Launch of MAB/MIAC Report 22: Guidelines for Managing Risk in the Australian Public Service, Canberra

Managing Risk as Part of Good Management – an ANAO Perspective

10 October 1996

Pat Barrett
Auditor-General for Australia
THE ANAO’S VIEW OF RISK MANAGEMENT

Introduction

I was pleased to accept the invitation from MAB-MIAC to speak at the launch today of the final version of Guidelines for Managing Risk in the Australian Public Service. The ANAO has closely cooperated in the preparation of that document.

At the launch of the draft risk management guidelines on 7 August 1995, I said that risk management was an integral part of the operations of the ANAO and critical to the effective functioning of the APS. One year later, and with some significant changes to programs and program delivery announced in the recent Budget, risk management may be seen to have added dimensions. Time will tell. Nevertheless we are quickly learning how critical effective handling of risks is to good management and to the efficient and effective use of resources including quality service delivery.

Today I will briefly cover:

- the relationship between risk management and corporate governance;
- recent audit findings on risk management;
- addressing risk aversion in the APS; and
- the ANAO’s role in furthering the approach outlined in this MAB-MIAC publication.

Our major vehicles for commenting on risk management are our reports to Parliament. However, relevant comments are also provided direct to entity management in the financial statement audit (FSA) context. We have been increasingly publishing Better Practice Guides which illustrate good management practices in this and related areas. As well, we have prepared papers relating to the concept and its application for seminars and conferences. In those we have set out the ways in which we apply risk assessments to the audit environment. For example, an auditor is required under the Auditing Standards to use professional judgement to assess audit risk and to design audit procedures to ensure it is reduced to an acceptably low level (AUS 402.02). Today I am focussing more on how entities apply risk management and how the ANAO can assist in this regard.

Risk Management in the Context of Corporate Governance

Corporate governance is basically about how an organisation is managed, its corporate and other structures, its culture, its policies and the ways in which it deals with its various stakeholders. It is a holistic concept depending very much on the integration of those
various aspects to achieve affective governance of an organisation. The concept has received considerable attention in the private sector particularly as a result of company failures, internal control and systems problems and growing shareholder concerns about board and company performance and the impact this has had/might have for the liability of individuals. In some cases these concerns have also been audit focussed particularly as they relate to financial management, accounting and reporting. The following observation places these concerns within the context of managerial risk taking:

Corporate governance is the balancing of the need for managerial risk taking, entrepreneurial energy and high capability, with the need for some kind of monitoring, so that managements direction is aligned with the interests of those who have entrusted their capital to the enterprise and to a lesser extent to the interests of other stakeholders.4

I am pleased to say there has also been relatively recent recognition of the similar need for good corporate governance in the public sector. While some public sector managers have been dubious about that need, others have been quite proactive in its introduction. Clearly, many of the elements of corporate governance are not new. What is happening is that they are being clarified and integrated. In addition, as the legislation changes and rules become less prescriptive, and some might argue less inhibiting, the underlying values of good management are being recognised and made more apparent.

Our Financial Audit Business Unit has worked closely with the Australian Taxation Office (ATO) in the establishment of its Corporate Governance Framework. The ATO audit committee plays an important role in that framework from our perspective as does the internal audit function. The ANAO has been interested to establish the extent to which better practices in the private sector can be applied in such situations as well as to identify particular approaches that might be required in the public sector. The ATO framework:

incorporates risk management to prioritise work, to allocate funds and to identify appropriate systems, standards and controls to deliver that work, plus a framework which incorporates a capability to monitor, revise and regularly report on risk and the management objectives established for the business.

ATO management also recognised the importance of probity and propriety as part of the public sector accountability requirements. Adherence to a value system and the discipline of a Code of Conduct are important elements of the governance framework.

