

The Auditor-General
Audit Report No.23 2004-05
Audit Activity Report

Audit Activity Report: July to December 2004

Summary of Outcomes

Australian National Audit Office

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of Australia 2004

ISSN 1036-7632

ISBN 0 642 80819 8

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Canberra ACT
21 January 2005

Dear Mr President
Dear Mr Speaker

Pursuant to Senate Standing Order 166 relating to the presentation of documents when the Senate is not sitting, I present this report of the results of our audits and audit related services over the first half of the financial year 2004–2005. The report is titled *Audit Activity Report: July to December 2004*.

Following its presentation and receipt, the report will be placed on the Australian National Audit Office's Homepage—<http://www.anao.gov.au>.

Yours sincerely

A handwritten signature in black ink, appearing to read 'P. J. Barrett', is positioned above the printed name.

P. J. Barrett
Auditor-General

The Honourable the President of the Senate
The Honourable the Speaker of the House of Representatives
Parliament House
Canberra ACT

AUDITING FOR AUSTRALIA

The Auditor-General is head of the Australian National Audit Office. The ANAO assists the Auditor-General to carry out his duties under the *Auditor-General Act 1997* to undertake performance audits and financial statement audits of Commonwealth public sector bodies and to provide independent reports and advice for the Parliament, the Government and the community. The aim is to improve Commonwealth public sector administration and accountability.

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Abbreviations

ACAG	Australasian Council of Auditors-General
ADC	Australian Defence College
ADF	Australian Defence Force
ANAO	Australian National Audit Office
APS	Australian Public Service
APSC	Australian Public Service Commission
ASOSAI	Asian Organisation of Supreme Audit Institutions
ATO	Australian Taxation Office
AWP	Audit Work Program
BPG	Better Practice Guide
CAC Act	<i>Commonwealth Authorities and Companies Act (1997)</i>
CEF	Container Examination Facilities
CRF	Consolidated Revenue Fund
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DFAT	Department of Foreign Affairs and Trade
DIMIA	Department of Immigration and Multicultural and Indigenous Affairs
DTS	Defence Transition Scheme
DVA	Department of Veterans' Affairs
EGCS	Energy Grants Credit Scheme
EXAMS	Examination Data Management System
FaCS	Department of Family and Community Services
FMA Act	<i>Financial Management and Accountability Act (1997)</i>
GAO	Government Accountability Office of the United States of America
GGG	General Government Sector
INTOSAI	International Organisation of Supreme Audit Institutions
JCPAA	Joint Committee of Public Accounts and Audit

MAC	The Management Advisory Committee
NAP	The National Action Plan for Salinity and Water Quality
PB Act	<i>Superannuation (Productivity Benefit) Act 1988</i>
PM&C	Department of the Prime Minister and Cabinet
SG Act	<i>Superannuation Guarantee (Administration) Act 1992</i>
TGA	Therapeutic Goods Administration

1. Introduction

This chapter explains the role and objectives of the Australian National Audit Office (ANAO), describes its main outputs, and outlines the purpose of this report. It also discusses major influences on the current work program, as well as indicating the contents of the remaining chapters.

Roles and objectives of the ANAO

1.1 The office of the Auditor-General of the Commonwealth of Australia dates back to the beginning of Federation, being created by the Commonwealth Parliament in 1901. The Auditor-General through the ANAO, provides an independent review of the financial statements, performance and accountability of the Commonwealth Public Sector. Accordingly, the ANAO seeks to achieve two outcomes:

- improvement in public administration—the independent assessment of the performance of selected Australian Government public sector activities including the scope for improving efficiency and administrative effectiveness; and
- assurance—the independent assurance of Australian Government public sector financial reporting, administration, control and accountability.

1.2 Through the delivery of an integrated range of high quality audit products that are timely, cost effective and consistent with public sector values and ethics, the ANAO aims to achieve these outcomes, and meet the needs of the Parliament, and audit clients.

ANAO outputs

1.3 The Auditor-General has a broad mandate, provided by the *Auditor-General Act 1997*, to audit the financial statements of all Australian Government entities and, subject to some qualifications, for example in relation to Government Business Enterprises, to undertake performance audits of those entities. However, the Auditor-General may undertake performance audits of wholly owned government business enterprises if requested by the responsible Minister, the Minister for Finance or the Joint Committee of Public Accounts and Audit (JCPAA).

1.4 Other products produced by the ANAO include business process support audits, protective security audits, benchmarking studies and better practice guides (BPGs). ANAO outputs for the period 1 July 2004 to 31 December 2004 are detailed in Figure 1.1.

1.5 An important part of the ANAO's work is its contribution to corporate governance. As well as regularly contributing to seminars and conferences on the topic, the ANAO is involved in two distinct projects that aim to improve public sector governance. The first project, with the Australian Research Council, the University of Canberra and other organisations, aims to advance knowledge of corporate governance and its applications within government. The second project, with the Australian National University and Monash University, aims to investigate the issue of privatisation and public accountability.

1.6 The ANAO's success in improving public sector administration relies primarily on its ability to manage its relationships with the agencies, and other bodies with which it deals. Consequently, the ANAO's relationship management strategies are given particular prominence, with links being constantly formed and strengthened, particularly with our major clients. These strategies include assistance to parliamentary committees; agency audit committees; liaison with State/Territory and international counterparts through forums such as the International Organisation of Supreme Audit Institutions (INTOSAI) and the Australasian Council of Auditors-General (ACAG), and ongoing interaction with the accounting profession, particularly through the major accounting bodies.

Figure 1.1

ANAO products, 1 July to 31 December 2004

Type of product	Number
Performance Audit Reports	17
Business Support Process Audit Reports	3
Better Practice Guides	1
Benchmarking Studies	0
Controls Reports	1
Financial Statement Opinions	245

Purpose of the Activity Report

1.7 From 1999 to 2003, the Activity Report was tabled every six months. However, the Activity Report will be tabled annually from 2004, detailing audit activity from July to December of that year. Audit activity relating to the January to June period will be detailed in the ANAO Annual Report.

1.8 The purpose of the Activity Report is to:

- identify to the Parliament the audit themes being examined by the ANAO during the six month period;
- provide the Parliament with a consolidated summary of activity over this period, including tabled audit reports, details of BPGs and other audit services undertaken; and
- discuss the main issues identified from the audit services provided by the ANAO over this period.

Developing the ANAO's Audit Work Program

1.9 In developing the Audit Work Program (AWP) the ANAO adopts an ongoing and integrated approach to the planning of its financial statement, performance audit and related products, with a focus on meeting the needs of the Parliament, the Government and public sector entities.

1.10 The ANAO applies a holistic and integrated audit approach to provide assurance to the Parliament about the performance and compliance of Australian Government entities. This audit approach focuses on the main risks facing Australian Government entities, and their management of programs, policies and finances.

1.11 The themes identified for the 2004–05 Audit Work Program that aim to address these risks are:

- security;
- economic management;
- ageing population;
- growing demand for a better quality of life;
- growing interconnectivity and changing service delivery through information technology and telecommunications; and
- evolving governance structures, including higher community expectations for strong management and appropriate governance.¹

Report outline

1.12 The following chapter outlines the ANAO's relationship with the Parliament and details the work of the JCPAA, the main body that oversees the ANAO's activities. It also gives details of assistance provided by the

¹ Chapter 3 describes these themes.

