



File Reference: M2007/176, 2008/997

6 March 2009

Ms Sharon Grierson MP
Chair
Joint Committee of Public Accounts and Audit
Parliament House
Canberra ACT 2600

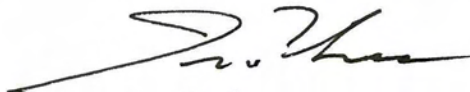
Dear Ms Grierson

Hearing – Auditor-General’s role in scrutinising government advertising campaigns

Please find enclosed a submission from the ANAO in relation to the above hearing.

I have separately provided the Committee Secretary with a range of requested documents, for the information of Committee members.

Yours sincerely



Ian McPhee
Auditor-General



Submission to the Joint Committee on Public Accounts and Audit Inquiry into the Government's Guidelines on Campaign Advertising

Date: 6 March 2009

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Summary

Background

1. On 2 July 2008, consistent with its policy platform, the Government announced *Guidelines on Campaign Advertising by Australian Government Departments and Agencies* (the Guidelines) to govern the content and presentation of Commonwealth Government campaign advertising. Agencies subject to the *Financial Management and Accountability Act 1997* (the FMA Act) are required to comply with the Guidelines, which require that a Minister only launch an advertising campaign when:

- the Chief Executive of the agency undertaking the campaign has certified that the campaign complies with the Guidelines and relevant government policies; and
- for campaigns with expenditure in excess of \$250 000, the Auditor-General has provided a report to the Minister on the proposed campaign's compliance with the Guidelines.

2. Prior to the November 2007 Federal Election, the Government's information activities were coordinated by the Special Minister of State, who chaired the Ministerial Committee on Government Communications, which took key decisions relating to major and sensitive information campaigns. The (then) Government's general administrative requirements in relation to the management of information campaigns were set out in *Guidelines for Australian Government Information Activities - Principles and Procedures*, February 1995.

3. Campaign advertising has been subject to a number of audits and inquiries:

- An ANAO audit of Commonwealth Government information and advertising in 1994-95¹;
- The ANAO further examined aspects of the administration of government advertising in Report 12 of 1998-99²;
- On 10 December 1998, the Joint Committee of Public Accounts and Audit (JCPAA) decided to review Report 12 of 1998-99. The focus of the committee's deliberations was the development of new guidelines for Commonwealth Government advertising;

¹ ANAO Audit Report No. 30 1994-95 *Commonwealth Government Information and Advertising* June 1995.

² ANAO Audit Report No. 12 1998-99 *Taxation Reform – Community Education and Information Programme* October 1998.

- In 2004 and 2005, the Senate Finance and Public Administration References Committee undertook an inquiry into Government advertising and accountability, with the report of December 2005 making a number of recommendations; and
- An ANAO performance audit of the administration of contracting in relation to Government Advertising (Report No. 24 of 2008-09) was tabled in Parliament on 5 March 2009, making four recommendations aimed at improving the administration of campaign advertising.

The Review Framework

4. The Department of Finance and Deregulation is responsible for the application and operation of the current Guidelines and for providing a framework to departments and agencies who may be considering conducting advertising campaigns. As a part of that framework, the ANAO provides a report, for campaigns with expenditure in excess of \$250 000, to the relevant Minister on the proposed campaigns compliance with the Guidelines.

5. The review undertaken by the ANAO is not an audit, but is designed to provide limited assurance through inquiry, observation and analysis of key documents and information that the Government's Guidelines have been adhered to.

Review Activity to Date

6. The ANAO has established a small team to undertake the review of advertising campaigns. Funding for staffing was provided when the initiative was introduced, and the ANAO will continue to monitor the resources engaged in this function.

7. As at 5 March 2009, 28 reports have been issued to responsible ministers in respect of 18 discrete advertising campaigns conducted within 11 portfolios.

Experience Gained

8. The ANAO and departments have put in place arrangements to respond to the new requirements for Government advertising, and have refined them in the light of experience.

9. Departments, and particularly the Department of Finance and Deregulation, have been working closely with us as the new approach to government advertising is implemented. Departments still have some work to do to align their business processes to support effective compliance with the core requirements of the Guidelines, but we would expect this to improve over time.

10. The Guidelines are generally holding up well, and have been particularly useful in establishing the expectations that all government advertising campaigns must meet. However, there are some areas where, in the light of experience, the Guidelines could be refined or supplemented by additional guidance and these matters have been brought to the attention of the responsible minister.

