Industry Research and Development Board

Presentation to Industry Research and Development Board

30 May 2002

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Presentation to IR & D Board

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Tuesday, 30 May 2002
Overview of Presentation

- Role of the Auditor-General and ANAO
- Our Clients
- The Audit Product
- Establishing the Audit Program
- Our Audit Approach
- Relationship Management with Agencies
- Audit results
Doctrine of Separation of Powers

- Three different powers of government:
  - legislative
  - executive
  - judicial

- Auditor-General reports to the legislature
Auditor-General Act

- Role of Auditor-General
- How appointed/term
- Information gathering powers
- Performance audits
  - Focus
  - Conduct
About the ANAO

- Audit practice
- 275 people; $53m budget
  - 265 financial statements audits
  - 60+ performance audits
  - 6 better practice guides/benchmarking studies
- Our reputation is important to us
ANA O aims to deliver

- Improvement in public administration
- Assurance
The Accountability Framework

The ANAO

- Client Service
- Accountability
- Adding Value
- Continuous Improvement

Better Practice
Our Clients

- Parliament
- Agencies
Relationship with the JCPAA

- Review of audit reports
- Review of ANAO budget
- Veto over appointment of Auditor-General
- Veto over appointment of Independent Auditor of ANAO
Financial Audit Reports

AUDIT OUTCOMES
- Assurance
- Performance Improvement

AUDIT FOCUS
- Internal Control Structure
- Outputs/Outcomes
- Business Support Processes
- Management Effectiveness & Accountability

SCOPE OF AUDITS

Audit Continuum
- Financial Audit Reports
- Business Support Process Audit
- Program based performance audits

OUTPUTS
- Attest Opinions
- Better Practice Guides
- Performance Audit Reports
Current & Prospective Audits

- IIF
- R&D Tax Concessions
- Automobile Competitiveness Investment Scheme
- TCF SIP
- R&D Start
Establishing the Audit Program

- Key criteria
- Single and multi-agency audits
- Better practice guides
- Auditor-General decides the program

  → may be requested to undertake audits
Key selection criteria

- Risk to public administration
- Financial materiality
- Program significance
- Audit impact
- Visibility of the program
- Parliamentary interest
- Coverage
Themes

- Governance – HR Management
- Governance – Financial Management
- Governance – Performance Information
- Procurement & Contract Management
- Information Technology
- Service Delivery
Establishing the Audit Program

- Key criteria
- Single and multi-agency audits
- Better practice guides
- Auditor-General decides the program
  - may be requested to undertake audits
Audit Methodology

- Objectives
- Criteria
- Testing and Analysis
Innovation Investment Fund Program

1. Are the roles, responsibilities and associated accountabilities clearly defined to support effective program management?

2. Are there sound means of monitoring and assessing program performance and do results to date support program objectives?

3. Is the tendering process to award licences fair and consistent with Government requirements and recognised better practice?

4. Are effective contract management arrangements in place and are licences complied with?

Is the IIF program effectively managed by the Commonwealth to achieve the Government's program objectives?

Program administrative structures
1. Are the roles, responsibilities and associated accountabilities clearly defined to support effective program management?

Program performance
1. Do we have sound means of monitoring and assessing program performance and do results to date support program objectives?
Performance audit of Administration of the Research & Development Tax Concession

1. Are the governance arrangements for the Tax Concession robust and soundly based?

2. Do registration and information processes meet client service standards and appropriately inform business of eligibility criteria?

3. Do processes provide assurance about the integrity of self-assessment of eligible R&D activity?

4. Do processes appropriately address integrity of self-assessed R&D Tax Concession expenditure claims?

5. Does the Tax Concession program performance meet its targets?

Key:
- Items shaded yellow relate to DITR (including AusIndustry)
- Items shaded blue relate to ATO
- Items shaded green cover both agencies (although may predominantly relate to one agency)

To assess the Commonwealth's administration of the R&D Tax Concession Program

30/04/2002 - v56
Audit Methodology

- Objectives
- Criteria
- Testing and Analysis
Audit Criteria

- Recognised Better Practice
- Previous Audits
- Parliamentary Reports
- Departmental policies and standards
Audit Methodology

- Objectives
- Criteria
- Testing and Analysis
Relationship Management with Agencies

- Audit Committee
- Program Managers and staff
  - Formal advice
  - Opening interview
  - Issues Papers
  - Exit Interview
  - Draft report
  - Final report
- We endeavour to get a ‘worldly’ understanding of the program
- Theory and Practice
Audit output

- Report tabled in Parliament
  - conclusion against objectives
  - findings
  - recommendations

- Parliamentary Committee Review

- Follow up?