ANAO designed to advance public sector administration in Australia and overseas. Chapter 3 summarises findings from performance audits tabled from July to December 2004, against the audit themes outlined above. Chapter 4 discusses emerging broad issues affecting financial statement reporting and outlines significant issues arising from financial audits conducted from July to December 2004.

1.13 Appendix 1 lists series titles of audits tabled from July to December 2004. Appendix 2 contains summaries of these audit reports; while Appendix 3 summarises ANAO BPGs published during this period. Appendix 4 lists series titles of all BPGs published to date. Appendix 5 lists presentations and papers given by the Auditor-General and ANAO staff during the period July to December 2004. Appendix 6 lists performance audits and BPGs underway at 31 December 2004.

2. Assistance to the Parliament and the Advancement of Public Administration

This chapter discusses the relationship between the ANAO and the Parliament—in particular with the JCPAA, concerning its recent examination of ANAO reports. The chapter also details ANAO activities to advance public sector administration in Australia and overseas by assisting public sector organisations.

2.1 The Parliament is the ANAO's primary client. The ANAO's interaction with both individual parliamentarians and parliamentary committees provides the opportunity to ensure that financial and performance audit products and services are tailored to Parliament's needs. The ANAO's relationship with the Parliament is crucial to its ability to maintain the quality and relevance of the ANAO's audit products.

2.2 It is the Parliament that makes the ultimate decision on the ANAO's resources. This is important for signalling the independence of the Auditor-General by removing the issue of fee dependence between auditor and auditee in the Commonwealth public sector. This is clearly a different relationship to that experienced in the private sector.

Joint Committee of Public Accounts and Audit (JCPAA)

2.3 The JCPAA is a statutory committee with members from both houses of the Parliament and has particular responsibilities for the ANAO. The JCPAA carries out its own inquiries and reports; considers and reviews the operations, reports and performance of the ANAO; reports to the Parliament about the Auditor-General's functions and powers; is involved in the selection of the Auditor-General and of the ANAO's independent external auditor; and makes recommendations to the Parliament on the annual budget for the Office. The Committee reviews all ANAO reports with the senior audit staff involved and examines a selection of these reports at quarterly public hearings.

JCPAA Report 402—Review of Auditor-General's Reports 2003–04, First and Second Quarters

2.4 In August 2004, the JCPAA released Report 402, *Review of the Auditor-General's Reports, First and Second Quarters 2003–2004*. It presented the results of the JCPAA review for the following audits:

- ANAO Audit Report No.1 2003–04, *Administration of Three Key Components of the Agriculture - Advancing Australia (AAA) Package*;

- ANAO Audit Report No.4 2003–04, *Management of the Extension Option Review - Plasma Fractionation Agreement*;
- ANAO Audit Report No.6 2003–04, *APRA's Prudential Supervision of Superannuation Entities*;
- ANAO Audit Report No.11 2003–04, *Annual Performance Reporting*;
- ANAO Audit Report No.21 2003–04, *Special Employee Entitlements Scheme for Ansett Group Employees (SEESA)*; and
- ANAO Audit Report No.24 2003–04, *Agency Management of Special Accounts*.

2.5 Copies of this report can be obtained from the Australian Parliament's website².

2.6 Three audits from the third quarter 2003–04 were selected by the JCPAA for review. As a result of the 2004 Federal Election, the JCPAA was unable to complete its review of the Audit Reports nominated in the last Parliament.

2.7 The new Committee advised that at its meeting on Wednesday 8 December 2004, it resolved to complete the reviews of the following Audit Reports.

- Audit Report No.25 2003–04, *Intellectual Property Policies and Practices in Commonwealth Agencies*;
- Audit Report No.34 2003–04, *The Administration of Major Programs, Australian Greenhouse Office*; and
- Audit Report No.36 2003–04, *The Commonwealth's Administration of the Dairy Industry Adjustment Package, Department of Agriculture, Fisheries and Forestry, Dairy Adjustment Authority*.

Requests from Parliament and parliamentary committees

2.8 Parliament, the JCPAA and other parliamentary committees can request the Auditor-General to undertake specific audits. The ANAO tabled two audits during July–December 2004 that were a consequence of a request from Parliament; Audit Report No.10 2004–05, *The Senate Order for Departmental and Agency Contracts (Calendar Year 2003 Compliance)*; and Audit Report No.5 2004–05, *Management of the Standard Defence Supply System Upgrade*.

² <http://www.aph.gov.au/house/committee/jpaa/agfirst-sec03_04/Report.htm>.

2.9 Following a request from Senator the Hon. John Faulkner, in May 2004, the ANAO conducted a preliminary investigation into the additional costs incurred in relation to the *'No Respect, No Relationship'* anti-violence campaign, administered by the Department of the Prime Minister and Cabinet (PM&C). The inquiries undertaken did not identify any material failures of administration on the part of the Department, with appropriate administrative steps having been followed in the course of developing the proposed campaign. Further, ANAO found that the Department incurred the costs associated with both the original and revised campaigns in accordance with approvals and directions received from the relevant decision-makers. In this context, the Auditor-General decided, in July 2004, not to proceed with an audit of the Department's administration of the campaign.

Other ANAO assistance to the Parliament

2.10 The ANAO also conducts targeted briefings to parliamentary committees to allow Committee members to discuss specific audit issues in greater detail, and to assist Parliamentarians to understand the operations of the ANAO. The parliamentary period covered by this Activity Report was affected by the Federal Election held on 9 October 2004.

2.11 Consequently, ANAO contact with the Parliament has been limited. During the period 1 July to 31 December 2004 the ANAO briefed only one Committee, the Joint Committee on Native Title and the Aboriginal and Torres Strait Islander Land Fund.

Advancement of public sector administration overseas and within Australia

2.12 The ANAO is prominent, both nationally and internationally, in the field of public sector auditing. Consequently, in relation to public sector auditing and associated issues such as governance, the ANAO undertakes client seminars; hosts local and overseas delegations; participates in international groups; and contributes to international conferences and other forums.

Client seminars

2.13 The seminars held in November and December 2004 addressed the financial reporting requirements under the existing Australian Accounting Standards for the financial year 2004–05. The seminars also revisited the new Australian Equivalents to International Financial Reporting Standards, as finalised in July 2004, which will apply for financial reporting periods beginning on or after 1 January 2005 (the 2005–06 financial year).

2.14 The ANAO also conducted two one-day workshops on performance auditing for the internal audit staff of Commonwealth entities. The workshops were held in July and November 2004.

Delegations

2.15 During 1 July to 31 December 2004, the ANAO hosted 74 delegates from 12 organisations from eight countries. Figure 2.1 provides information on the visiting delegations.

Figure 2.1

Delegations visiting the ANAO, July to December 2004

Country	Organisations represented by delegates
China	Chinese National Audit Office Yunnan Audit Office Various provincial Audit Offices
Indonesia	Office of the Minister for State Apparatus Reform, Department of Finance, Agency for Development Audit
Korea	Presidential Task Force Team on the Establishment of the National Evaluation Infrastructure
Nepal	Chief Secretary (equivalent to Secretary of PM&C)
New Zealand	Audit New Zealand
Thailand	National Economic and Social Development Board
United Kingdom	Director of Constitution Directorate, Department for Constitutional Affairs National Audit Office
Vietnam	Ho Chi Minh Political Academy

Contributions to conferences and forums

2.16 From 1 July 2004 to 31 December 2004, the Auditor-General and ANAO staff delivered papers at 10 conferences and other forums associated with public administration. Details of these papers can be found in Appendix 5 of this report.

