

---

The Parliament of the Commonwealth of Australia

# **Report 425**

**Annual Report 2010-11**

**Joint Committee of Public Accounts and Audit**

October 2011  
Canberra

---

© Commonwealth of Australia 2011

ISBN 978-0-642-79569-4 (Printed version)

ISBN 978-0-642-79570-0 (HTML version)

This work is licensed under the Creative Commons Attribution-NonCommercial-NoDerivs 3.0 Australia License.



The details of this licence are available on the Creative Commons website:

<http://creativecommons.org/licenses/by-nc-nd/3.0/au/>.



# Contents

|                                                                  |           |
|------------------------------------------------------------------|-----------|
| Foreword .....                                                   | v         |
| Membership of the Committee .....                                | vii       |
| List of abbreviations .....                                      | xi        |
| At a glance – 2010-11 .....                                      | xiii      |
| <br>                                                             |           |
| <b>1 The JCPAA's role and functions .....</b>                    | <b>1</b>  |
| <b>Introduction .....</b>                                        | <b>1</b>  |
| <b>Procedures and powers .....</b>                               | <b>2</b>  |
| <b>Committee duties .....</b>                                    | <b>2</b>  |
| The work and operation of the Auditor-General and the ANAO ..... | 3         |
| Other activities .....                                           | 6         |
| Responses to JCPAA reports.....                                  | 7         |
| Engagement with other public accounts committees .....           | 8         |
| <br>                                                             |           |
| <b>2 Summary of activities for 2010-11 .....</b>                 | <b>9</b>  |
| <b>Tabled Committee reports.....</b>                             | <b>9</b>  |
| Reviews of Auditor-General reports .....                         | 9         |
| Policy inquiry reports.....                                      | 11        |
| Other reports .....                                              | 12        |
| <b>Other major Committee activities .....</b>                    | <b>12</b> |
| Audit priorities of the Parliament .....                         | 12        |
| Statement on draft estimates for the ANAO .....                  | 13        |
| Annual report requirements for Commonwealth agencies.....        | 14        |
| Briefing on public sector governance issues .....                | 14        |
| Engagement with the Independent Auditor .....                    | 14        |

|                                                          |               |
|----------------------------------------------------------|---------------|
| Engagement with other parliaments and organisations..... | 15            |
| <b>Inquiries in progress (as at 30 June 2011).....</b>   | <b>16</b>     |
| Review of the Auditor-General's reports .....            | 16            |
| Policy inquiry: National Funding Agreements.....         | 16            |
| <br><b>Appendix A – Committee meetings 2010-11.....</b>  | <br><b>19</b> |
| <br><b>Appendix B – Committee expenses 2010-11 .....</b> | <br><b>21</b> |



## Foreword

I am pleased to present the 2010-11 annual report of the Joint Committee of Public Accounts and Audit (JCPAA). This annual report is issued pursuant to section 8B of the *Public Accounts and Audit Committee Act 1951*, and, in effect, is an account of the activities undertaken by the newly formed JCPAA, since the commencement of the 43<sup>rd</sup> Parliament.<sup>1</sup>

The Committee's activities throughout 2010-11 were guided by the Committee's broad set of duties, which include:

- examining the financial affairs of authorities of the Commonwealth;
- considering the operation and resources of the Australian National Audit Office (ANAO), and examining all reports of the Auditor-General that are tabled in Parliament;
- approving or rejecting any nomination for appointment of any person to the office of the Auditor-General or Independent Auditor of the ANAO; and
- increasing parliamentary and public awareness of the financial and related operations of government.

In 2010-11 the Committee published two significant reports on the Auditor-General's powers and role: *Inquiry into the Auditor-General Act 1997*; and *Role of the Auditor-General in Scrutinising Government Advertising*.<sup>2</sup> The Committee made 13 recommendations to improve the adequacy of the Auditor-General's powers for the current public sector environment. These recommendations, if fully

---

1 Since the annual report period aligns with the 43<sup>rd</sup> Parliament period appointment.

2 Parliament of Australia, Joint Committee of Public Accounts and Audit, *Committee activities (inquiries and reports)* <http://www.aph.gov.au/house/committee/jcpaa/reports.htm>.

implemented, will enhance the power of the Auditor-General to 'follow the dollar' ensuring that Commonwealth funding is fully accounted for and that the taxpayer is receiving value for money.

The Committee continued its ongoing reviews of ANAO reports including inquiries into audit reports on the Green Loans Program, Home Insulation Program and Direct Source Procurement.

The recommendations contained in the Committee's reports will support continued enhancements in the administration of government funds.

Other substantive work by the Committee included:

- commencement of a policy inquiry into National Funding Agreements;
- review of the 2009-10 "Major Projects Report", compiled by the Defence Materiel Organisation and the ANAO; and
- enhanced scrutiny of tax administration issues.

The JCPAA performs an important role within a parliamentary democracy. The information presented in this report shows the ongoing commitment of the Committee to ensure scrutiny of the use of public resources, to hold to account Commonwealth agencies' expenditure of public monies, and, to drive for improvements in public administration.