1. Background

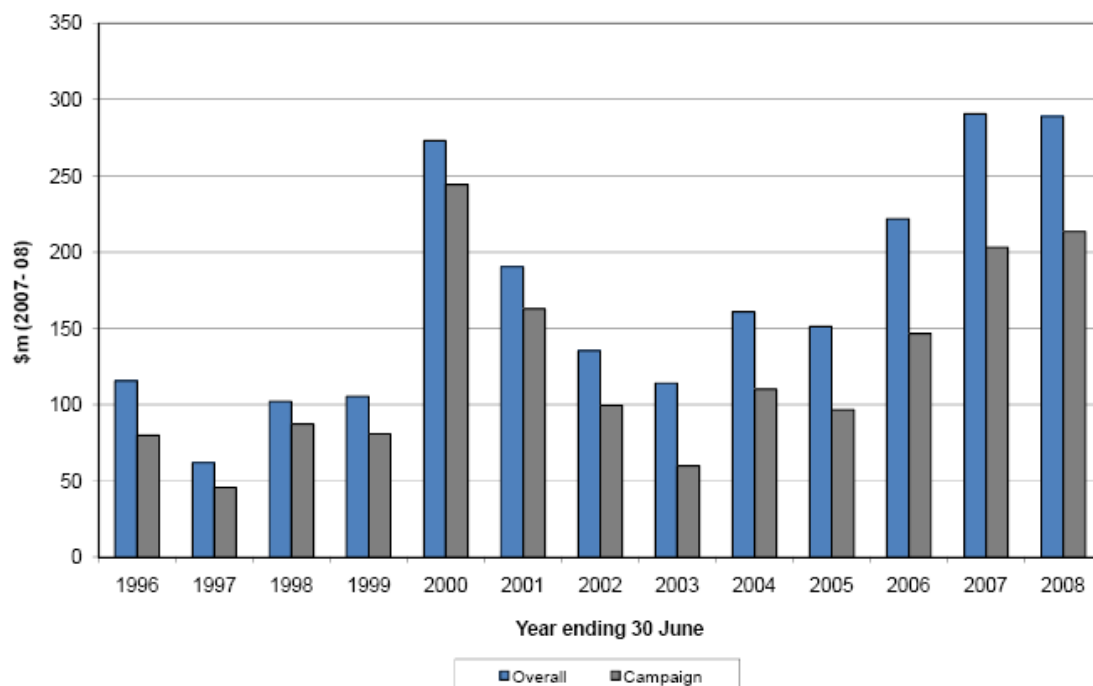
Introduction

1.1 Advertising is a legitimate element of government communication and information strategies. It provides a mechanism for governments to connect directly with citizens, informing them about new and existing government programs, providing advice about rights and responsibilities and conveying important information.

1.2 The strategies that guide government communications, including advertising, are often formulated as a part of the policy development and delivery process. Departments employ a wide variety of delivery channels to advertise, ranging from the publication of mandatory notices in the press and Government gazette to building a presence on *YouTube*. While many Government departments maintain a substantive internal communications capacity, the demands of modern media techniques and markets results in more sophisticated advertising campaigns drawing heavily on the expertise of private sector service providers.

Figure 1

Expenditure on advertising from July 1995 (\$m, 2007-08 prices)



Source: ANAO analysis of PM&C and Finance documents, PM&C Annual Reports, Senate Hansard, Parliamentary Research Note No 62, 21 June 2004, ABS 6401.0 September 2008

1.3 The annual cost of advertising rose in real terms from \$116 million (2007 08 prices) in 1995 96 to \$289 million in 2007-08, an increase of 150 per cent (see Figure 1).³

Administration and Reporting

1.4 On 2 July 2008, the Government announced *Guidelines on Campaign Advertising by Australian Government Departments and Agencies* (the Guidelines) to govern the presentation and content of Commonwealth Government advertising campaigns. In announcing the Guidelines, the Government noted that:

... these guidelines are consistent with the Auditor-General's guidelines and the JCPAA's recommendations. What's more, these guidelines impose tougher and more rigorous processes for the approval of any advertising campaign. Under these guidelines, the head of the agency concerned has to sign off that a campaign meets the new guidelines. And the new guidelines require the Auditor-General to provide a report on each campaign, giving his views of whether the guidelines have been met. And the Auditor-General will be making his views public.

1.5 Agencies subject to the *Financial Management and Accountability Act 1997* (the FMA Act) are required to comply with the Guidelines. The new arrangements in relation to Government advertising came into effect in June 2008, ahead of the public announcement of the new approach and the Guidelines. The first review undertaken by the ANAO related to a proposed campaign concerning changes to the Child Care Tax Rebate.

1.6 Prior to the November 2007 Federal Election, the Government's information activities were coordinated by the Special Minister of State (SMOS). The Minister chaired the Ministerial Committee on Government Communications (MCGC), which took key decisions relating to major and sensitive information campaigns (including advertising campaigns) undertaken by Australian Government departments.⁴ Support for the MCGC was provided by the Government Communications Unit (GCU), located in the Department of the Prime Minister and Cabinet (PM&C).