Participation in international audit and accounting groups

2.17 From 4–15 October 2004, the ANAO hosted a workshop on the Audit of Public Debt on behalf of ASOSAI, the Asian Organisation of Supreme Audit

Institutions. The workshop brought together 31 participants, eight instructors, a subject matter specialist from the Government Accountability Office (GAO) in the United States of America and a representative of the ASOSAI secretariat from Japan.

2.18 The Auditor-General attended the 18th Congress of the International Organisation of Supreme Audit Institutions (INTOSAI) in Budapest, during 9–17 October 2004, and the Board Meetings of the International Federation of Accountants in Paris, during 6–11 November 2004.

Peer review of the United States Government Accountability Office

2.19 The ANAO is currently part of a team of auditors conducting the first ever peer review of performance audit work undertaken by the GAO in the United States of America. The review will look at a sample of 40 of the 600 performance audits issued by the GAO in the 2004 calendar year.

3. Performance Audits

This chapter explains the objective of performance audits and summarises key issues arising from performance audits tabled from July to December 2004, according to the ANAO's audit themes. Examples from recently tabled audits are used to illustrate each theme.

3.1 The ANAO's performance audits examine and report to the Parliament on the economy, effectiveness and efficiency of the administration of many Australian Government entities. These audits generally recommend ways to improve this administration. Performance audits provide an objective and systematic examination of the operations of a body for the purposes of forming an opinion on whether:

- the operations have been managed in an economical, efficient and effective manner;
- the entity complied with relevant legislation, standards and guidance; and
- procedures for promoting and monitoring economy, efficiency and effectiveness are adequate.

3.2 Adding to its program of performance audits, the ANAO also produces a series of Better Practice Guides (BPGs). The BPGs are an important contribution to the ANAO's output 'Improvement in Public Administration', by collating and disseminating lessons learned across the public sector. These products are becoming increasingly important source documents for managers operating in an environment of devolved authority and responsibility, and are of particular value to small agencies that find it difficult to develop and maintain in-house expertise on the wide range of public sector management issues.

Audit themes

3.3 The following sections discuss the audit themes identified in paragraph 1.11, and some recent ANAO reports addressing them.

3.4 In planning and prioritising our audit coverage, we also have regard to the need to provide the Parliament with an assurance, over time, of the performance of public sector bodies. To achieve this objective the ANAO undertakes audits of the less material, as well as the more significant matters of national importance, with regard to these aspects of public sector bodies' activities. The ANAO also responds to emerging issues of interest to the Parliament and the broader impact in the implementation and achievement of the Parliament's objectives.

3.5 The ANAO's broad themes for the 2004–05 AWP, reflect this background. They are:

- security;
- economic management;
- ageing population;
- growing demand for better quality of life;
- growing interconnectivity and changing service delivery through information technology and telecommunications; and
- evolving governance structures, including higher community expectations for strong management and appropriate governance.

3.6 Security continues to be an area of wide interest and attention both domestically and internationally. The audit program continues to focus attention on key support areas such as Defence materiel, personnel, project management and counter-terrorism co-ordination arrangements. Other areas include passenger processing and cargo management, the protection of overseas missions and information overseas, and business continuity management.

3.7 Fiscal constraint in Australian Public Service (APS) programs adds pressure on managers to ensure ongoing quality of delivery systems and efficient resource usage. This audit program looks at the effectiveness and integrity of both revenue and expenditure programs. These include the integrity of select taxation systems and the effectiveness of systems to ensure the robustness of welfare support payment systems.

3.8 Day-to-day concerns arise from the continuing pressures on infrastructure and programs designed to meet the health care and retirement needs of an ageing population. The ANAO's audit program scrutinises in selected areas, the management of stakeholder relationships, primary health care, industry adjustment, and superannuation administration.

3.9 Information technology continues to grow in both capability and complexity, as does agency dependence on information and technology (IT) capabilities for the delivery of services. The time, cost and quality risks involved in implementing new IT projects are high. The audit program includes a review of several large IT development projects and use of the Internet in service delivery and job redesign.

3.10 Corporate collapses have continued to raise community awareness of governance issues. Also, community expectations for the prudent and proficient management of taxpayers' monies continues to grow. The audit

program identifies a number of audits that focus attention on various elements of governance including financial management and control.

ANAO reports examining security

3.11 Audit Report No.2 2004–05, *Onshore Compliance—Visa Overstayers and Non-Citizens Working Illegally*, reviewed the Department of Immigration and Multicultural and Indigenous Affairs' (DIMIA's) administration of its onshore compliance activities.

3.12 The audit found that DIMIA could enhance its performance management and measurement by undertaking more robust analysis of its existing data, including through the development of compliance target group profiles to respond appropriately to the different levels of risk presented by the onshore compliance target population. To this end, DIMIA needs to further focus attention on improvements in the data quality of its overstayer file. This would assist in improving the quality of its reporting, facilitate DIMIA's data matching activities with a range of agencies (such as the Australian Tax Office), and enhance the performance of compliance officers at the State and Territory level through the provision of more timely and accurate information.

3.13 Audit Report No.16 2004–05, *Container Examination Facilities*, examined the administrative effectiveness of the Australian Customs Service's Container Examination Facilities in addressing the full range of Customs risks, including counter-terrorism. Particular emphasis was given to Customs' target selection processes; target development strategies; intervention processes; and facilities operation.

3.14 The ANAO found that Customs has implemented effective systems and processes for target selection and development. Its intervention capability has also increased significantly with the establishment and ongoing operation of the Container Examination Facilities. However, the ANAO identified a number of areas where improvements could be made to strengthen administration and improve the operational effectiveness of the Container Examination Facilities.

ANAO reports examining economic management

3.15 Audit Report No.1 2004–05, *Sale and Leaseback of the Australian Defence College Weston Creek*, examined the Department of Defence's management of the sale and leaseback process for the Australian Defence College's Weston Creek property.

3.16 The ANAO found that overall, Defence's management of the process was consistent with Government intentions. The sale was conducted in a competitive manner, was completed on time within the 2002–03 financial year, and realised proceeds in excess of the market valuation. However, the long-term sale and leaseback arrangements for the property do not adequately

protect the interests of the Commonwealth. The need for additional accommodation, identified prior to sale, was not resolved prior to finalising the sale. In order to meet the sale deadline and to maximise financial returns, Defence has assumed the risks associated with potential future development at the site. In respect of the 2002–03 approved property sales program, Defence exceeded the Budget revenue target by \$104.5 million.

ANAO reports examining the ageing population

3.17 Audit Report No.13 2004–05, *Superannuation Payments for Independent Contractors Working for the Australian Government*, examined whether Australian Government organisations were identifying contracts that were wholly or principally for the labour of the contractor and meeting statutory superannuation obligations under the *Superannuation (Productivity Benefit) Act 1988*.

3.18 This audit had conclusions relevant to the ANAO theme of the ageing population. Currently, there are no monitoring mechanisms in place for determining whether Commonwealth organisations are complying with the *Superannuation (Productivity Benefit) Act 1988*. This is a particular issue as the ANAO concluded that, generally, there was a lack of awareness of the requirements of the *Superannuation (Productivity Benefit) Act 1988* within Australian Government organisations, even though some had sought legal advice and developed policies, procedures and standard contract clauses that incorporated superannuation requirements for independent contractors. Audit sample testing found that superannuation obligations had been met in 25 instances. This was out of a total of 78 contracts where it was considered that the contract was wholly or principally for labour, and where it was unclear³ as to whether the contract was wholly or principally for labour.