**Robert Oakeshott MP**  
**Chair**



## Membership of the Committee

### 43<sup>rd</sup> Parliament (2010-11)

**Chair** Mr Robert Oakeshott MP

**Deputy Chair** Mrs Yvette D'Ath MP

|                |                              |                                         |
|----------------|------------------------------|-----------------------------------------|
| <b>Members</b> | The Hon Dick Adams MP        | Senator Guy Barnett (until 30/06/11)    |
|                | Mr Jamie Briggs MP           | Senator Mark Bishop                     |
|                | Ms Gai Brodtmann MP          | Senator Annette Hurley (until 30/06/11) |
|                | Mr Darren Cheeseman MP       | Senator Helen Kroger                    |
|                | Mr Josh Frydenberg MP        | Senator Glenn Sterle                    |
|                | Ms Deb O'Neill MP            |                                         |
|                | Ms Laura Smyth MP            |                                         |
|                | The Hon Alexander Somlyay MP |                                         |

## **42<sup>nd</sup> Parliament (2010-11)**

**Chair** Ms Sharon Grierson MP

**Deputy Chair** Mr Petro Georgiou MP

|                |                           |                      |
|----------------|---------------------------|----------------------|
| <b>Members</b> | The Hon Dick Adams MP     | Senator Guy Barnett  |
|                | The Hon Arch Bevis MP     | Senator Mark Bishop  |
|                | The Hon Bronwyn Bishop MP | Senator David Feeney |
|                | Mr David Bradbury MP      | Senator Helen Kroger |
|                | Mr Jamie Briggs MP        | Senator Kate Lundy   |
|                | Ms Catherine King MP      |                      |
|                | The Hon Sussan Ley MP     |                      |
|                | Mr Shayne Neumann MP      |                      |

## **Committee Secretariat**

### **43<sup>rd</sup> Parliament (2010-11)**

|                                 |                                      |
|---------------------------------|--------------------------------------|
| <b>Secretaries</b>              | Mr Russell Chafer (until 02/02/11)   |
|                                 | Mr David Brunoro (from 03/02/11)     |
| <b>Inquiry Secretaries</b>      | Ms Pauline Cullen (until 02/01/11)   |
|                                 | Ms Penny Wijnberg                    |
|                                 | Ms Stephanie Mikac (until 29/04/11)  |
|                                 | Dr Narelle McGlusky (from 24/03/11)  |
| <b>Senior Research Officers</b> | Dr Narelle McGlusky (until 23/03/11) |
|                                 | Ms Lynette Mollard (from 28/06/11)   |
| <b>Research Officer</b>         | Ms Fiona Gardner                     |
| <b>Administrative Officers</b>  | Mrs Dorota Cooley (from 01/04/11)    |
|                                 | Ms Katrina Gillogly (from 06/06/11)  |

**42<sup>nd</sup> Parliament (2010-11)**

|                                |                                       |
|--------------------------------|---------------------------------------|
| <b>Secretary</b>               | Mr Russell Chafer                     |
| <b>Inquiry Secretaries</b>     | Ms Pauline Cullen<br>Dr Kris Veenstra |
| <b>Senior Research Officer</b> | Dr Narelle McGlusky                   |



## List of abbreviations

|          |                                                     |
|----------|-----------------------------------------------------|
| ACPAC    | Australasian Council of Public Accounts Committees  |
| ANAO     | Australian National Audit Office                    |
| APS      | Australian Public Service                           |
| ATO      | Australian Taxation Office                          |
| CDS      | Commonwealth Disability Strategy                    |
| JCPAA    | Joint Committee of Public Accounts and Audit        |
| MPR      | Major Projects Report                               |
| PAAC Act | <i>Public Accounts and Audit Committee Act 1951</i> |
| PAC      | Public Accounts Committee                           |





## At a glance – 2010-11

The 2010-11 financial year largely represented the commencement of work by the Joint Committee of Public Accounts and Audit (JCPAA) for the 43<sup>rd</sup> Parliament. Among its activities, the JCPAA tabled a total of five reports. Two of these reports completed major inquiries commenced by the JCPAA in the 42<sup>nd</sup> Parliament<sup>3</sup>: *Inquiry into the Auditor-General Act 1997*; and *Role of the Auditor-General in Scrutinising Government Advertising*.<sup>4</sup> Another of these reports, *Review of Auditor-General's Reports Nos. 04 to 38, (2009/10)* presented the previous Committee's detailed examination of nine Auditor-General reports.<sup>5</sup>

The Committee made 18 recommendations across these three reports.<sup>6</sup> All of the recommendations that required a response by 30 June 2011, had been submitted and completed by the appropriate agency.

Based on the recommendations of the Committee's inquiry into the *Auditor-General Act 1997*, a Private Members Bill was introduced into the Parliament to amend the powers of the Auditor-General. The *Auditor-General Amendment Bill 2011* allows for expanded jurisdiction for the Auditor-General, including the authority to 'follow the money trail from the point of receipt to the point of delivery'.<sup>7</sup> The Parliament is currently debating this bill.

---

3 Please refer to JCPAA Report 420: *Annual Report 2009-10*, February 2011.

4 Parliament of Australia, Joint Committee of Public Accounts and Audit, *Committee activities (inquiries and reports)* <http://www.aph.gov.au/house/committee/jcpaa/reports.htm>.

5 This report was presented on behalf of the Committee of the previous Parliament, which undertook all of the public hearings.

6 Fourteen of these recommendations were included across the two major inquiry reports, while four were included in the review of the Auditor-General's reports.

7 Mr Oakeshott MP, *Auditor-General Amendment Bill 2011* – First reading, 28 February 2011.

In February 2011, the JCPAA also commenced a major inquiry into National Funding Agreements. As at 30 June, 11 submissions had been received and one public hearing had taken place with an additional four scheduled for 2011-12.<sup>8</sup>

---

8 Parliament of Australia, Joint Committee of Public Accounts and Audit, *Inquiry into National Funding Agreements*, <http://www.aph.gov.au/house/committee/jcpaa/natagree/index.htm>.