The latter can be demonstrated by the following good practice being pursued by Telstra with its commitment to establishing and maintaining the highest ethical standards in all its operations both in Australia and internationally as part of corporate governance:

- publishing a Code of Conduct for all staff which sets out Telstras commitment to the highest standards of business and professional ethics;
· establishing an Ethics Committee drawn from Telstra's Senior Management Team to ensure that ethical matters are dealt with at a senior executive level of the Corporation;

· running ethical awareness training programs for management; and

· establishing a Board of Directors practice to deal adequately with any conflicts of interest which may arise.

Telstra's business risk relating to fiduciary, stewardship, statutory and other responsibilities of the Board and management of the Corporation is reviewed and managed through internal audit and risk management units.

While the ANAO is bound by professional standards of conduct, we have seen the value of having a Code of Conduct for the Office that would recognise both our professional and public sector involvement. It is an integral part of our management framework based on values that underpin legal and standards imperatives. Development of such a code was delayed until the MAB/MIAC report on Ethical Standards and Values in the Australian Public Service was finalised. This was seen as providing the conceptual framework for ethical conduct. As the report itself notes:

To inculcate an ethical culture and understanding fully, agencies need to provide complementary guidance to their staff, which is in line with APS standards but which relates directly to the work undertaken by the agency and the ethical issues which arise from it.5

The final Guidelines for Managing Risk in the Australian Public Service include the following comments from the ANAO:

The ANAO considers that the documentation of key risk management principles and management decisions is an essential element of risk management. Documentation should be sufficient to enable a decision on the design of a process to be reviewed and evaluated.

The ANAO does not expect agencies to produce separate risk management plans for the benefit of review agencies. Provided there is tangible evidence that the process has been conducted properly, documentation can and should be integrated into the normal planning and operational processes of an agency in the way that best suits its organisational needs6.

The ANAO is a key element of the external accountability framework for Commonwealth entities. As part of our audit role, we need to understand, inter alia, the basis of entity decisions. Auditors are not blessed with clairvoyance. We need information on how decisions are made. We therefore ask questions such as:
DRAFT

- were all relevant factors considered by the decision maker;

- was a fair, reasonable and transparent method used by the agency to reach a decision; and

- was the decision conveyed appropriately to relevant stakeholders.

Decision-makers should, desirably, identify and consider all relevant factors and develop a sound approach in arriving at any significant decision. What auditors do is to look for evidence that management functions in such an efficient and defensible manner to ensure program objectives and performance requirements are met cost effectively.

The risk management framework is a useful means for management to be assured of their approach including the public defence of their decision making. The framework applies to both individuals and committees. It can be used by all management levels, including by those at the most senior levels of corporate governance. The latter include executive and non executive directors, boards of management, internal audit and other high level support committees such as audit, finance and information technology (I.T.) strategy. An example of the integration of such groups necessary for good decision-making was provided to me by the Department of Transport last year where their internal audit, with most of its reviews, makes an assessment of risk based on its judgement of materiality, liquidity, control weaknesses and impact on objectives which is then provided to managers.7 Audit committees are also a complementary vehicle for implementing risk management plans. This view is shared by the private sector as the following indicates:

Corporate representatives agree that both audit committees and risk management plans are an indication of best practice and they improve company performance.8

In 1995, the OECD published the results of a major study, titled, Governance in Transition: Public Management Reforms in OECD Countries.9 The study highlighted what many earlier works have stated, which is that highly centralised, rule-bound, and inflexible organisations that emphasise process rather than results impede good performance. It posed several questions including:

- how to keep reforms coherent and consistent in conditions of substantial devolution of authority and greater separation of responsibilities among policy-makers, funders and providers of services; and

- how to ensure that organisations have the capacity to implement reforms.

Although the OECD study did not discuss risk management as such, it is worthwhile considering whether a risk managed approached to corporate governance can lead to sound answers to these questions.

Confronted with a difficult decision, an agency may apply the risk management model to:
DRAFT

- identify the risks to the program or activity;

- analyse the nature of the risks and possible impacts/consequences;

- rank the risks (i.e. determine their priority);

- take steps to control the risks; and

- finally, monitor and review the effects of the decision or decisions taken.