1.7 The (then) Government's general administrative requirements in relation to the management of information campaigns were set out in *Guidelines for Australian Government Information Activities - Principles and Procedures, February 1995*. These arrangements required that all major and/or sensitive⁵ information activities be

³ In nominal terms (that is, not adjusted for changes in prices), advertising outlays rose by 240 per cent over this period, from \$85 million in 1995-96 to \$289 million in 2007-08.

⁴ As at 1 November 2007, the membership of the MCGC consisted of the Hon Gary Nairn MP (chair, Special Minister of State), Mr Petro Georgiou MP, the Hon Ms Susan Ley MP, the Hon Mr Andrew Robb MP, the Hon Mr Tony Smith MP and Mr Tony Nutt (PMO). The Minister responsible for the matter under consideration by the MCGC (or their representative) was invited to join the MCGC as a member for the duration of that consideration.

⁵ The Guidelines defined "Sensitive" as including issues which might offend sections of the community or may produce negative reactions from the community group being addressed or its opponents.

approved first by the responsible Minister and then brought before the MCGC for approval⁶ and sought to ensure that departmental information programs met the Government's priorities and objectives, and used appropriate techniques of communication.

1.8 The extent of government advertising activity and the potential benefit such advertising might provide to incumbent governments has been the subject of ongoing debate and inquiry.

External Scrutiny

1.9 The ANAO conducted an audit of Commonwealth Government information and advertising in 1994-95.⁷ The objective of the audit was to assess the economy, efficiency and administrative effectiveness of government information and advertising activities. The audit focused on planning, implementation, coordination and evaluation of information and advertising, including particularly, but not exclusively:

- the decision making process; and
- the use of consultants and advertising agencies.

1.10 The audit made twenty-five recommendations covering all aspects of the administration of government advertising. These recommendations were generally agreed.

1.11 The ANAO further examined aspects of the administration of government advertising in Report 12 of 1998-99.⁸ The objective of this audit was to consider issues raised by the Leader of the Opposition in the Senate in respect of the Government's community education and information program in support of new taxation arrangements. The audit made a number of suggestions to Government regarding campaign administration, including that the Government consider adopting principles and guidelines for the development, content and presentation of government advertising. In its September 2000 report (No 377) *Guidelines for Government Advertising* the Joint Committee of Public Accounts and Audit (JCPAA) also recommended the Government adopt guidelines for advertising, similar to those proposed earlier by the ANAO. The Committee did not produce a minority report but notes:

Mr Georgiou dissented from components of the guidelines entitled *Material should not be liable to misrepresentation as party political* on the following grounds:

⁶ Approval was required to be sought for all information activities for which it is proposed to engage the services of outside consultants, and was required regardless of whether or not the proposed activity included paid advertising.

⁷ ANAO Audit Report No. 30 1994-95 *Commonwealth Government Information and Advertising* June 1995

⁸ ANAO Audit Report No. 12 1998-99 *Taxation Reform – Community Education and Information Programme* October 1998

- in a highly combative political system, materials which are totally nonpartisan are open to misrepresentation as party political; and
- the ... factors which are used to determine whether material can be perceived as 'party political' in this report do not provide a sufficiently clear and objective basis for assessing whether or not such a perception is valid.

1.12 The recommendations of the JCPAA were not taken up by the Government of the day. In responding to the chair of the JCPAA on 11 August 2004, the (then) Special Minister of State and Chair of the MCGC wrote:

I note from the Chairman's Foreword to Report 377 that the Committee wished to produce draft guidelines for the government to consider. I also note that these draft guidelines were the subject of a strong and cogent dissenting statement from the only member of your Committee with extensive current experience in the area of Government communications activities. I can advise that the government has considered this matter and decided not to adopt those draft guidelines.

1.13 In 2004 and 2005, the Senate Finance and Public Administration References Committee undertook an inquiry into Government advertising and accountability, with the non-government majority report of December 2005 making a number of recommendations aimed at improving administrative processes and overall governance, including:

- that the Government adopt guidelines for Government advertising based on those previously recommended by the Auditor-General and the JCPAA;
- that the Auditor-General assess and report on the compliance with the guidelines of all campaigns valued at more than \$250 000;
- that the 1995 *Guidelines on Australian Government Information Activities* be urgently updated; and
- that the evaluation of campaigns and the reporting of advertising expenditure be improved, including through the publication of an annual report on Government advertising.

1.14 A minority report from then Government Senators did not concur with the findings and recommendations of the majority. The Government tabled an interim response in the Senate on 7 December 2006, noting that "the government response is being considered and will be tabled in due course". No final Government response to the Committee's report had been tabled in the Parliament at the time of writing this submission.

1.15 On 5 March 2009, the ANAO tabled a performance audit examining the administration of contracts in relation to Government advertising to November 2007.

The audit focussed on the effectiveness of the procurement and contracting associated with:

- the design, development and delivery of Government advertising campaigns by Commonwealth departments; and
- the operation of the CAS.

