

Audit Reports Summaries

Audit Report No. 19 1995-96

Summary

Department of Foreign Affairs and Trade Australian Trade Commission

MANAGEMENT OF SMALL AND MEDIUM-SIZED OVERSEAS POSTS

Overseas posts

Australian Government interests overseas are represented by a wide-range of embassies, high commissions, consulates, consulates-general and other specialised offices. These overseas posts are usually assumed by the general public to be part of the Department of Foreign Affairs and Trade (DFAT). While DFAT has primary responsibility for the representation and promotion of Australian Government interests abroad, other Australian Government agencies also have responsibilities for certain aspects of Australia's international relations.

The purpose of the audit

The management of Australia's overseas posts has not previously been scrutinised by the ANAO from a performance perspective. This audit is the first in a series planned to examine different aspects of the administration of Australian representation abroad, focusing particularly on DFAT and Austrade, as the agencies responsible for managing almost all overseas posts.

The diversity and complexity of issues at overseas missions of different sizes mean that posts generally cannot be treated as if they were all the same. This audit concentrated on small and medium-sized posts. The findings and conclusions should, therefore, not be regarded as automatically applicable to large posts.

Managing overseas posts

Overseas posts are part of the Australian public sector and are, therefore, subject to the same regime of accountability to the Parliament as domestically based Government offices. In this audit, we sought to ascertain the extent to which DFAT and Austrade have made management of overseas posts conform to models of good public administration.

Overall conclusions

Evidence of good practice was found in both DFAT and Austrade and should be recognised. But improvements can be made.

The cost of overseas posts

Reporting on the cost of overseas posts has been fragmented. Each agency maintains specific records, but these have not previously been amalgamated into a post-by-post total. We requested agencies to provide estimates of direct and indirect operating costs for small and medium-sized posts. Because this was the first time information had been requested in this format, some of the indirect costs are indicative, not definitive. From this, it appears that the total average cost to the Australian taxpayer - including salary and allowances, residential and office accommodation, support staff, and operating expenses - of maintaining an officer posted overseas to a small or medium-sized post is approximately \$536 000 p.a. (This is not the cost to the individual agency, however, as it includes property costs, borne separately by the Overseas Property Group.)

DFAT's management

DFAT's approach to the management of overseas posts has emphasised consistency and uniformity. This has led to a concentration of responsibility and work which at small and medium-sized posts is excessive. We believe that DFAT should take advantage of developments in technology and introduce regionalised processing for many basic administrative functions. Indications based on the experience of comparable organisations suggest that savings of between 10 and 30 per cent of administrative expenses could be anticipated.

DFAT's service provision

Commonwealth client agencies reported widely varying assessments of the standard of service delivery at posts, although most were basically satisfied. However, we found evidence to suggest that DFAT needs to put more effort into developing a client-oriented service culture if the new purchaser/provider model is to work efficiently and effectively.

Austrade's management

Austrade's structural arrangements for managing organisational performance are good examples of best practice standards. As with DFAT, though, we found the integration of this structure into post management processes varied. We also found evidence of inadequate internal controls and have recommended that Austrade make use of its existing technological capacity to introduce procedures for electronic authorisation of such payments.

Austrade's service provision

Unlike DFAT, Austrade does not have a standard agreement for provision of services to Commonwealth client agencies at posts. Instead, service provision is negotiated on a case-by-case basis. It may differ between posts and between agencies at posts. Services are provided on a user- pays basis.

Client agencies reported broad satisfaction with service provision. However, at posts visited there were different levels of knowledge by staff in client agencies concerning the services to be provided. We have recommended the adoption of a standard purchaser/provider model, as both parties need to be clear about the details and levels of service provision.

Recommendations

The report makes 16 recommendations aimed at improving client service, efficiency, effectiveness, and accountability, and in reducing costs in the management of small and medium-sized overseas posts.

DFAT and Austrade agreed with all of the ANAO's recommendations.