ANAO reports examining growing demand for a better quality of life

3.19 Audit Report No.4 2004–05, *Management of Customer Debt in Centrelink*, examined Centrelink’s management of customer debt, excluding debt relating to Family Tax Benefit, on behalf of its client agency, the Department of Family and Community Services (FaCS).

3.20 The ANAO found that while Centrelink had in place a framework to effectively manage customer debt, communication channels within the agency and with FaCS could be improved, particularly regarding debt prevention, identification and recovery. Centrelink’s performance measurement of debt management was found to be inadequate. The ANAO suggested that

³ An unclear assessment was made of a contract where the legal advice sought by the ANAO from two legal advisors concluded differently as to whether the contract was *wholly or principally for labour*.

Centrelink broaden its proposed performance measures for debt management. Similarly, the ANAO suggested that Centrelink commence monitoring customer satisfaction with debt management, particularly as debt recovery was not meant to place customers in financial hardship. Centrelink was found to deliver inconsistent outcomes across its network for its debtor customers.

3.21 Audit Report No.9 2004–05, *Assistance Provided to Personnel Leaving the ADF*, examined the range of support made available to Australian Defence Force (ADF) personnel making the transition from military to civilian life, the extent to which the assistance is utilised, the cost to Defence of such assistance and the relevant responsibilities of those who deliver assistance.

3.22 The ANAO found that, overall, Defence provides an effective package of transition assistance to personnel leaving the ADF, although not all personnel chose to utilise this assistance or use all of the benefits to which they were entitled. The cost to Defence of providing transition assistance in 2002–03 amounted to almost \$20 million.

ANAO reports examining growing interconnectivity and changing service delivery through information technology and telecommunications

3.23 Audit Report No.5 2004–2005, *Defence Project Management of the Standard Defence Supply System Upgrade Project*, examined Defence project management procedures and practices in the information management systems domain. The audit also reviewed the influence the Defence Chief Information Officer exerts over Defence Information Environment projects, and the extent to which governance of those projects is executed.

3.24 The ANAO found that the Project was not managed as a strategic procurement activity, nor was it managed as a Major Capital Equipment acquisition activity. As was the custom in Defence at the time, it was managed as a Minor Capital Equipment procurement activity.⁴ As a result, the procedural guidelines in the Defence Procurement Policy Manual, and the Defence Capital Equipment Procurement Manual for the inception, approval, management and delivery of a Major Capital Equipment acquisition activity were not followed.

⁴ Minor Capital Equipment procurement activities are treated very differently in Defence from those classified as Major Equipment Procurement activities. Minor Projects, as they are known, are characteristically less than \$20 million in cost, and are managed with far less rigour than are Major Capital Equipment Projects. Major Capital Equipment Projects are those estimated to cost in excess of \$20 million, and require Ministerial approval for implementation. Senior Defence staff advised that Defence did not manage Business Information System software projects as anything other than Minor Projects.

ANAO reports examining evolving governance structures, including higher community expectations for strong management and appropriate governance

3.25 Audit Report No.3 2004–05, *Management of Internal Audit in Commonwealth Organisations*, examined whether selected Australian Government organisations had utilised better practice principles when establishing the role, and managing the use, of their internal audit groups.

3.26 While the audit found that the management of internal audit was generally in accordance with legislative and professional requirements, there were opportunities for increasing transparency and accountability, particularly in relation to key decisions and statements of roles and responsibilities between governance stakeholders. Furthermore, the ANAO identified opportunities, that were generally agreed by the four agencies examined, for individual agencies to improve their processes for performance measurement and the management of audit committees' oversight of internal audit.

3.27 Audit Report No.11 2004–05, *Commonwealth Entities' Foreign Exchange Risk Management*, focussed on the implementation of the Revised Government Foreign Exchange Risk Management Policy.

3.28 Overall, the audit found the implementation of the Revised Policy with all *Commonwealth Authorities and Companies Act 1997* entities was not complete and important elements of the Revised Policy had not been adequately implemented. The ANAO made five recommendations aimed at improving the compliance of General Government Sector entities with the Revised Policy, central agency consideration of entities' requests for exemption, and enhancing the reporting made to Government. The Department of Finance and Administration and other entities agreed with all the recommendations.

3.29 Audit Report No.15 2004–05, *Financial Management of Special Appropriations*, examined the financial management of Special Appropriations in the period 1998–99 to 2002–03. Appropriations are fundamentally important to parliamentary control over expenditure. In 2002–03, more than \$223 billion was spent from the Consolidated Revenue Fund under the authority of Special Appropriations.

3.30 Overall, the ANAO concluded that there had been widespread and significant shortcomings in the financial management of Special Appropriations. There is evidence that, in response to ANAO's audit activities, entities had increased their focus on developing greater understanding of, and increased care and attention to, legislative requirements and appropriation management practices. In addition, during the course of this audit, the Department of Finance and Administration issued guidance relating to particular aspects of appropriation management.

4. Financial Statement Audits

Financial statement audit activity is reported to the Parliament in two reports each year. This chapter summarises the current status and results of financial statement audit activity for the financial year ended 30 June 2004, the content of both reports and their relationship.

Audit Reports

4.1 Our second financial statements report, Audit Report No.21 2004–05, *Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2004* (tabled in January 2005), provides a summary of the final audit results of the audits of the financial statements of all Australian Government reporting entities, including the Commonwealth Government of Australia Consolidated Financial Statements for the financial year ended 30 June 2004.

4.2 This report complements Audit Report No.58 2003–04⁵. The latter provided an update of the assessment of audit findings relating to major entity control structures, including governance arrangements, information systems and control procedures, which support the reporting of public sector financial performance and accountability, through to March 2004.

4.3 Audit Report No.58 2003–04 reported the more significant risk and control issues of major Australian Government entities, identified during the interim phase of the financial statements audits, that required management attention; and action to strengthen and enhance the quality of each respective entities' control structures and to mitigate any potential risks.

4.4 The ANAO's second report updated its understanding of entity business and governance arrangements; re-confirmed entity audit risks; completed audit testing; and largely completed its program of final audits. The audit findings have been fully reported to the management of the entity and to the responsible Minister(s).

4.5 This report also outlines the results of reviews of the triple bottom line reports on the Department of Family and Community Services and the Department of the Environment and Heritage.

Results of the audits of financial statements

4.6 The ANAO is responsible for the audit of the financial statements of 245 Australian Government entities. For the 2003–04 financial year, the ANAO

⁵ ANAO Audit Report No.58 2003–2004, *Control Structures as part of the Audit of Financial Statements of Major Australian Government Entities for the Year Ending 30 June 2004*.

has issued 217 unmodified audit opinions (clear opinions); 11 'qualified' audit opinions (three in 2002–03); seven audit opinions containing an 'emphasis of matter' in individual government entities; and four unqualified opinions containing an 'other statutory matter'.⁶ At the date of this report, five sets of financial statements were still in the progress of being audited.

4.7 The audit report on the Consolidated Financial Statements of the Australian Government for the year ended 30 June 2004 was issued on 20 December 2004. The audit report expressed an 'except for' opinion, in accordance with the auditing standards, containing nine qualifications under two broad headings, Disagreements on Accounting Policies and Limitations on the Scope of the Audit. In addition, the audit report included one 'emphasis' of matter and one 'other statutory matters' paragraph.