The ANAO requires some evidence of these processes and the basis of the answers to the questions posed above to provide the necessary assurance to the Parliament and to provide any assistance to the entity for better decision-making. In general this is nothing more than managers themselves needing to review their own performance for their own assurance and as a means of making further improvements. An organisation which is reluctant to provide auditors access to its individual or committees records, or simply delays any response, creates a set of unnecessary risks which are likely to be counter-productive to its performance. The risks not only include being engaged in non productive defensive argument but also of incurring unnecessary criticism and perhaps even the opportunity to actually achieve a better outcome. Unfortunately, public administration is the loser both in terms of cost and public perception. On the other hand, cooperative relationships with most entities result in WIN-WIN situations, without adversely impacting on our mandate, to the benefit of all parties. The quality of our reports is directly related to the evidence on which those reports are based. This is a shared responsibility.

The notion of external accountability highlights the fact that there are interested parties outside, as well as inside, any Commonwealth entitys organisational structure that have a stake in its outputs and outcomes. For Government Business Enterprises (GBEs) the Commonwealth Government is the shareholder10, which wants to be satisfied that, inter alia, the GBE met its expected rate of return and fulfilled its community service obligations. For Departments of State, ministers will be interested to determine how the corporate governance structure achieves the public interest as defined by legislation and Government policy. Ultimately the key stakeholder is the Parliament acting on behalf of the whole community to ensure the Government is held to account for that outcome. The stakes are high and so can be the risks. Therefore external audit should be regarded as a partner in helping to manage such risks and not as a threat to managers. Nevertheless, as the Auditor-General of the Northern Territory noted recently:

The ability of the public sector external auditor to report in detail to the public domain of Parliament on the efficiency and effectiveness has no similar parallel in the private sector, and this adds greater accountability, conformity and risk-aversion pressure to public sector managers.11
What is clear is that the risk management model can be applied equally in both the private and public sectors. It can be used to share information about successful corporate governance, management and administration. Since we live in a mixed economy, each sector can always learn from the other about good management. But the stakes are much higher than that. The success of the private sector, particularly internationally, depends importantly on a well managed, efficient and effective public sector. The interrelationship of all sectors of the economy has never been more important to our international competitiveness and future growth.

Recent Audit Findings on Risk Management

I will draw on findings from some recent audits to highlight the ANAOs view of how the APS approaches risk management. Overall, it is a mixed bag of outcomes. And those outcomes can vary markedly across organisations even where there is a degree of interaction and complementary activity. This is instructive in relation to achieving effective outcomes across entities.

During the 1994-95 cycle of financial statement audits an assessment was made in 113 entities of financial risk management processes in place. The assessment focussed on whether:

- clients had assessed the risks or the likelihood of risks attaching to each program;

- clients had made an assessment of the extent of the likely misstatement of financial information occurring as a result of each risk identified;

- clients had identified controls that are or could be put in place to address exposures, including consideration of the timing of controls. This involved, for example, whether pre or post processing checks were a necessary part of the risk abatement process;

- an estimation of the cost of implementing and maintaining such controls had been made, including whether an assessment of the introduction of particular controls had left exposures that were not fully addressed and the extent of them; and

- procedures had been put in place to monitor and review the risks identified and the effectiveness of the controls and strategies put in place to address these risks, and to confirm that external conditions had not changed so as to invalidate that assessment.

Overall, the review found that considerable progress had been made in the adoption of risk management philosophies and approaches, with the majority of entities having sound financial risk management processes in place (50 per cent of those reviewed) or were in the process of developing them (48 per cent). Entities were, however, encouraged to
broaden their assessments and strategies consistent with the then MAB/MIAC Exposure Draft on Managing Risk in the Australian Public Service.

