



Australian Government
Attorney-General's Department

Secretary

14/8103

26 May 2015

Mr Frankie Carroll
Chief Executive Officer
Queensland Reconstruction Authority
PO Box 15428
CITY EAST QLD 4002

Dear Mr Carroll

Collaborative assurance activities between the Attorney-General's Department and Queensland

As you are aware, the Australian National Audit Office (ANAO) recently completed a performance audit into the administration of the Natural Disaster Relief and Recovery Arrangements (NDRRA).

The audit evidenced significant weaknesses in the Attorney-General's Department's (AGD) assurance activities, in particular that it does not assess state and territory (state) recovery activities and projects for eligibility, that it places too great a reliance on state audits, and that states had made claims for ineligible expenditure.

Given these conclusions, the Department needs to undertake additional assurance measures before making payments in relation to outstanding claims and is seeking your agreement to undertake a re-examination and re-assurance of expenditure of all outstanding claims in collaboration with my Department and an independent, Australian Government appointed auditor.

The proposed collaborative activities will extend the period for re-examination and audit of the 2013-14 expenditure beyond 30 June 2015. I suggest that the responsible officers in our departments work together to implement these arrangements for completion by 31 March 2016 in order to progress the funding to Queensland before the end of the 2015-16 financial year.

It is however important to note that undertaking collaborative audits are interim measures. The only long term solution to providing reasonable assurance would involve moving to the upfront recovery funding model proposed by the Australian Government. As you are aware, the Productivity Commission has recommended a move to an up-front model rather than reimbursing state expenditure, and the Department is currently in the initial phases of consultation with relevant stakeholders, including all states and territories.

I would be grateful for a response by 12 June 2015 in order to appropriately manage the resource implications of the proposal.

The action officer for this matter is Aaron Verlin, Assistant Secretary National Disaster Recovery Programs Branch, who can be contacted on 02 6141 4515.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Chris Moraitis', with a long horizontal flourish extending to the right.

Chris Moraitis PSM