Canberra ACT
21 January 2005



P. J. Barrett
Auditor-General

⁶ The Department of Defence and Department of Veterans' Affairs also contain an 'other statutory matter'. The Aboriginal and Torres Strait Islander Commission also contains an 'emphasis of matter'.

Appendices

Appendix 1: Audit Reports tabled from 1 July to 31 December 2004: Series Titles

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Department of Defence

Audit Report No.2
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Onshore Compliance—Visa Overstayers and Non-Citizens Working Illegally
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Australian Taxation Office

Appendix 2: Audit Reports tabled from 1 July to 31 December 2004: Summaries

Audit Report No.1

Performance Audit

Sale and Leaseback of the Australian Defence College Weston Creek

Department of Defence

In the 2002–03 Budget, 41 Defence properties were approved for sale with a Budget revenue target for Defence of \$473.5 million. Sale proceeds up to that target were to be paid into consolidated Commonwealth revenue, and excess proceeds could be retained by Defence. The Australian Defence College (ADC) Weston Creek campus was one of those properties included in the Defence disposals program for 2002–03.

The audit examined the process of identifying the ADC Weston Creek property for sale and leaseback and the management of the sales process. The objective of the performance audit was to examine the efficiency and effectiveness of the management of the sale process by Defence, including assessing whether the sale and long term leaseback arrangements adequately protect the Commonwealth's interests.

Defence achieved aggregate sale proceeds above the total of the market valuations for the properties sold, and exceeded the 2002–03 Budget revenue target by \$104.5 million. However, at the time of the audit, the Department of Finance and Administration had not agreed the amount to be retained by Defence. A comparison of sale proceeds to estimates supporting the Budget revenue target highlighted the difficulties of using revenue estimates as a basis for calculating revenue to be retained by Defence. Low estimates resulted in Defence securing a significant windfall gain in funding.

The ADC Weston Creek property sold in May 2003 for \$31.7 million, including GST, with a 20 year lease back to the Commonwealth. Defence is supplemented for the annual lease payments. Overall, the ANAO found Defence's management of the sale and leaseback process was consistent with Government intentions. The sale was conducted in a competitive manner, was completed on time within the 2002–03 financial year, and realised proceeds in excess of the market valuation. However, ANAO was unable to identify from Defence records any business case analysis to support a proposal to dispose of the ADC Weston Creek property through a sale and leaseback transaction.

Also, the tender process did not specifically address the issue of value for money to the Commonwealth on a whole-of-lease basis.

The long-term sale and leaseback arrangements for the property do not adequately protect the interests of the Commonwealth. The need for additional accommodation, identified prior to sale, was not resolved prior to finalising the sale. In order to meet the sale deadline and to maximise financial returns, Defence has assumed the risks associated with potential future development at the site.

The ANAO made five recommendations. Defence accepted the recommendations, two with qualification.

Audit Report No.2

Performance Audit

Onshore Compliance—Visa Overstayers and Non-Citizens Working Illegally

Department of Immigration and Multicultural and Indigenous Affairs

This audit examined the Department of Immigration and Multicultural and Indigenous Affairs' (DIMIA's) administration of onshore compliance under the *Migration Act 1958* as amended. In particular, it focused on whether DIMIA had implemented appropriate onshore compliance strategies in regard to people who enter Australia lawfully but whose presence becomes unlawful through the expiry of their visa or a breach of visa conditions and cancellation of their visa.

The integrity of DIMIA's overstayer file is crucial in supporting the Department's 'intelligence-driven' model. DIMIA advised that it seeks to reduce the estimated 30 per cent error rate in its overstayer records through its 'Overstayers Project'. The ANAO considered that improvements in the quality of DIMIA's overstayer file would provide the following benefits:

- improve the quality of its reporting to key stakeholders concerning the likely number of overstayers in Australia;
- facilitate DIMIA's data matching activities with a range of agencies (such as the Australian Tax Office) to assist it in pro-actively targeting overstayers; and
- enhance the performance of compliance officers at the State and Territory level through the provision of a reliable and current overstayers' file.

Tip-offs from members of the general community are a valuable source of intelligence for DIMIA that may, for example, lead to the location of an overstayer. However, DIMIA does not gather and analyse its tip-off data to improve its intelligence capability. Such analysis would: support DIMIA's onshore compliance target group profiling; assist in setting onshore compliance priorities; and facilitate the allocation of DIMIA's onshore compliance resources.

More consistent integration of compliance target group profiling with DIMIA's intelligence gathering and analysis capability, could further assist DIMIA's ongoing development of its national compliance program. Such an approach

would assist DIMIA to prioritise the risks presented by the onshore compliance target population.

DIMIA's New South Wales State Office is unique in its approach of implementing industry-based, multidisciplinary compliance teams. This approach may not be appropriate for all State and Territory Offices. However, DIMIA could benefit by analysing the merits of introducing appropriate aspects of its NSW State Office model into its other State and Territory Offices.

The ANAO made seven recommendations aimed at improving the administrative effectiveness of DIMIA's onshore compliance activities in the following areas: compliance risk assessment, education (as a compliance strategy), and compliance operations. DIMIA agreed with six recommendations and agreed with qualification to one recommendation.

Audit Report No.3

Business Support Process Audit

Management of Internal Audit in Commonwealth Organisations

Cross Agency

Internal audit is a key component of any organisation's governance framework, and plays a critical role in providing assurance regarding the conformance and performance of the organisation's systems and administrative processes. It is generally recognised as better practice⁷ to have a competent and adequately resourced internal audit group to support the statutory role⁸ of the audit committee within Commonwealth organisations.

The objective of the audit was to assess whether selected Commonwealth organisations had utilised better practice principles when establishing the role, and managing the use, of their internal audit groups. In order to evaluate internal audit, the ANAO first considered the status and accountabilities of internal audit within the overall governance framework of the organisations audited, in particular its accountabilities to the audit committee.

On the basis of the examination of these representative organisations, the ANAO concluded that, overall, internal audit groups had responsibilities and accountabilities that were largely consistent with better practice guidance and professional requirements, as well as the legislative requirements of Commonwealth audit committees. This included internal audit groups adopting and applying current professional guidance, to provide confidence and assurance regarding the veracity and outcomes of their work.

The ANAO also concluded that the internal audit charters adequately articulated the role of internal audit, and were supplemented by business plans and other procedural documents. The responsibilities of the internal audit groups were primarily achieved through the development, approval and delivery of risk-based audit work programs. However, the documentation supporting the development (including stakeholder consultation), approval and periodic review of the audit work programs was not always adequate to support the transparency and objectivity of these processes. In addition, there

⁷ ANAO Better Practice Guide, *New Directions For Internal Audit— A Guide for Public Sector Managers*, Canberra, July 1998 [op.cit., *The Internal Audit Guide*]. Available: <<http://www.anao.gov.au>>.

⁸ Refer to the *Financial Management and Accountability Act 1997*, section 46, and *Commonwealth Authorities and Companies Act 1997*, sections 32 and 44.

was little evidence of the formal evaluation of the internal audit groups against agreed performance measures.

The ANAO also considered that, given the direct accountability of the internal audit group to the audit committee, and the tendency of organisations to appoint a majority of senior managers with functional responsibilities to the audit committee, the most appropriate membership of the audit committee, at any point in time, may need to be reviewed by the CEO. This should take into account the coverage of the proposed program of internal audits and the functional responsibilities of the committee members, as well as observed better practice.

