
The Parliament of the Commonwealth of Australia

Report 428

Review of Auditor-General's Reports Nos. 16 to 46 2010-11

Joint Committee of Public Accounts and Audit

November 2011
Canberra

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ISBN 978-0-642-79606-6 (Printed version)

ISBN 978-0-642-79605-9 (HTML version)

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Foreword

This report provides the findings of the Joint Committee of Public Accounts and Audit's examination of the Auditor-General's reports tabled in Parliament between November 2010 and May 2011.

The Committee selected four reports to examine in detail. First, the Committee reviewed the report on the audits of the 2009-10 financial statements of Australian Government entities. The Committee also examined three performance reports in detail, covering a range of departments and identified key areas for improvements in administration, performance measurement and evaluation, as well as reporting.

In terms of financial reporting, the Committee was pleased to see another year of positive results for the financial statement audits of Australian Government entities. With this in mind and rather than reviewing individual entities audit results, the Committee decided to use this inquiry to focus on broader aspects of the financial framework, including the transparency of reporting to Parliament and the ability to demonstrate value for money to the people of Australia. Noting that Finance is currently undertaking a major multi-year Commonwealth Financial Accountability Review, the Committee recommends that options for improved cross-agency and cross jurisdictional financial reporting are fully considered as part of Finance's review.

The three ANAO performance reports selected for review were: the Digital Education Revolutions – National Secondary School Computer Fund; Management of the Defence Estate; and the Management of Student Visas. These reports gave the Committee the opportunity to look at a range of areas to ensure the respective departments are operating effectively, reporting openly, and providing value for money.

The Digital Education Revolution Program - National Secondary School Computer Fund is a program delivered under the federal financial relations framework with potential for widespread long-term community benefit. The report suggested that the Department of Education Employment and Workplace Relations' overall administration of the program has been effective, although aspects of monitoring

and evaluation were omitted in the rush to meet the Government's timeline. Based on evidence given by DEEWR it appears likely the program's target will be met so that all students in Years 9 to 12 will have a computer by the start of the 2012 academic year.

However, while the Department may meet the target, the lack of performance indicators aimed at the qualitative aspects of the program and a yet to be finalised evaluation mechanism are significant issues that need addressed. This program is an investment involving federal, state and territory governments. It deserves the full and timely scrutiny of the Parliament and the public to ensure value for money and benefit for students. As such, the Committee recommends DEEWR publicly release in full the findings from the mid-program review scheduled for 2012 within three months of completion.

With \$20 billion at stake, the Committee opted to review the report on the Maintenance of the Defence Estate. The Committee was concerned with reports of deteriorating condition of the Defence estate, which includes major bases, historically significant buildings and sites that have significant occupational health and safety issues. The findings of the report indicated that the Department of Defence's management has not been fully effective and that the current funding is not enough to preserve existing assets. The Committee fully supports ANAO's recommendations aimed at improving Defence's management of maintenance of its estate through improvements to maintenance planning and delivery of maintenance services.

During the course of the inquiry, Defence advised the Committee of efforts to incorporate the implementation of the ANAO's recommendations within the wider Defence estate strategy. Defence also noted there were a number of major reviews and new activities to support the implementation of the ANAO's recommendations, though these are in the early stages. To ensure that progress continues, the Committee recommends that following the tabling of this report Defence provide an interim report to the Committee within six months and a full report within twelve months on its progress on implementation of the ANAO's recommendations and the outcomes of the reform and review activities underway.

The final performance report reviewed by the Committee was the management of student visas. By 2009–10 the international education and training sector had grown to be Australia's third largest export industry, but it was also the first year of negative growth in applications for some time. Causes of this downturn included the global financial crisis, negative media coverage, and policy changes. While it is appropriate policy settings that set the tone for the reputation of the Australian education sector, it is ultimately sound management that is the critical enabler of the student visa program.

