Agency management of parliamentary workflow

In May 2008, the ANAO published a revised Better Practice Guide on parliamentary workflow. The ANAO’s Agency Management of Parliamentary Workflow (June 2008) updates and replaces our 2003 guide. This new guide reiterates many better practices in the development of internal budgets.

A key responsibility of Australian Government agencies is to assist Ministers in performing their roles as members of the Parliament. As well, the Secretary of each portfolio department is responsible for providing advice to the portfolio minister, as the minister is the principal financial authority and accountability officer in the department. The guide was prepared to assist agency officers in meeting these responsibilities.

Parliamentary workflow is a term used to describe the series of activities undertaken by agencies, including: the development of internal budgets; and, in turn, provide clear and consistent feedback about the underlying causes and effects of budget variations. Managers are provided with relevant, timely and accurate information on actual results against budgeted and, over time, provide clear and consistent feedback about the underlying causes and effects of budget variations. Managers are provided with relevant, timely and accurate information on actual results against budgeted and, over time, provide clear and consistent feedback about the underlying causes and effects of budget variations.

In addition to the conventional reporting of financial and program information, agencies are required to provide reports on major acquisition projects. The ANAO has recently been requested to undertake two new assurance activities. These relate to: Government information and advertising campaigns and Defence major acquisition projects. These activities represent important developments in the way the ANAO is providing assurance and greater accountability in sensitive and important areas of public administration.

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New assurance activities

In addition to conducting performance and financial statement audits, the ANAO provides assurance activities to provide independent reports on particular activities. These are generally in response to requests from stakeholders, including Ministers and Parliamentary Committees. The ANAO has recently been requested to undertake two new assurance activities. These relate to: Government information and advertising campaigns and Defence major acquisition projects. These activities represent important developments in the way the ANAO is providing assurance and greater accountability in sensitive and important areas of public administration.

GOVERNMENT INFORMATION AND ADVERTISING CAMPAIGNS

In July 2008, the Government announced new arrangements for administering government information and advertising campaigns. Under the new arrangements, Chief Executives of FMA agencies are to be responsible for authorising campaigns and Defence major acquisition projects. The ANAO has recently been requested to undertake two new assurance activities. These relate to: Government information and advertising campaigns and Defence major acquisition projects. These activities represent important developments in the way the ANAO is providing assurance and greater accountability in sensitive and important areas of public administration.

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Managing recruitment

LOOKING FOR SUITABLE STAFF? YOU’RE NOT THE ONLY ONE

While recruitment provides employment opportunities (over $6.5 billion) in the Australian Public Service (APS), there are many challenges. A number of APS agencies are experiencing recruitment difficulties. In 2006–07, only 36 per cent were left with a pool of applicants or were in the process of developing them as part of their strategic workforce planning. Our audits identified control issues relating to areas such as the conduct of key reconciliations and the management and exercise of such as the conduct of key reconciliations and the management and exercise of weak control activities, such as the management of recruitment processes, such as the management of recruitment processes, such as the management of recruitment processes, such as the management of recruitment processes. More information on the Committee’s activities will be found on its website, www.aps.gov.au/parliamentaryreporting/.

The Joint Committee of Public Accounts and Audit (JCOPA) is one of the joint committees in the Commonwealth Parliament and is established by the Public Accounts and Audit Committee (PACAC) Act 1951. The role of the JCOPA has remained largely unchanged since its first establishment in 1913. The Committee’s main purpose is to hold the Auditor-General and the Parliament are required to do so. The JCOPA has recently reported on two major inquiries.

JCPAA role and activities

The ability to consider and report on any connections with or developments of any matters and of Commonwealth of any of the main sources of the JCOPA’s authority and provides the Committee the capacity to initiate its own investigations and to, where relevant, to retain relevant and the Parliament are required to do so. The JCOPA has recently reported on two major inquiries.

Recruitment in the Australian

While these recruitment difficulties reflect tight labour market conditions for many occupations, a recent audit found that such measures can be used to manage recruitment activities including:

• using a risk intelligence capability to determine the gap between demand and supply of workforce capabilities.

• developing and implementing recruitment strategies to address the gap between workforce demand and supply, especially for key skills that are in high demand and short supply.