The report made eight recommendations, directed at:

- strengthening the record-keeping of the internal audit group and audit committee in support of key decisions relating to the role and work program of internal audit;
- clearly and completely articulating all governance stakeholder roles and responsibilities for risk, control and assurance across the organisation; and
- establishing measurable and meaningful performance measures for the internal audit group, and ensuring these are actively applied to measure value achieved.

The organisations accepted all eight recommendations.

Audit Report No.4

Performance Audit

Management of Customer Debt

Centrelink

The audit assessed whether Centrelink effectively manages customer debt, excluding debt relating to Family Tax Benefit, consistently across its network, ensuring integrity of payments made on behalf of the Department of Family and Community Services (FaCS). The audit assessed five components of Centrelink's debt management processes, including administration, prevention, identification, raising and recovery.

The ANAO found that while the incidence of customer debt is low, the absolute magnitude of outstanding customer debt is relatively high, approaching \$1 billion on 30 June 2003. Centrelink and FaCS were found to have a framework that provides the opportunity to effectively implement all elements of debt management. However, communication between the two organisations, and between the various teams within Centrelink responsible for debt management could be improved.

The ANAO considered that the key performance indicators for debt management being developed at the time of the audit should be broadened. The ANAO also found that Centrelink did not monitor customer satisfaction with its debt management services, nor fully measure its debt management resourcing and cost, to ascertain relative productivity and cost efficiency, and achieve future savings.

Centrelink was found to be facing difficulties in coordinating debt prevention and management initiatives across the agency, and did not effectively measure the impact of its debt prevention activities. However, the agency was in the process of revising internal indicators of debt prevention performance. Centrelink's framework for identifying debts was found to be generally effective.

Centrelink had recently restructured and centralised its debt raising operations. The ANAO considered that this restructure had the potential to improve the agency's management of its debt raising operations. However, Centrelink Authorised Review Officers and external stakeholders expressed concern that some customer debts were not being waived by the Customer Service Officers raising them in accordance with Social Security Law.

Centrelink's recovery operations were found to be inconsistent across the network, thus producing inconsistent outcomes for its customers. Centrelink advised the ANAO it would address this issue through an impending

restructure and centralisation of its recovery function, which included better training for its recovery operation. The ANAO considered that Centrelink's contract with its mercantile agent was an effective way of recovering older debts that are not cost effective for Centrelink to pursue with internal resources.

The audit made nine recommendations addressing: Centrelink and FaCS' coordination of debt management activities; the improvement of measuring and monitoring debt management performance; and developing consistency of customer outcomes in debt raising and recovery operations. The agency accepted all of these recommendations, one with qualification.

Audit Report No.5

Performance Audit

Management of the Standard Defence Supply System Upgrade

Department of Defence

The audit was undertaken in response to a request from the Joint Parliamentary Committee of Public Accounts and Audit (JCPAA). The JCPAA was concerned that Defence's major corporate systems for managing financial transactions, personnel and inventory have suffered from implementation delays and (ongoing) performance problems.

The ANAO found that the Project was not managed as a strategic procurement activity, nor was it managed as a Major Capital Equipment acquisition activity. As was the custom in Defence at the time, it was managed as a Minor Capital Equipment procurement activity.⁹ As a result, the procedural guidelines in the Defence Procurement Policy Manual, and the Defence Capital Equipment Procurement Manual (CEPMAN 1) for the inception, approval, management and delivery of a Major Capital Equipment acquisition activity were not followed. Defence guidelines at the time of the Project's initiation stipulated that projects of a strategic nature, of estimated materiality in excess of \$20 million, and running for a period in excess of 12 months, should be undertaken as Major Capital Equipment procurement activities, mandating Cabinet approval, as well as prescribed management deliverables and methodologies.

The ANAO made five recommendations aimed at Defence improving its project management and reporting practices and processes. The ANAO also made three further recommendations aimed at assisting Defence to put in place remedial measures associated with implementing a Get Well Plan for the delivered Standard Defence Supply Systems product. Defence agreed to the eight recommendations.

⁹ Minor Capital Equipment procurement activities are treated very differently in Defence from those classified as Major Equipment Procurement activities. Minor Projects, as they are known, are characteristically less than \$20 million in cost, and are managed with far less rigour than are Major Capital Equipment Projects. Major Capital Equipment Projects are those estimated to cost in excess of \$20 million, and require Ministerial approval for implementation. Senior Defence staff advised that Defence did not manage Business Information System software projects as anything other than Minor Projects.

Audit Report No.6

Performance Audit

Performance Management in the Australian Public Service

Cross Agency

Government policy on performance management requires agencies to maintain a fair and open performance management system focussed on achieving results and guiding salary movement. Performance management has been defined in the Australian Public Service (APS) context as the use of interrelated strategies and activities to improve the performance of individuals, teams and organisations. Its purpose is to enhance the achievement of agency organisational goals and outcomes for the government. The Management Advisory Committee (MAC) reported on performance management in the APS in late 2001 in a report titled *Performance Management in the APS: A Strategic Framework*.

The objectives of the audit were to assess the extent to which agencies' performance management systems, strategies and plans are consistent with the strategic framework set out in the MAC Report; provide assurance that the administration of performance management is being implemented efficiently and effectively in accordance with better practice principles; provide assurance that performance linked remuneration reported in annual reports complies with the Department of the Prime Minister and Cabinet (PM&C) *Requirements for Annual Reports*; and quantify the cost of performance linked remuneration, both performance bonuses and performance linked advancements (salary increments), across the APS.

The audit identified 69 agencies that had greater than 100 Australian Public Service Act staff as at 30 June 2002. The report considers the results arising from agency and staff surveys, returned by 63 agencies, and staff of 68 of the 69 agencies, respectively.

In 2002–03, the reported cost of performance linked remuneration in the agencies surveyed, included performance bonuses of \$39 million and performance linked salary advancements of \$75 million. The ANAO concluded that, to date, this significant investment appears to be delivering only patchy results and uncertain benefits. A significant percentage of salary advancement payments, and even bonuses, are unlikely to relate to superior performance, there is a disconnect between the application of performance management systems and the recognition/reward mechanisms, the systems lack credibility with staff, and staff concerns about the distribution of performance rewards appear to be well founded. The audit also found a high level of non-compliance with annual reporting requirements in relation to disclosing

details about the performance bonuses paid by agencies during 2002–03.

Some agencies have scope for improvement in demonstrating that their performance management systems, strategies and plans are consistent with the strategic framework set out in the MAC Report. While the audit found that progress has been made in consolidating the processes of performance management, the ANAO concluded that there is scope for agencies to do more to ensure that their systems are effective, and effectively contribute to organisational outcomes.

The audit made two recommendations to the Australian Public Service Commission, (APSC) aimed at improving the quality of guidance material available to APS agencies, and development of examples of key indicators for agencies to measure the performance management contribution to overall business outcomes. The APSC agreed in part. The audit also recommended that PM&C revise the requirements for reporting performance management information in agencies' annual reports. PM&C disagreed with part of this recommendation. The majority of other responding agencies supported the ANAO's recommendations.