The Committee welcomed assurances from Department of Immigration and Citizenship (DIAC) and the Department of Education, Employment and Workplace Relations (DEEWR) that positive changes are underway. However, the Committee was concerned to note that a number of reviews and evaluations done across the student visa area over the years have not been finalised or fully implemented. In light of the recent release of the Government's response to two major reviews that impact on the international student visa program, the Baird Review and Knight Review, the Committee has decided to ask for a follow-up report from DIAC and DEEWR on implementation of the recommendations and progress on other matters six months after the tabling of this report.

Overall, this inquiry has demonstrated that Australian Government departments and agencies are well-positioned to continue meeting their financial management obligations. It is also clear that the departments reviewed are making progress in addressing outstanding issues highlighted by the ANAO audits. However, there are still areas of concern, for example: rushed implementation of programs at the expense of whole of project planning; and reviews undertaken at significant cost to the taxpayer that remain either incomplete or only partially implemented.

In closing, the Committee encourages other departments and agencies across the Australian Public Service to learn from the findings of these inquiries. In doing so, the Committee stresses to all agencies the importance of reflecting not only on their own performance but also on the challenges, achievements, and creativity of others - so as to collectively find new and better ways to deliver services to Australians.

I would also like to sincerely thank each Committee member for the non-partisan spirit in which work continues to be done on these inquiries, and the ongoing focus on better public administration for Australians.

Rob Oakeshott MP
Chair

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Membership of the Committee

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List of abbreviations

AASB	Australian Accounting Standards Board
ABS	Australian Bureau of Statistics
ADF	Australian Defence Force
AL	Assessment Level
ANAO	Australian National Audit Office
ATO	Australian Taxation Office
AUASB	Australian Auditing and Assurance Standards Board
CFS	Consolidated Financial Statements
CMS	Comprehensive Maintenance Services
COAG	Council of Australian Governments
DEEWR	Department of Education, Employment and Workplace Relations
Defence	Department of Defence
DEMS	Defence Estate Management System
DER	Digital Education Revolution
DIAC	Department of Immigration and Citizenship
DSG	Defence Support Group

ESOS	Education Services for Overseas Students
Finance	Department of Finance and Deregulation
GEMS	Garrison and Estate Management System
GSS	Garrison Support Services
ICT	Information and Communication Technology
IMF	International Monetary Fund
JCPAA	Joint Committee of Public Accounts and Audit
NBN	National Broadband Network
NOM	Net Overseas Migration
NPA	National Partnership Agreement
NSSCF	National Secondary Schools Computer Fund
RMW	Risk Managed Works
SRP	Strategic Reform Program
VET	Vocational Education and Training



List of recommendations

2 Audits of Financial Statements of Australian Government Entities

Recommendation 1

The Joint Committee of Public Accounts and Audit recommends that the Department of Finance and Deregulation develop options for improved cross-agency and cross-jurisdictional financial reporting as part of the Commonwealth Financial Accountability Review.

3 Digital Education Revolution – National Secondary Schools Computer Fund

Recommendation 2

The Joint Committee of Public Accounts and Audit recommends the Department of Education, Employment and Workplace Relations publicly release in full the findings from the mid-program review scheduled for 2012 within three months of completion.

4 Maintenance of the Defence Estate

Recommendation 3

Due to concerns raised by the Joint Committee of Public Accounts and Audit in regard to implementation timelines, the Committee recommends that following the tabling of this report, the Department of Defence provide updates on the implementation of the ANAO's recommendations as follows:

- an interim report within six months; and
- a full report within 12 months.

The reports to the Committee should address each recommendation and demonstrate how the outcomes of the reform, and review activities underway, have contributed to the implementation of the ANAO's recommendations.

5 Management of Student Visas

Recommendation 4

The Joint Committee of Public Accounts and Audit recommends that the Department of Immigration and Citizenship and the Department of Education, Employment and Workplace Relations report back to the Committee in six months from the tabling of this report on:

- implementation of recommendations (including those of the ANAO, the Knight Review, and the Baird Review);
- the rectification of the Non-Compliance Notice issues;
- the effectiveness of the new work arrangements between the Department of Immigration and Citizenship and the Department of Education, Employment and Workplace Relations; and
- an update on developments with eVisa arrangements and online products, including autogrant rate statistics.