An important strategy involves the management and use of travel material that provides key facts that are relevant to the agency and contributes to staff and job satisfaction in the agency, and recognises and aligns with APS-wide initiatives.

We are encouraging the timely follow-up of any discrepancies, control over the movement of personnel, and access to critical and other staff involved in recruitment exercises. In this issue of audit reports, the Committee assesses whether all agencies have responded appropriately to the JCOPA’s findings. In its report, the JCOPA notes that the Committee is independent of any infringement of the JCOPA’s authority or adequacy. More information on the Committee’s activities will be found on its website, www.aps.gov.au/parliamentaryreporting/.

The JCOPA reviewed the progress of all audited agencies’ recruitment performance measures and targets, and the consequences of poor performance. It is important that senior executives pay attention to recruitment measures, such as those relating to the hiring of qualified candidates, recruiting suitable people, recruitment costs, and using internal staff more effectively. To assist managers who are responsible for recruitment activities, we have identified key performance measures and targets, and the ability to consider and report on any connections with or developments of any matters and of Commonwealth of any of the main sources of the JCOPA’s authority and provides the Committee the capacity to initiate its own investigations and to, where relevant, to retain relevant and the Parliament are required to do so. The JCOPA has recently reported on two major inquiries.

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Looking for suitable staff? You’re not the only one!

While recruitment-related performance audits are an important aspect of the audit process, they are not the only way agencies can improve their recruitment practices. Other initiatives, such as the recruitment of suitable candidates, can also help in attracting and retaining employees. For example, the Australian Public Service (APS) in 2006–07 had over 8700 (6.5 per cent) of its employees who applied for an APS position, but only 36 per cent were left with a positive impression of the agency following the recruitment process. Key areas of dissatisfaction included issues related to the timeliness of recruitment processes, difficulties recruiting people with the required skills, and the way in which recruitment decisions were made.

The ANAO found that all agencies had governance arrangements in place that encompassed security and management controls in both financial management information systems (FMIS) and human resource management systems (HRMS). IT related management processes, and the organisation of Business Continuity and Disaster Recovery Plans.

Managing recruitment

Our report on the results of the 2007-08 interim audit coverage of material APS agencies, which included a review of recruitment arrangements, was tabled in the Parliament in late June 2008. The report highlighted the need for a strong control environment that required attention, although the interim audit found there had been an overall improvement in agencies’ financial control environments. In particular, the audit noted that most agencies had developed controls to manage their recruitment activities including:

- Identifying the number of employees required in the organisation;
- Developing and implementing strategies to manage recruitment.

In 2006–07, the State of the Service Report showed that agencies had difficulty in recruiting suitable people with the required skills, and one in five of those who applied were not left with a positive impression of the agency. This reflects the overall improvement in agencies’ financial and legislative compliance and financial system performance as a result of the implementation of effective control and management processes and the ongoing improvement in agencies’ financial control environment.

In 2006–07, the ANAO found that all agencies had governance arrangements in place that encompassed security and management controls in both financial management information systems (FMIS) and human resource management systems (HRMS). IT related management processes, and the organisation of Business Continuity and Disaster Recovery Plans.

CONTROL ENVIRONMENT

Overall, we found that agencies had governance arrangements in place that encompassed security and management controls in both financial management information systems (FMIS) and human resource management systems (HRMS). IT related management processes, and the organisation of Business Continuity and Disaster Recovery Plans.

RISK ASSESSMENT PROCESSES

Agencies are expected to manage the risk specifically associated with recruitment and related processes. Our interim audit included a review of controls relating to risks that may impact the effectiveness of recruitment activities. The ANAO found that the majority of agencies had a risk assessment process and the results were generally reviewed by audit committees. For example, the Commonwealth’s Business Continuity and Disaster Recovery Plan includes a review of recruitment processes.

Monitoring of controls

Our audit noted the control self-assessment arrangements, but it did not assist agencies meet their responsibilities to provide a (Certificate of Compliance for the year 2006-07). This became an important aspect of agencies’ risk management. Internal audit activities continue to have a key role in some agencies, in assessing the effectiveness of the Certificate of Compliance processes.