1.16 The audit examined governance issues bearing on the department's administration of campaigns, including PM&C's role in the administration of the CAS and in advising departments and supporting the operations of the Ministerial Committee on Government Communications in respect of campaign administration. In this regard the audit considered a small number of completed advertising campaigns including:

- the second phase of the National Security Campaign, administered by the Attorney-General's Department (AGD) between 2003 and 2006;
- the Private Health Insurance Campaign, administered by the Department of Health and Ageing (Health) in 2007; and
- Workplace Relations Reform campaigns in 2005 and 2007, administered by the (then) Department of Employment and Workplace Relations (now the Department of Education, Employment and Workplace Relations (DEEWR)).

1.17 The campaigns and administrative actions examined in the course of the audit were undertaken within the context of the administrative regime that applied prior to the 24 November 2007 Federal election. The audit did not examine the effectiveness of subsequent revisions to administrative arrangements and governance frameworks for government advertising although the recommendations provided by the report are being framed in the context of the new arrangements. The report made four recommendations aimed at improving the administration of procurement, contracting, performance evaluation and reporting relating to campaign advertising, and improving the administration of the Central Advertising System. The recommendations were agreed by the relevant departments.

2. The Review Framework

The Framework

2.1 The Department of Finance and Deregulation (Finance) is responsible for the application and operation of the current Guidelines and for providing a framework to departments and agencies who may be considering conducting advertising campaigns. The framework consists of a number of elements including:

- the Guidelines themselves, which include supporting information, an explanation of the underlying principles and Finance's description of campaign costs and activities;
- advice, guidance and support by Finance to departments and agencies;
- the Interdepartmental Committee on Communications, chaired by Finance, which provides advice and guidance to agencies from a whole-of-government perspective;
- certification against the new Guidelines by the Chief Executive of the commissioning department or agency; and
- the Auditor-General's review and subsequent report to the relevant department or agency's Minister on the proposed campaign's compliance with the Guidelines.

2.2 There are five Guidelines, underpinned by supporting statements. The Guidelines state that:

- material should be relevant to government responsibilities;
- material should be presented in an objective, fair and accessible manner;
- material should not be directed at promoting party political interests;
- material should be produced and distributed in an efficient, effective and relevant manner, with due regard to accountability; and
- advertising must comply with legal requirements.

2.3 The Auditor-General has agreed, for campaigns with expenditure in excess of \$250 000, to provide a report to the relevant Minister on the proposed campaigns compliance with the Guidelines. While it is also open to a Minister to ask the Auditor-General to provide a report on campaigns valued at less than \$250 000 or which are sensitive in nature, all campaigns reviewed so far have involved expenditure in excess of \$250 000. The ANAO was consulted Finance on the development and implementation of the framework to support the operation of the Guidelines.

2.4 The review undertaken by the ANAO as the basis for the Auditor-General's report is not an audit but is designed to provide limited assurance through inquiry, observation and analysis of key documents and information that the Government's Guidelines have been adhered to.

2.5 The Auditor-General provides the reports in accordance with his functions and powers under the *Auditor-General Act 1997* (the A-G Act); in particular, section 20(1)(c) of the A-G Act, which allows the Auditor-General to enter into an arrangement with any person or body to provide services of a kind commonly performed by auditors. In this regard, the Auditor-General wrote to all departments of state and selected agencies on 2 July 2008⁹ proposing arrangements for the conduct of the reviews required by the Guidelines. Under these arrangements, departments / agencies are responsible for:

- advising the ANAO, as early as possible, about impending campaigns and briefing the ANAO at strategic milestones of campaign development;
- providing the ANAO with details of contact officials for each relevant campaign;
- providing the ANAO with full and free access, subject to law, to inspect and take copies of relevant records and information held by departments or by their agents and sub-contractors who may be engaged by them to assist with relevant information and advertising campaigns; and
- providing access for the ANAO to conduct discussions with officials of the department, its agents and sub-contractors in relation to reviews being undertaken.

2.6 The reviews are conducted in accordance with the Australian Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. Each review is designed to enable the Auditor-General to obtain sufficient appropriate evidence to form a conclusion in relation to the proposed campaigns compliance with the Guidelines. The ANAO conducts the review by making enquiries and performing procedures as are considered reasonable in the circumstances including:

- examining all relevant campaign materials including, for example, television, cinema and radio commercials, print and magazine advertisement, letters and on-line and digital content;

⁹ To allow the Auditor-General to provide DEEWR with a review report in respect of the Child Care Tax Rebate campaign in advance of the general announcement of the Guidelines, the Auditor-General wrote in this regard to the Secretary of DEEWR on 24 June 2008.

- reviewing of supporting documents and records relevant to the campaign, including but not limited to strategic documents, policy and administrative approvals, developmental and market research, financial approvals and procurement documentation, and advice and assurances from third parties;
- interviews with staff and contractors involved with the preparation of the campaign;
- an assessment of the reasonableness of the judgements made by the administering department against each of the Guidelines; and
- an examination of the certification by the Chief Executive.