As noted earlier, Audit Report No 13 1995-96 on Results of the 1994-95 Financial Statement Audits of Commonwealth Entities provides a summary of the review of risk assessments in portfolio departments, major revenue collection agencies and some statutory authorities as well as reporting at a more detailed level on an individual agency basis within portfolio chapters.

For the 1995-96 round of financial statement audits, progress made in the development of risk management procedures will be followed up and included in my report to the Parliament on the Results of the 1995-96 Financial Statements Audits to be tabled in November 1996. It is our intention, in these types of reviews, to indicate to entity managers how they compare to better practice of their peers and identify areas where improvements might be made.

We focused on one aspect of financial risk management in detail earlier this year, in Report No. 27, Asset Management. This was the first report of our third product - financial control and administration audits. These audits encompass financial or other management issues not normally addressed by either financial statement or performance audits.

The audit found that sound principles of asset management are not widely practised in the Commonwealth. As risk management principles are inherent in these broader asset management principles, this is an indicator of an area where some attention needs to be focussed. This is particularly the case given the size of the Commonwealths consolidated asset base which stands at around $70 billion on a depreciated basis.

While risks associated with asset management in the public sector may not have been exactly those of the private sector in the past there is an increasing convergence with greater commercialisation and involvement of the latter in the delivery of public services. Managers in the public sector have been inclined to regard the most obvious threats to assets to be the risk of intentional or accidental loss or damage through theft, poor storage, poor maintenance or similar neglect. As is usual with most risks, prevention is likely to be more cost effective than subsequent action to recover in these circumstances. Part of that prevention is making program managers aware of, and responsible for, the costs of assets that programs consume.

Less obvious risks relate to the effective and efficient use of assets and to seeking the lowest cost asset solution. The Audit Report on asset management and the accompanying better practice guide and handbook emphasised the need to adopt a whole of life approach to management. As discussed in the Guidelines for Managing Risk in the Australian Public Service, this approach can be an effective tool for analysing the risk and exposure associated with asset acquisition, use and maintenance strategies.

The key message from the audit was that greater attention needs to be paid to this resource input and, by inference, to the risks associated with the preservation and use of our assets.
In Report No. 12 on Risk Management by Commonwealth Consumer Product Safety Regulators\textsuperscript{15} the ANAO used the Whole of Agency approach to risk management included in the draft MAB/MIAC Guidelines\textsuperscript{16}. It is a systematic process involving an integrated, structured and formalised approach to the identification, analysis, assessment, treatment and monitoring of risk. The report notes that an important by-product of this approach is an increased knowledge and understanding of an agency's key risk exposures. While the approach may appear daunting in both the discipline and nature of information required, that mental factor is probably the most significant hurdle to overcome for managers. When it is integrated into management processes it can become more or less routine and developed on an incremental basis as the knowledge and understanding of managers grow.

Another example of the consequences of incomplete application of a risk management approach is in Report No. 18, Competitive Employment and Training Placement Services\textsuperscript{17}, (CETP) Department of Health and Community Services. The report found that the central office of the previous Department of Health and Community Services had not checked information requested from its state offices. Consequently, wrong data were provided to the former Minister for Health and Community Services who unwittingly tabled them in Parliament in reply to a Parliamentary Question. Clearly, the central office of the former Department did not identify all risks associated with Parliamentary replies, nor did central office implement procedures to minimise the risk of error. The consequences were unfortunate for all concerned.

In June 1996, Report No. 28 on the Department of Defences Jindalee Operational Radar Network Project\textsuperscript{18}, (JORN) was tabled. The audit found that with 80 per cent of the JORN prime contract target price of $814m. spent (or 73 per cent of the ceiling price) and 80 per cent of the original schedule elapsed, less than 18 per cent or 23 of JORN's 129 configuration items had passed critical design reviews by the Jindalee Project Office. The audit report questioned whether the project team had considered all risks to the Commonwealth through this approach. The Joint Committee of Public Accounts has conducted a hearing into this matter, and is considering the issue further.