Audit Report No.7

Performance Audit

Administration of Taxation Rulings Follow-up Audit

Australian Taxation Office

A significant element of the Australian Taxation Office's (ATO's) administration of the taxation law is the provision of interpretative advice to taxpayers on taxation issues. The provision of taxation advice is particularly important because of Australia's self-assessment taxation system. The system relies heavily upon taxpayers having a good understanding of taxation law in order to fulfil their taxation obligations. A key mechanism used by the ATO to disseminate the Commissioner of Taxation's (the Commissioner's) interpretative advice on taxation law is taxation rulings. Broadly, a taxation ruling is the Commissioner's interpretation of how the taxation law is applied to a taxpayer or group of taxpayers' circumstances. In general, the advice addresses the extent of the taxpayer's liability.

The objective of the follow-up audit was to assess how well the ATO had implemented the recommendations of Audit Report No.3 2001–02, *The Australian Taxation Office's Administration of Taxation Rulings*. As part of the 2004–05 audit, the ANAO also considered the ATO's progress in addressing the JCPAA's suggestions resulting from its review of Report No.3 2001–02.

The ANAO concluded that the ATO had fully implemented the 12 recommendations of Audit Report No.3 of 2001–02. The ANAO noted that, since the previous audit, the ATO had also undertaken a number of initiatives to improve its rulings systems. The main initiatives included the following: improving the integrity and transparency of the processes surrounding the provision of written binding advice; redeveloping information technology systems supporting the issuing of private binding rulings; enhancing monitoring and reporting of performance; consolidating procedural guidance to staff through the implementation of an on-line resource manual; developing a comprehensive approach to setting internal taxation law precedent; and introducing a Priority Technical Issues process, to support the management of strategic risks.

This report did not make any further recommendations.

Audit Report No.8

Performance Audit

Management of Bilateral Relations with Selected Countries

Department of Foreign Affairs and Trade

The Department of Foreign Affairs and Trade (DFAT) is responsible for implementing the Government's foreign and trade policy decisions.

The objective of the audit was to assess DFAT's management of bilateral relations and to identify any scope for improvement. Using three bilateral relationships as case studies, the audit examined whether DFAT: developed and articulated appropriate priorities for each bilateral relationship; established appropriate strategies for achieving bilateral priorities and arrangements to monitor progress in these respects; measured and assessed its effectiveness in achieving bilateral priorities; and reported appropriately on progress achieved.

The audit concluded that overall DFAT has effective arrangements in place to manage Australia's bilateral relationships. DFAT develops annually key bilateral priorities that are well informed, appropriately approved, and communicated to those responsible for their implementation in a reasonably timely manner. There are sound consultative processes for those Australian Government agencies with attached staff at posts to have input into the formulation of key priorities. However, consultative processes are not well defined where agencies do not have attached staff. This could be addressed by expanding the scope of DFAT's existing consultations with agencies over post performance.

There is no requirement for the formal allocation of responsibility for bilateral priorities to staff through performance agreements. Doing so would provide a more systematic basis for assessing the contribution of individuals to the achievement of key bilateral priorities. The identification of challenges, likelihoods and consequences in post and divisional strategic planning processes is less systematic and visible than is recognised as good practice. There is scope for DFAT to better integrate risk management in its annual strategic planning and evaluation processes without involving significant additional resources.

Implementation of priorities is supported by flexible strategies. Arrangements support early warning of action required and posts monitor developments for their likely impact on Australian interests. Responses to unexpected events examined were timely and appropriately scaled. DFAT engages in a timely

manner with other Australian Government agencies in the implementation of bilateral priorities—both planned and in response to unexpected developments.

DFAT's performance information framework contains high-level measures for assessing effectiveness in achieving bilateral priorities that would benefit from strengthening, to provide greater clarity for internal management. DFAT has annual processes for measuring and reviewing the achievement of bilateral priorities. These involve reporting on achievements and setbacks and also drawing on feedback from internal and external stakeholders, which is positive overall. The achievements and setbacks identified in these processes were also reported in the relevant annual reports.

The ANAO made two recommendations aimed at enhancing risk management and the performance information framework. DFAT agreed with these recommendations.

Audit Report No.9

Performance Audit

Assistance Provided to Personnel Leaving the ADF

Department of Defence, Department of Veterans' Affairs

Defence and the Department of Veterans' Affairs (DVA) are responsible for assisting personnel leaving the ADF prepare for their transition to civilian life, and for providing assistance in the areas of an individual's career, education, housing, medical needs, compensation and veterans' entitlements. In addition to the existing transition assistance programs, the Defence Transition Scheme (DTS), a joint pilot project between Defence and DVA, aims to determine if personnel leaving for other than medical reasons require additional assistance when transitioning to civilian life.

In their report *Review of Foreign Affairs, Trade and Defence Annual Reports 2000–01*, the Joint Standing Committee on Foreign Affairs, Defence and Trade considered there were two issues to be addressed in seeking to understand transition management: the need to determine the support and services that ADF personnel are entitled to; and determining what government agency is responsible for providing what services to eligible persons.

The objective of the audit was to provide assurance to Parliament that adequate and appropriate transition assistance is available to personnel leaving the ADF. The ANAO examined the range of transition assistance provided to separating ADF personnel; the extent to which this assistance is utilised; the cost to Defence of providing transition assistance; and the relevant responsibilities of those who deliver transition assistance.

The audit considered that, overall, Defence provides an effective package of transition assistance to personnel leaving the ADF. The ANAO observed that not all personnel choose to utilise this assistance or use all of the benefits to which they are entitled. The audit found there are appropriate mechanisms in place to clearly communicate information about transition assistance programs to ADF personnel who are planning their separation.

The audit found that changes to the administration of the Transition Management Service, which is provided on behalf of Defence by DVA, has increased the accessibility of transition assistance for potential medical discharges. The audit also concluded that Defence would benefit from explicitly comparing the services offered in the Defence Transition Scheme against the baseline case of the general ADF transition process provided by Transition Centres, to assess value for money aspects.

The ANAO made two recommendations to improve Defence's management of transition assistance relating to: monitoring and reporting on the provision of transition assistance to separating ADF personnel; and the evaluation of the Defence Transition Scheme pilot in Townsville. Defence agreed to both recommendations.

Audit Report No.10

Business Support Process Audit

The Senate Order for Departmental and Agency Contracts (Calendar Year 2003 Compliance)

Cross Agency

This report relates to the sixth audit of *Financial Management and Accountability Act 1997* (FMA Act) agencies' compliance with the *Senate Order for Departmental and Agency Contracts* (the Senate Order) requirement to list contract details for the 2003 calendar year reporting period on the Internet.

The cross-agency audit was conducted in accordance with the Senate Order request for the Auditor-General to undertake an annual examination of agency contracts listed on the Internet, and to report whether there had been any inappropriate use of confidentiality provisions. Previous audits were conducted on a twice-yearly basis, as required by the Senate Order request at that time.

The objectives of the audit were to assess agency performance in relation to compiling the Internet listings required by the Senate Order and the appropriateness of the use of confidentiality provisions in Commonwealth contracts.

The ANAO found that, by the time the audit was completed, 83 FMA Act agencies had either placed a list of contracts on their websites, or did not have any contracts that fell within the scope of the Senate Order and, as a result, were not required to list details of contracts on the Internet. The majority of lists generally complied with the requirements of the Senate Order, although there was scope for agencies to improve the presentation of the lists so that they met the requirements of the Order and were in accordance with guidance provided by the Department of Finance and Administration.