2.7 The ANAO review does not extend to an assessment of the general system controls and supporting procedures in place in departments to manage their advertising activities, but focuses on matters relating specifically to the proposed campaign. A review of this nature provides less assurance than an audit.

2.8 Departments are advised that undertaking these reviews does not limit the Auditor-General's discretion to include matters relating to information and advertising campaigns which may have been reviewed against the Guidelines within the scope of other audit activity at another time.

The Review Process

2.9 To ensure reviews are able to be undertaken in a timely manner, departments and agencies are encouraged to contact the ANAO early in the initial design of the campaign and again at key points during campaign development. The ANAO may work with a department or agency over weeks or even months as campaign development proceeds, providing the agency with preliminary feedback on matters arising in respect of each of the Guidelines and ensuring the ANAO is well placed to undertake a final assessment of the campaign at the appropriate time. The ANAO review is separate to, and independent of, any consideration of the proposed campaign and associated materials that may be undertaken by the Interdepartmental Committee on Communications.

2.10 The ANAO gave priority to developing guidance to departments on the review process and first made this guidance available directly to departments and through the ANAO website on 25 August 2008. This advice is reproduced at Appendix A (it was subject to minor updates in October 2008).

2.11 The ANAO review is generally conducted in parallel with the campaign development. Matters relating to compliance with the Guidelines are raised with the administering department if and when they arise, with the goal of resolving concerns in the course of campaign development.

2.12 Accordingly, by the time the responsible chief executive is considering certifying the proposed campaign for compliance with the Guidelines, the majority of review work will have been concluded and the department made aware of any outstanding concerns on the part of the ANAO.

2.13 Review reports are provided, to the relevant Minister and departmental officials in accordance with the agreed arrangements. As soon as practical following the launch of a campaign, the review reports are made available publicly through the ANAO website. The ANAO will report on regular basis to Parliament in relation to its activity in relation to the review of campaign advertising. At this stage the ANAO is looking to provide Parliament with a report following the close of the 2008-09 financial year.

3. Review Activity

3.1 The ANAO has established a small team to undertake the review of advertising campaigns. Funding for staffing was provided when the initiative was introduced, and the ANAO will continue to monitor the resources engaged in this function.

3.2 As at 5 March 2009, 28 reports have been issued to responsible ministers in respect of 18 discrete advertising campaigns conducted within 11 portfolios. Completed reviews are described in Table 4.1, which notes the campaign launch date as well as the date the ANAO was first notified of the proposed campaign (if this has not been recorded, it is described in the table as NR – not recorded) and the date of the first meeting between the ANAO and departmental or agency official to discuss the proposed campaign.

3.3 There are a number of occasions where the Auditor-General (or delegate) has issued more than one report in respect of a particular advertising campaign, for example:

- for the July 2008 Climate Change campaign, where following the Auditor-General's report but prior to the campaign launch, the department advised the ANAO that minor variations to the original campaign materials had been made;
- for the Department of Infrastructure, Transport, Regional Development and Local Government's Liquids, Aerosols and Gases Technology Trials campaign, where not all creative materials were available for review at prior to the main campaign launch; and
- for the Department of Health and Ageing's Australian Better Health Initiative and Binge Drinking campaigns, where not all creative materials were available for review at prior to the main campaign launch.

3.4 Where campaign materials are altered prior to campaign launch and a second Auditor-General's report subsequently encompasses all campaign materials, that second report is published on the ANAO website. Where a second or other subsequent report is issued in relation to a specific campaign element, all reports are published to the ANAO website.

Table 3.1

ANAO Campaign Review Activity as at 5 March 2009

Campaign Name	Launch	Initial Advice / Opening Meeting	Status
Attorney General's Department			
Smartgate (ACS)	19/10/2008	3/07/2008 / 7/07/2008	Report signed 10/10/08
Anti-money laundering and counter terrorism financing campaign	3/2/09	23/9/08	Report signed 7/1/09
National Security Campaign	8/2/09	27/10/08	Report signed 23/1/09
Department of Agriculture, Fisheries and Forestry			
Quarantine Matters	21/09/2008	4/07/08 / 11/07/08	Report signed 8/09/08
Australian Taxation Office			
First Home Savers Account	1/10/2008	11/09/08 / 11/09/08	Report signed 19/09/08
Education Tax Refund	27/1/09	2/10/08	Report signed 20/1/09 (direct mail out) Report signed 23/1/09 Report signed 19/2/09 (Languages other than English)
Tax Bonus (Phase One)	28/2/09	18/2/09	Report signed 27/2/09
Department of Climate Change			
Phase 1: Householder Action Advertising Campaign	20/7/2008	3/07/08 / 4/07/08	Report signed 16/07/08 Report signed 18/07/08 (Materials revised prior to launch)
Department of Education, Employment and Workplace Relations			
Child Care Tax Rebate	29/06/08	23/06/08 / 24/06/08	Report signed 24/06/08
Department of Defence			
Recruitment 2009/1	1/11/08	NR / 28/08/08	Report signed 20/11/08 Report signed 24/12/08 (Additional Navy TV campaign)
Department of Foreign Affairs and Trade			
Smarttraveller	1/12/08	20/08/08 / 26/08/08	Report signed 18/11/08