The JORN project is an example of the Commonwealth as a purchaser of a product and a service, with a consortium involving Telstra and the private sector as the provider. The audit highlighted how difficult it can be to make the purchaser-provider model work well with complex project management, contractual difficulties and ensuring useful and timely performance information is provided for ongoing assessment of progress and tactical decision-making.

We have recently completed a major audit of Commonwealth Guarantees, Indemnities and Letters of Comfort\textsuperscript{19}. The audit highlights the need for senior management to be more aware of the risks of contingent liabilities. In certain situations, guarantees and indemnities are highly useful tools for achieving a program or policy objective. However, any manager who provides a new guarantee or signs a contract which creates a contingent liability for the Commonwealth without understanding the consequences is risking unnecessary litigation or financial loss. We can translate this into the MAB-MIAC model by concluding that an official who signed a contract without adequate study would not have analysed or ranked the risks of his or her action and its possible unfortunate and unnecessary consequences.
Addressing Risk Aversion in the APS

I have given examples of where officials have taken unnecessary or, perhaps, ill advised risks. Now let us look at why, sometimes, we do not take sufficient risks or why we can be unduly risk averse. Put simply, it might be because there are few, if any, incentives to do so or worse, there are strong disincentives for doing so. Two other possible factors may be at work:

- insufficient understanding of good administration; and,
- a possible misunderstanding of Parliamentary requirements.

Lack of experience and training can result in insufficient or limited appreciation of the nature of good administrative processes. A good example is provided in the audit I mentioned earlier on Asset Management. I suspect that many managers do not improve their asset management by maximising the utility of their assets and reducing their costs. Perhaps they do not understand and/or are unaware of the impact of their decisions on performance of their assets nor of the improvements that are possible from alternative asset utilisation. It may be that they simply lack the necessary skills to do so. If we are all generalists, then we may not have the skills at the right level of management to derive and introduce options for more informed approaches.

In the case of asset management, some options identified in Report No. 27 were apparent only to persons with accounting training. All other factors being equal, resource rich organisations which employ an accountant at the right level are more likely to have better asset management than those which do not have access to such accounting skills. I am not engaging in unsolicited promotion of the accounting profession. Nevertheless, there is a risk management argument for an organisation to review, from time to time, whether it has an adequate mix of specialist and generalist staff to achieve its required outcomes efficiently and effectively.

The second possible reason for not taking justified risks can be a misunderstanding of Parliamentary requirements. Some public servants worry about what Parliament might say if they make mistakes. Consequently, some officials do not take risks at all. In terms of the MAB-MIAC model, such a response may lead to a program being overcontrolled. Using reasonable discretion, a public servant may assess one control is adequate to meet the assessed level of risk at a particular cost. In an attempt to ensure no Parliamentary criticism, the public servant may introduce a multiplicity of controls - where one was sufficient - at greater cost and possibly with little or no additional effectiveness. The issue is again largely one of informed and balanced judgement. Determination to act legally in response to Parliaments wishes is essential and strongly supported. Unease about what may happen if we make mistakes is not necessarily a bad thing but counter-productive if that determined the basis of our decisions. The issue is basically about balance and informed judgement. We may be criticised for not exercising better judgement but we should not be for doing our homework. Perhaps, worse still, we deserve greater criticism if we simply fail to do anything at all.

I would suggest that management use whatever opportunities are presented, or made, to discuss the cost of controls with ministers and Parliamentary committees so that Parliamentarians can be better informed of what determines the costs of administration.
Personally, I place much emphasis on such an approach to generate greater awareness and, hopefully confidence between Parliamentarians and officials.

We have changed our approach to reporting financial statement audits because of our conviction that a more informed Parliament will have a better appreciation of the requirements of public administration, with a matching reduction in misplaced or unreasonable expectations of officials. The Audit Act requires me to report all significant breaches of legislation to Parliament. This is an important task, but it must be done without confusing or, indeed, unnecessarily alarming readers of our reports.