Audit of Financial Statements

The ANAO found that the majority of agencies had identified control issues relating to areas such as the conduct of key reconciliations and the verification of transactions in agencies’ FMIS. The audit noted that agencies had implemented improvements to manage these control issues.

The JCPAA plays an important role in providing assurance to the Parliament and the Finance Minister on the lawfulness, efficiency and effectiveness with which agencies are managing their expenditure. The JCPAA has a number of responsibilities, including:

- Reviewing the financial and performance audits:
- Examining the work of the Auditor-General:
- Making recommendations to the Auditor-General and the Parliament on the basis of the findings of ANAO audits.
- Reviewing and reporting on the ANAO’s work to the Parliament and the Finance Minister on the lawfulness, efficiency and effectiveness with which agencies are managing their expenditure.

Managers of smaller agencies are responsible to the ANAO in respect of the issues covered by the ANAO’s work. However, the JCPAA is responsible to both the Parliament and the Finance Minister on the lawfulness, efficiency and effectiveness with which agencies are managing their expenditure. The JCPAA reviews the work of the ANAO and provides recommendations to the Auditor-General and the Parliament on the basis of the findings of ANAO audits.

The Joint Committee of Public Accounts and Audit (JCPAA) is one of the joint committees of the Commonwealth Parliament, and is established by the Public Accounts and Audit Committee (PACAC) Act 1913. The role of the JCPAA is to hold the Parliament’s expenditure accountable to the taxpayers and to promote efficiency and effectiveness in the management of public funds. The JCPAA also has a role in providing assurance to the Parliament and the Finance Minister on the lawfulness, efficiency and effectiveness with which agencies are managing their expenditure.
30 June 2008.
Agencies for the year ending
of General Government Sector
2007–08
ANAO Audit Report No. 44

We note that the majority of agencies have a risk assessment process and the results are generally reviewed by audit committees.

CONTROL ENVIRONMENT

Overall, we found that control activities relating to financial and accounting processes had been effective in 2006–07. We identified weaknesses in some agencies relating to security of information and management controls in both Financial Management Information System (FMIS) and Human Resources Information System (HRMIS) IT release management processes, and the assessment and integrity of Business Continuity and Disaster Recovery Plans.

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Developing and managing internal budgets

This Better Practice Guide, issued in June 2008, is designed to assist organisations better manage internal budgeting activities by applying a set of principles and techniques to embed internal budgeting in organisations’ planning, control and accountability systems. It also discusses the importance of direct input from operational managers in the development and management of internal budgets.

An internal budget is a fundamental element of an organisation’s financial management framework. Specifically, well-designed and managed internal budgets can help organisations manage their overall operational costs more effectively, help organisations control financial risks, help identify and understand costs, and provide information on expected future financial performance.

Effective internal budgeting involves a series of integrated activities: aligning organisational planning, measuring and monitoring the organisation’s financial requirements, ensuring internal accountability, budget development and the monitoring, evaluation and reporting of financial performance.

The guide updates the Better Practice Guide entitled Internal Budgeting issued in February 2005. This new guide highlights many better practices in the former version and takes into account developments in financial management and budgeting affecting Australian Government organisations since the release of the previous guide.

The guide discusses the following characteristics of an effective internal budget process that should include:

- Internal budget processes are embedded into organisational planning.
- Internal budget allocations reflect the full cost of delivering units of service.
- Internal budget allocations are aligned with organisational strategic objectives and outputs.
- Operational and capital budget decision-making are clearly integrated.

Internal budgets are consistent with the external budget.

Budgeting and reporting policies are aligned, including adopting consistent recognition, measurement and disclosure rules.

Relevant stakeholders are engaged and supported, during the internal budget process.

The development of internal budgets is supported by clearly defined expectations and assumptions, covering the expectation, measurement and disclosure rules.

Relevant managers have direct input into the development of internal budgets, using consistent reference forecasts to enable comparison with the business objectives.

Internal budget development processes are consistent across management and subject to rigorous quality assurance processes.

Managers are provided with relevant, timely and accurate information on actual results against approved budgets and, in turn, provide clear and consistent feedback about the underlying causes and effects of budget variances.

Reviews to approve budgets are planned and coordinated.