Campaign Name	Launch	Initial Advice / Opening Meeting	Status
Department of Human Services			
Removal of Same Sex Discrimination	30/3/09	28/10/08	Report signed 4/3/09 ¹⁰
Department of Infrastructure, Transport, Regional Development and Local Government			
Liquids, Aerosols and Gases Technology Trials	1/10/08	8/07/08 / 10/09/08	Report signed 29/09/08 Report signed 17/10/08 (Additional materials)
Department of Families, Housing, Community Services and Indigenous Affairs			
Economic Stimulus Strategy Phase 1	29/11/08	16/10/08 / 20/10/08	Report signed 20/11/08 Report signed 2/12/08 (Languages other than English)
Economic Stimulus Strategy Phase 2	18/1/09	16/10/08 / 20/10/08	Report signed 16/1/09 Report signed 29/1/09 (Languages other than English)
Department of Health and Ageing			
Australian Better Health Initiative	12/10/08	3/07/08 / 4/07/08	Report signed 14/10/08 (Main Campaign) Report signed 21/10/08 (NESB) Report signed 20/11/08 (ATSI)
Binge Drinking	23/11/08	3/07/08 / 4/07/08	Report signed 18/11/08 (Main Campaign) Report signed 2/12/08 (NESB Radio) Review in progress (other NESB & ATSI)
Skin Cancer Awareness	1/11/08	3/07/08 / 4/07/08	Report signed 6/11/08

¹⁰ This report has yet to be placed on the ANAO website.

4. Experience Gained

4.1 The ANAO and departments have put in place arrangements to respond to the new agreements for Government advertising, and have refined them in the light of experience. In some cases departments were required to apply the new Guidelines to campaigns whose development may have been underway for a considerable period of time.

4.2 As departments are increasingly working on campaigns conceived and developed under the new arrangements, they are demonstrating a growing appreciation of, and capacity to effectively respond to, the requirements of the Guidelines and to work with the ANAO to demonstrate their compliance with those requirements.

4.3 While departments still have some work to do to align their business processes to support effective compliance with the core requirements of the Guidelines, we would expect this to improve over time. The ANAO has been pleased by departments' willingness to engage early in campaign development and seek the ANAO's views at key stages in the campaign development process. This consultation is important in ensuring that the requirements of the Guidelines are adequately addressed and that departments have the documentation and processes in place to support efficient and effective review by the ANAO.

4.4 The Guidelines are generally holding up well, and have been particularly useful in establishing the expectations that all Government advertising campaigns must meet. However, there are some areas where, in the light of experience, the ANAO considers the Guidelines could be refined or supplemented by additional guidance.

- Firstly, there has been a deal of discussion in relation to the identification of activities which are subject to the Guidelines, and specifically the boundary between normal business activities of agencies and those activities which fall under the ambit of the Guidelines. The involvement of the Interdepartmental Committee on Communications has assisted with this delineation; however some elaboration of the Guidelines would assist in making the boundaries clearer. Additionally, some guidance dealing with circumstances where agencies contract out service delivery, and campaigns are subsequently generated by service providers, would be helpful to make it clear that such campaigns are expected to meet the requirements of the Guidelines.
- Secondly, greater clarity of the goal of the required cost-benefit analysis would be most helpful, ie: whether the goal is to balance the effectiveness of a campaign with its estimated cost; or whether the goal is to maximise the effectiveness of a

campaign, with cost being a secondary factor. While accepting that cost-benefit in this context is not a matter for precise measurement, it is an area where significant additional costs can be incurred to improve the marginal effectiveness of a campaign, and it is not clear this is necessarily in the interests of the efficient use of public monies.

- There would also be benefit in terms of aiding transparency and public understanding of the reasons for campaigns if agencies were required to present, on their websites, the campaign summary, their CEO's sign-off, a summary of supporting information in relation to the Guidelines and our review report, at the time of launching each campaign. Currently only our review report is made available on the ANAO website. Such an approach would be similar to arrangements which apply, for example, in relation to departmental financial statements where both the underlying financial statements and the audit opinion are both publicly available.
- There is also a point of clarification related to the CEO's certificate. We understand the CEO's certificate and the planned campaign are to be informed by the purpose of the campaign, departmental analysis and research, and should be independent of any ministerial or Cabinet view relating to the campaign design and implementation. While always accepting that Ministers may take a different view on the nature of a campaign, eg: that television coverage should be part of a campaign, the CEO's certificate should reflect the CEO's views as determined by the application of the Guidelines. 'Relevant government policies' in the context of the Guidelines would not include any ministerial decisions relating to campaign design and implementation except in the extraordinary circumstances referred to in the Guidelines (paragraph 7).