We take account of the different levels of risk, which agency management confronts, through reporting on three levels of accounts and records findings in our financial statement audit reports. These are:

- findings which are significant and require immediate management attention;
- findings which should be addressed in the short term, including those previously referred to management that have not been satisfactorily addressed; and
- findings of a procedural nature.

In December 1995 the Joint Committee of Public Accounts (JCPA) was apprised of this ANAO policy framework for reporting the results of financial statement audits. The Committee considered it quite appropriate for the ANAOs public reports to comment only on significant matters arising from financial statement audits. The Committee acknowledged that there were various tensions at play in seeking to encourage management improvement and in providing timely and well focussed financial reports to Parliament. They considered that the ANAOs current policy framework struck an appropriate balance. The JCPAs overall conclusion was that this approach would help focus the primary attention of Parliamentarians and agency managers on issues of importance, rather than on issues which, by definition, are minor and technical. The latter also need to be addressed but not on a priority basis nor simply because they, perhaps, involve no resources or create any particular difficulty.

The result is that the JCPA and members of other committees have a better appreciation of the most important legal breaches than before, when they were presented with long lists of such breaches. Our expectation is that this approach to reporting will minimise the frequency of officials being so concerned about Parliamentary criticism that they do not innovate and maintain too many controls to the possible detriment of both program outputs and outcomes. In this respect I am reminded of a recent observation by Steve Sedgwick (Secretary, Department of Finance) as follows:

....Parliamentary Committees and the like need to be aware of the incentives which they create for risk aversion when they uncover and react to the occasional mistake or error of judgement; or if they unnecessarily pursue micro management of inputs rather than a clear focus on performance; preferably based on analysis of good performance information.�
I note the former Chair of the Joint Committee of Public Accounts indicated last year that Parliamentarians are beginning to assess and use measures such as outcome indicators, performance targets, benchmarks and the financial performance information which can be derived from accrual reports.21

**ANAOs Future Role in Risk Management**

The ANAOs future approach to risk management will be to reinforce its importance as an integral part of good management practice. Insofar as various aspects of risk management guidelines apply in particular audits, the approaches and techniques suggested will be applied as was done in Report No. 12 on Risk Management by Commonwealth Consumer Product Safety Regulators as mentioned earlier. In that report the ANAO used:

.....the generic framework of the draft Australian Standard and the MAB/MIAC guidelines as a benchmark to assess the performance of the agencies audited.22

This will be done mainly in our three major audit products. These are:

- financial statement audits;
- financial control and administration audits; and,
- performance audits.

What we learn from these audits will also be used as part of our increasing audit related services both in relation to the development of further public sector reform as well as to assist the performance of individual entities.

Parliament will continue to expect us to use a risk management approach to address financial stewardship and what are typically described as compliance issues. The emphasis is on control and the need for assurance. In that respect we will not baulk, for example, at identifying at least significant breaches of the law. However, we will also be examining adoption, or avoidance, of a risk management approach to the use of resources and program delivery. The issues of efficiency, administrative effectiveness and accountability, which are the subject matters of performance audits, often are even more complex than determining whether administration is complying with legislation, Ministerial directions and the like.

The better the control environment our risk management approach would lead us to devote more of our resources to these other issues as well as to value adding audit related services such as the implementation of whole-of-government accrual accounting, accrual budgeting and the use of accrual information for performance assessment. There are not inconsiderable risks to be managed in the implementation of the latter initiatives by all participants. The timing, issue resolution, commitment and marketing
aspects all need to be addressed in an integrated fashion to reduce the risk of poor implementation. The stakes are high.

The ANAO uses a risk management perspective in performance audits basically because this approach can assist us to form a balanced view and perspective of the complexity of issues facing program managers. We have enhanced our performance audit methodology so that it is mirroring the MAB-MIAC risk management model as we did with the Consumer Product Safety Regulators Audit Report referred to earlier. Our emphasis is on improving management performance not simply pointing out where they have got it wrong. Quite frankly the issues often do not lend themselves to such simple conclusions.

