 389, *Review of Auditor-General's Reports, 2000-2001, Fourth Quarter* – Dated 20 December 2002 and 31 January 2003

Report 393, *Review of Auditor-General's Reports, 2001-2002, Fourth Quarter* – Dated 20 June 2003, 13 August 2003, 21 August 2003 and 9 September 2003

Other Committee Activities

29 – 31 July 2002 – Inspection and briefings on the Fire Ant Control Program, Brisbane and operations by the Northern Australian Quarantine Strategy (NAQS) in Cairns, Thursday Island and the Torres Strait as part of the review of Australia's Quarantine Function.

5 – 6 August 2002 – Inspections and briefings of Australian Quarantine and Inspection Service (AQIS) operations at Eastern Creek Quarantine Station, Kingsford Smith International Airport, the Port of Sydney, AQIS Headquarters and Australia Post Clyde Mail Centre as part of the review of Australia's Quarantine Function.

4 September 2002 – Inspection and briefing at the Sandown Racecourse Quarantine Station as part of the review of Australia's Quarantine Function.

2 - 5 February 2003 – The Chairman, Deputy Chair and Senator John Watson attended the Australasian Council of Public Accounts Committee Conference in Melbourne.

19 - 20 May 2003 – The Chairman delivered a speech on '*Auditor independence: Review of Independent Auditing by Registered Company Auditors and new legislation*' at the New Directions in Australian Auditing Standards Conference, in Sydney.

20 May 2003 – Inspection of Kingsford Smith International Airport, Sydney as part of the review of *Audit Report No. 26, Aviation Security in Australia*.

24 June 2003 – Inspection of Defence Signals Directorate (DSD) Headquarters as part of the inquiry into the Management and Integrity of Electronic Information in the Commonwealth.