4.5 These matters have been raised with the responsible Minister and the Finance Department.

4.6 The ANAO has also refined its own approach to reviewing campaigns over the past six months by:

- developing advice for departments and agencies on the Auditor-General's review of information and advertising campaigns;
- engaging an advertising industry consultant to conduct a seminar for relevant staff on the concepts and practices in the advertising industry and the campaign development process;
- developing and refining templates and processes to consistently and efficiently conduct advertising campaign reviews;

- meeting with Universal McCann (Australian Government media agency) to discuss their role in Government advertising campaigns; and
- participating in Finance's 'townhall' advertising forums with numerous Departments and agencies.

4.7 The Government has undertaken to review the Guidelines, with particular regard to the threshold of \$250 000, before July 2010.

Appendices

Appendix 1: ANAO Guidance to Departments

Auditor-General's Review of Information and Advertising Campaigns – Advice for Departments and Agencies

On 2 July 2008, the Government announced new guidelines applying to Australian Government departments and agencies undertaking information and advertising campaigns. Agencies subject to the *Financial Management and Accountability Act 1997* must comply with the Guidelines, which are available from the Department of Finance and Deregulation website www.finance.gov.au.

One element of the new framework is that each advertising campaign is to be certified against the new guidelines by the Chief Executive of the commissioning department or agency. Furthermore, for campaigns with expenditure in excess of \$250 000, the Auditor-General has agreed to provide a report to the relevant Minister on the proposed campaign's compliance with the Guidelines.

The review of the campaign is not an audit but rather a review carried out under s.20 of the *Auditor-General Act 1997*. The review is conducted in accordance with the ANAO's Auditing Standards. These Standards include the Standard on Assurance Engagements ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information issued by the Australian Auditing and Assurance Standards Board. Undertaking these reviews does not limit the Auditor-General's discretion to include matters relating to information and advertising campaigns which may have been reviewed against the Guidelines within the scope of other audit activity at another time.

The review includes an examination of the certification by the Chief Executive and supporting documents and records relevant to the campaign, and interviews with staff of the department or agency involved with the preparation of the campaign.

The ANAO review does not generally extend to matters beyond those directly related to the development of the campaign in question, such as the general control systems for the production of advertising. The focus of the review is to allow the Auditor-General or his delegate to express an independent conclusion as to whether anything has arisen in the course of his investigation to indicate that the campaign does not comply with the Guidelines.

To ensure the review is able to be undertaken in a timely manner, departments and agencies are encouraged to contact the ANAO early in the initial design of the campaign and again at key points during campaign development. The ANAO may work with a department or agency over weeks or even months as campaign development proceeds, providing the agency with preliminary feedback on matters

arising in respect of each of the Guidelines and ensuring the ANAO is well placed to undertake a final assessment of the campaign at the appropriate time. The ANAO review is separate to, and independent of, any consideration of the proposed campaign and associated materials that may be undertaken by the Interdepartmental Committee on Communications.

Step 1 – Campaign Initiation

When commencing the development of an information or advertising campaign, it is important that the initiating department / agency contact Finance to discuss the proposed activity and establish whether it is within the scope of the Guidelines. If Finance confirms that the campaign will require a review by the Auditor-General, the department / agency should contact the ANAO as soon as possible to set in train the review process. Documents that could be provided at this time include:

- ❖ the Ministerial authority to commence campaign development; and
- ❖ a campaign overview, setting out the proposed purpose of the campaign and providing indicative timing, possible scope and funding. The campaign overview should address the authority for the campaign (Guideline 1) including the relevant:
 - o legislative authority;
 - o appropriation of Parliament; or
 - o Cabinet decision.

Work at this stage is focused primarily on the underlying principles for campaign development as well as the relevance of the materials to government responsibilities (Guideline 1).

Step 2 – Strategy and Procurement

After preparing a communications strategy and selecting communications consultants, the department / agency should provide the ANAO with:

- ❖ The research brief, the report on the evaluation of research tenders, relevant spending approvals, the research contract and the developmental research.
- ❖ The communication strategy, the communications consultant briefs, the reports on the evaluation of communication consultant tenders, the relevant spending approvals, and communications consultant contracts.
- ❖ The report of the initial testing of creative concepts, where this has been undertaken as part of the selection of the creative agency.
- ❖ The campaign media brief and the media strategy and plan.

- ❖ A cost / benefit analysis as required by Guideline 4.