Put another way, we are primarily in the business of providing quality assurance about, and added value to, public administration. The Auditor-General for the Northern Territory recently referred to the need for informed assurance that all risks to such quality are being appropriately managed. He described the risks as being those arising from:

- specification and understanding of outcomes;
- the specification and production of outputs;
- the understanding of the relationship between outcomes and outputs;
- the management of inputs (financial and physical resources, people and information); and
- compliance with the law, and with management guidelines.23

This is a significant challenge to all of us.

In conclusion, finalisation of the guidelines on risk management is especially timely for program and agency managers because we have entered a new era of public sector reform including further resource restraint as announced in the 1996-97 Budget. With less resources, we must manage better. This is a challenge to which the APS will rise, and for which the guidelines on risk management will be helpful. We are looking at an even more demanding and, for many public servants, a largely unknown environment of commercialisation and competition with the private sector, even in areas regarded as traditional public services. We are being required to budget and manage on an accrual accounting basis as opposed to the cash basis with which we are more familiar. A particular problem for management generally, and for the use of appropriate risk management techniques, is the issue of contracting. I canvassed the major considerations recently from an ANAO perspective, particularly in relation to performance information and noted that:
One of the most significant challenges to the public sector and, indeed, to the private sector is to determine meaningful and transparent contract conditions and an effective means for managing purchaser/provider arrangements.24

You may be interested in a piece of advice adapted from a comment made by the Swedish Audit Office. When you initiate fundamental and far reaching management approaches and reforms, you need to appreciate that you cannot make the necessary changes by creating, and worse still, blaming losers. You must provide scope for, and recognition of, winners. The latter are going to provide your champions and change agents necessary to implement any initiatives and approaches successfully.

Effective dialogue and better understanding between auditors and managers of what accountability and performance requirements mean in practice will help to avert unintended adverse consequences of, for example, ineffective risk management and will result in more effective program outcomes including concerns for economy, probity, ethical judgements and efficiency. The latter is, after all, what good public administration is really about and therefore should be our common goal.
NOTES AND REFERENCES


   Understanding Risk Management in the APS - An Ongoing Challenge, Perspectives from the ANAO, Pat Barrett AM, Commonwealth Auditor-General, Tuesday, 26 March 1996.


7. Correspondence from the then Secretary of the Department of Transport in relation to the 1994-95 Financial Statements Audit dated 20 October 1995.


10. The term shareholder is used here to illustrate the private sector analogy. However, I prefer the term stakeholder when referring to interested parties in the public environment because shareholders can choose not to have a stake in an
outcome or an organisation by simply selling their shares. This option is not
usually open to those who deal with the public sector.

11. Iain Summers 1996. Auditing Public Entities - Accounting at the Top. Address to
the Northern Australian Accountants Professional Development Conference.
Darwin 22-25 May (page 9).

Statements Audits of Commonwealth Entities. Report No. 13. AGPS Canberra,
November.

Canberra, June.


Consumer Product Safety Regulators. Report No. 12, AGPS Canberra,
November (see particularly pages 9-13).

16. MAB/MIAC 1995 Guidelines for Managing Risk in the Australian Public Service -

17. Australian National Audit Office 1996 Competitive Employment Training and

Project (JORN). Report No. 28, AGPS Canberra, June.

and Letters of Comfort. Report No. 6, AGPS Canberra, September.

20. S.T. Sedgwick 1996 Challenges for Public Sector Reform Presentation to the
Challenges and Opportunities Seminar. Department of Finance, Canberra, 3
September (page 7).

Australian Public Sector. Address to the launch of the exposure draft of the
MAB-MIAC publication Guidelines for Managing Risk in the Australian Public
Service, Canberra, 7 August (page 3).