Feedback is used to identify and quantify better performance, to devise and implement better budgeting strategies.

The following material discusses the characteristics of an effective internal budgeting process that should include:

- Internal budget processes are embedded into organisational planning.
- Internal budget allocations reflect the full cost of delivering units of service.
- Internal budget allocations are aligned with organisational strategic objectives and outputs.
- Operational and capital budget decision-making are clearly integrated.

Agency management of parliamentary workflow


A key responsibility of Australian Government agencies is to assist ministers in performing their roles as members of the Government. As well, the Secretariat of each portfolio department plays a critical role in providing advice to the minister and advising the minister on the operation of the whole portfolio. The guide was prepared to assist agency officers in meeting these responsibilities.

Parliamentary workflow is a term used to describe the series of responsibilities that are associated with ministerial correspondence. It includes interaction and cooperation between the government and opposition parties, as well as interactions between the minister and the minister’s department.

Parliamentary workflow is designed to assist organisations better manage and refine their responses to parliamentary requests. It also discusses how to manage the gap between budgets and actual performance.

In addition to performing constituencies, the ANAO provides assurance audits to deliver independent reports to Parliament on the cost, schedule and capability of up to 30 major acquisition projects.

The ANAO has recently been requested to undertake two new assurance activities. These relate to Government information and advertising campaigns and Defence major acquisition projects.

In August 2008, the ANAO provided assurance activities to the Joint Committee of Public Accounts and Audit, the Defence Materiel Organisation (DMO) and the ANAO have been jointly working on a project that will result in the ANAO providing assurance activities to Parliament on the cost, schedule and capability performance of up to 30 major acquisition projects.

The ANAO will provide periodic summary reports to Parliament on the assurance activities. These reports will be available on the ANAO’s website. Details of the new guidelines are available from the ANAO website.
Developing and managing internal budgets

This Better Practice Guide, issued in June 2008, is designed to assist organisations better manage internal budgeting activities, including the allocation of principles and techniques to embed internal budgeting in organisations’ planning, control and accountability systems. It discusses the importance of direct input from operational managers in the development and management of internal budgets.

An internal budget is a fundamental element of an organisation’s financial management framework. Specifically, well-designed and managed internal budgets can help organisations:

• respond to changes in their environment and economic conditions;
• identify and understand costs; and
• monitor and control performance.

Specifically, well-designed and managed internal budgets are closely integrated with operational and capital budget decision-making. In this way, the budgeting process helps to ensure that allocations are aligned with organisational planning.

In addition to considering financial issues, internal budgeting is also concerned with:

• ensuring that the organisation’s overall strategy is supported;
• assessing the relative importance of the organisation’s activities;
• managing risk; and
• establishing a balanced approach to internal budget management.

The guide updates the Better Practice Guide titled Internal Budgeting, which was issued in February 2003. This guide contains a series of examples and case studies designed to demonstrate some of the better practice discussed in the guide.

The guide contains a series of examples and case studies designed to demonstrate some of the better practice discussed in the guide. It also discusses contemporary issues, such as the increased use of information and communications technology. The guide also includes checklists that can be used to provide an ongoing reminder about better practice for parliamentary workflow.

New assurance activities

In addition to conducting performance and financial statement audits, the ANAO provides assurance services to provide independent reports on particular activities. These generally involve responses to requests from stakeholders, including Ministers and Parliamentary Committees. The ANAO has recently been requested to undertake new assurance activities. These relate to:

• Government information and advertising campaigns and Defence major acquisition projects.

These activities represent important developments in the way the ANAO is providing assurance and greater accountability in sensitive and important areas of public administration.

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With the release of the latest Better Practice Guide, the ANAO has prepared a report, to the relevant Minister, for the ANAO’s 2007-08 financial statements. The report provides an overview of the audit work undertaken by the ANAO in relation to the 2007-08 financial statements and the conclusions of the ANAO’s work. The report also includes a summary of the ANAO’s work and a description of the audit work undertaken by the ANAO. The report also includes a summary of the ANAO’s work and a description of the audit work undertaken by the ANAO. The report also includes a summary of the ANAO’s work and a description of the audit work undertaken by the ANAO.