11. Work at this stage is focused on campaign presentation and content (Guidelines 2 and 3) and production and distribution (Guideline 4).

Step 3 – Creative

12. As the initial creative concepts have been further refined and tested, but prior to production, the department / agency should again contact the ANAO and provide:

- ❖ Developed creative concepts, including scripts, along with the related market research reports.

Monitoring the presentation and content of materials at this time should assist with assessing compliance with Guidelines 2 and 3.

Step 4 – Reporting

When the creative materials and media plan have been finalised, the department / agency should contact the ANAO seeking a report in relation to the proposed campaign's compliance with the Guidelines. At this time, the department / agency should provide:

- ❖ The Chief Executive certification of compliance with the Guidelines.
- ❖ Appropriate legal advice that the proposed campaign complies with Guideline 5.
- ❖ A chronology of key events and decisions demonstrating a clear audit trail in relation to decision making (paragraph 21 of the Guidelines).
- ❖ An assurance from an appropriate independent or departmental authority that all representations included in the creative materials are true and accurate technically correct.
- ❖ A complete set of creative materials¹¹ and a media plan, accompanied by a written assurance that the materials and the plan are final. Any changes to the final creative materials or media plan must be advised to the ANAO as soon as possible and before implementation. The ANAO will inform the department if a revised review report is necessary.

At this stage, the ANAO is seeking final assurance in relation to the requirement for Chief Executive certification, the underlying principles and the Guidelines. Departments should allow five days, from the date they provide the ANAO with final materials, for the provision of the Auditor-General's report.

¹¹ For ease of storage and transmission, video elements of campaigns should be provided as .individual files (i.e. mp4, mpeg, avi or mov files) rather than incorporated in a dvd-formatted disk.

Campaign materials that are unable to be provided in final form in time for the review report (including, for example, foreign language versions of the media content, or internet content to be launched separately) will in most circumstances be excluded from the scope of the review. Materials which are excluded from or otherwise outside of the scope of the review report, but which the department wishes to use as part of the campaign, will need to subsequently be provided for review, accompanied by an updated Chief Executive certification of compliance. The Auditor-General will then provide a report to the relevant Minister on the additional materials' compliance with the Guidelines.

If the department / agency becomes aware of any matters that have the potential to affect the campaign's compliance with the Guidelines, either during the course of the Auditor-General's review or following the issue of the Auditor-General's review report, they should immediately advise the ANAO of these matters.

A consolidated list of documentation that may be useful in establishing compliance with the Guidelines is at Attachment A.

Notes:

Any advice issued by the ANAO prior to the final report is preliminary. While such advice is aimed at assisting departments and agencies to comply with the Guidelines, the ANAO is unable to finalise its position prior to reviewing the completed campaign, including final creative materials and the Chief Executive's certification.

Please note that the ANAO will be unable to provide a final report on compliance unless an agreement with the department / agency pursuant to Section 20(1)(c) of the *Auditor-General Act 1997*, is in effect. The Auditor-General wrote to relevant departments and agencies on 2 July 2008 proposing terms for such an agreement.

ANAO Contacts

Bob Holbert
Senior Director
02 6203 7379

Michael White
Executive Director
02 6203 7393

Auditor-General's Review of Information and Advertising Campaigns – Documentation

The timely conduct of the Auditor-General's review of proposed information and advertising campaigns is reliant on access to key staff and the provision of key documents that describe and support the campaign development process.

The following list provides examples of documents that would assist the ANAO in the conduct of a review. While the exact document requirements will vary from one campaign to the next, the list provides a starting point for departments and agencies.

- ❖ A campaign overview, including context, proposed media channels, timing and budget.
- ❖ The research brief, communications strategy, consultant briefs, research and market testing reports and other key strategic or operational documents (such as relevant Budget documentation or policy statements).
- ❖ Copies of all creative materials (in electronic format, plus hard copy where available), including scripts and story boards where appropriate (final copies of all materials within the scope of the review are needed before a report is issued).
- ❖ Reports, publications or correspondence to support factual claims or comparisons included in the creative materials.
- ❖ A chronology of key events and decision, supported by documentation, including:
 - o approval of communications strategy, consultant briefs and evaluations; and
 - o Chief Executive certification of compliance with the Guidelines.
- ❖ A cost-benefit analysis supporting key decisions in campaign development and delivery, or a summary of how these considerations were addressed.
- ❖ Documents supporting the type of media to be used in the campaign and justifying the timing and frequency of campaign activity.
- ❖ Media plans and media buying authorities.
- ❖ Key procurement documents including consultant briefs, requests for tender, consultant lists and proposals, departmental evaluations, expenditure approvals, contracts and details of payments made to contractors.
- ❖ Advice or clearance from the department or agency legal branch or external legal advice where appropriate.

- ❖ Any other information or document relating to the design, approval or implementation of the campaign that you consider important or which you consider we should be made aware of.