

# Senate Finance and Public Administration Legislation Committee

## ANSWERS TO QUESTIONS ON NOTICE

### BUDGET ESTIMATES 2017-18

Finance Portfolio

24-25 May 2017

**Department/Agency:** Finance

**Outcome/Program:** 1/1.1

**Topic:** Financial Framework

**Senator:** McAllister

**Question reference number:** F39

**Type of question:** Hansard Proof, 25 May 2017, F&PA Committee, page 15, 16

**Date set by the committee for the return of answer:** Friday, 7 July 2017

**Number of pages:** 2

#### Question:

**Senator McALLISTER:** Honestly, I am actually asking for an explanation of what the checks and balances are, and if we could step through those—

**Senator Cormann:** And I have just explained that to you.

**Senator McALLISTER:** It does not provide the information I am looking for. If we could just step through the process, it would be useful, because I do not understand how granular Finance is examining the expenditure of departments as they draw down on their appropriations.

...

**Ms Huxtable:** ...In terms of more discretionary spending, there are rules and protocols around the capacity for departments to move money between outcomes, for example. We can take on notice the detail of that, but there is some discretion within departments to move money within an outcome.

...

**Senator McALLISTER:** I am interested in the department's role in all of this. The Department of Finance's strategic direction statement commences with the sentence:

The key purpose of the Department ... is to support the Australian Government's ... objectives and public sector improvement, through responsible expenditure and oversight.

I am trying to understand what oversight the department is actually providing. I understand that the Audit Office has an oversight role and that there are legislative constraints, but it strikes me that your function within this system is oversight. I am trying to understand how that is performed.

**Dr Helgeby:** We take overall responsibility for the system within the framework—and what I mean by that is the elements of the system—within which the parliament, the government and the Constitution have authorised us to operate. At the end of the day, there are responsibilities in the system for agencies. There are responsibilities for the Department of Finance. Your question really is about, in one sense: what is the nature of the level of detail that you are wanting to explore? That will determine whether it is a question in the agencies or a question in Finance.

**Senator CAMERON:** Just tell us what you do.

**Senator McALLISTER:** Yes, it is really about you.

**Ms Huxtable:** To be honest here, I think we have answered a lot of the question to the best of our ability. We have said there are frameworks, rules, processes, roles and responsibilities. We can put that on notice into a framing piece, if you wish—if that would assist.

**Senator McALLISTER:** Actually, writing that down would be terrific, so let's agree that we will approach it that way.

**Ms Huxtable:** I think you will find that the combination of all of those things—the purpose of that—is to precisely deliver the purpose statement as you read it.

**Answer:**

The Department of Finance works collaboratively with the Department of the Prime Minister and Cabinet, the Treasury and the Australian Public Service Commission to set the legislative, resource management and employment frameworks within which the Commonwealth public sector operates.

The accountable authority of a Commonwealth entity is responsible for promoting the proper use and management of public resources. An accountable authority must establish and maintain appropriate systems and processes to help their entity achieve the objectives of government and the purposes of the entity.

This devolved responsibility for the use and management of public resources is a key aspect of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). The objects of the PGPA Act (section 5) are to:

- establish a coherent system of governance and accountability across Commonwealth entities
- establish a performance framework across Commonwealth entities
- require the Commonwealth and Commonwealth entities to:
  - meet high standards of governance, performance and accountability
  - provide meaningful information to the Parliament and the public
  - use and manage public resources properly
  - work cooperatively with others to achieve common objectives, where practicable
- require Commonwealth companies to meet high standards of governance, performance and accountability.

To ensure these objects are achieved, the PGPA Act establishes the following checks and balances:

- accountable authorities and officials have uniform duties relating to how they perform their roles, particularly when they use and manage public resources (this includes the responsibility of each accountable authority to establish an internal control framework that is appropriate for their entity)
- Commonwealth entities are required to keep ministers and the Parliament informed of their activities through regular and ad hoc reporting, such as corporate plans, annual reports and notifying their responsible minister of other significant issues
- the Auditor-General is auditor of all Commonwealth entities.