The ANAO reviewed 26 contracts that were listed on the Internet as containing confidential provisions to determine whether they had been listed appropriately. The ANAO considered that eleven of the 26 contracts (42 per cent) listed as containing confidential provisions were likely to satisfy the criteria for protection as confidential information. The other 15 contracts were inappropriately listed because there was no information in the contract that satisfied the criteria for protection as confidential information. This is an improvement on the results from the previous audits where the percentage of contracts that the ANAO considered had been appropriately listed as containing confidential provisions ranged from 15 to 38 per cent.

The ANAO examined a selection of contracts excluded from the Internet listing and concluded that the contracts had been excluded appropriately for reasons of national security and commercial sensitivity.

The results of this audit highlight the requirement for agencies to continually review their policies on the new accountability environment so that they accord with the Government policy of the time. In addition, agencies should make sure that the policies are known, and acted upon, at all levels within the agency. This reinforces the need for an ongoing awareness raising requirement and the implementation of formal staff training.

Audit Report No.11

Performance Audit

Commonwealth Entities' Foreign Exchange Risk Management

Department of Finance and Administration, Department of the Treasury, Department of Defence, Department of Foreign Affairs and Trade, Austrade and AusAID

The audit followed up the recommendations made in Audit Report No.45 of 1999–2000, *Commonwealth Foreign Exchange Risk Management Practices*, and the subsequent implementation of the Revised Government Foreign Exchange Risk Management Policy that commenced on 1 July 2002. The Revised Policy was to apply to all *Financial Management and Accountability Act (1997)* (FMA Act) and *Commonwealth Authorities and Companies Act (1997)* (CAC Act) entities within the General Government Sector (GGS).

The audit found that:

- adoption of the Revised Policy was patchy with significant variability in the reliability of risk identification and measurement approaches while some entities were still hedging using financial derivatives although they had no exemptions granted by the Finance Minister;
- the Revised Policy has been applied to FMA Act entities but correct procedures for consultation with, and notification to, CAC Act entities had not been followed by some portfolio departments;
- a consistent approach had not been adopted for the calculation of budget supplementation for foreign exchange gains and losses, and there was incomplete implementation of the whole-of-government reporting requirements; and
- a significant majority of the previous audit recommendations had been implemented, or satisfactory progress had been made on their implementation.

The ANAO made five recommendations aimed at improving the compliance of GGS entities with the Revised Policy, central agency consideration of entities' requests for exemption and enhancing the reporting made to Government. The Department of Finance and Administration and other agencies agreed with all of the recommendations.

Audit Report No.12

Performance Audit

Research Project Management Follow-Up Audit

Commonwealth Scientific and Industrial Research Organisation (CSIRO)

The purpose of this follow-up audit was to assess the extent to which CSIRO had implemented the recommendations of the previous audit and of the JCPAA. It also sought to determine whether implementation of these recommendations had improved CSIRO's management of research projects.

The audit focused on management processes and policies at the corporate level, the implementation of policies by CSIRO divisions, and the application of policies within individual projects.

The audit found that CSIRO had implemented two of the nine recommendations made by the previous audit and the recommendation of the JCPAA. CSIRO had made progress in implementing five of the other recommendations. One recommendation relating to recording the achievement of milestones, and part of a recommendation relating to the use of explicit criteria in selecting projects had not been implemented.

CSIRO is continuing to enhance project management in the areas subject to recommendations in the previous audit. This follow-up audit includes some suggestions to assist in this process.

Overall, CSIRO's management of research projects has improved. The establishment of a corporate framework and policies for project management underpins improvements. CSIRO also documents how projects align with research priorities, more consistently plans and costs projects and more systematically conducts post-project reviews.

However, full implementation of some recommendations is hampered by shortcomings in the quality of management information. This limits CSIRO's ability to monitor the extent to which projects are delivered on time and to budget. Furthermore, despite CSIRO's efforts to ensure compliance, there remained a number of important aspects of its new framework which were not implemented in practice, in particular the use of project plans and project risk assessments.

This audit made no further recommendations.

Audit Report No.13

Business Support Process Audit

Superannuation Payments for Independent Contractors Working for the Australian Government

Cross Agency

The objectives of the audit were to:

- examine a number of contracts to determine whether the obligations under the *Superannuation (Productivity Benefit) Act 1988* (PB Act) had been met; and
- identify the level and appropriateness of advice given and received by Commonwealth organisations on the application of the PB Act.

The ANAO concluded that, of the contracts tested in the audit sample, superannuation obligations had been met in 25 instances. This was out of a total of 78 contracts where it was considered that the contract was wholly or principally for labour and where it was unclear¹⁰ as to whether the contract were wholly or principally for labour.

The ANAO concluded that, generally, there was a lack of awareness of the requirements of the PB Act within Commonwealth organisations, even though some had sought legal advice and developed policies, procedures and standard contract clauses that incorporated superannuation requirements for independent contractors.

The Department of Finance and Administration and the Australian Taxation Office had provided appropriate advice on the application of the PB Act and the *Superannuation Guarantee (Administration) Act 1992* (SG Act), in various forms, over a number of years. However, the ANAO concluded that clarification of a number of issues was still required. The most significant of these issues were:

- the interaction and boundaries between the PB and SG Acts;
- whether there is a continuing role for the PB Act, and if so, how to make the PB Act less complex in achieving that role; and
- mechanisms for monitoring Commonwealth organisations' compliance with the PB Act.

¹⁰ An unclear assessment was made of a contract where the legal advice sought by the ANAO from two legal advisors concluded differently as to whether the contract was *wholly or principally for labour*.

The audit made two recommendations. Recommendation 1 is directed at the Department of Finance and Administration and the Australian Taxation Office. Both agreed to the recommendation. Recommendation 2 is based on the findings from the Commonwealth organisations reviewed but is likely to have relevance to other Commonwealth organisations.

Audit Report No.14

Performance Audit

Management and Promotion of Citizenship Services

Department of Immigration and Multicultural and Indigenous Affairs (DIMIA)

The objectives of the audit were to determine whether: citizenship services were planned based on a risk assessment, especially in relation to fraud; and were monitored and reported on appropriately; decision-making was accurate, consistent and in line with relevant laws and policies and was supported by appropriate training and quality assurance mechanisms; client and outsourced services were managed effectively; and promotion strategies were effective and have been evaluated appropriately.

The ANAO found that DIMIA's Outcome 2 Business Plan for 2002–03 provided a clear framework and was based on a risk assessment. A proposed rolling two year plan for 2004–05 and 2005–06 was circulated to citizenship services managers in late August 2004. DIMIA has agreed to take into account the issues raised by this audit when finalising the plan.

Performance information, monitoring and reporting at the aggregated level was useful for decision-making.

The ANAO found that the risks associated with the potential for fraud in providing citizenship services were addressed in DIMIA's overall Fraud Control Plan.

Decision-making by DIMIA staff administering citizenship services was generally undertaken in accordance with legislative requirements and departmental procedures and was supported by quality assurance. Significant variations between DIMIA offices in meeting timeliness standards for decision-making needed to be analysed to determine whether action is required to improve performance in some regions.

In order to better manage the variable workload in citizenship services, the department could use, to the greatest extent possible, multi-discipline teams and appointment systems. The ANAO made a recommendation to this effect. This was the only recommendation, and DIMIA agreed to it with qualification. Analysis of variations in cost and timeliness of services between DIMIA offices and better performance information regarding conferrals would further enhance the department's ability to manage client service.

DIMIA's promotion of citizenship services was effective as demonstrated by the high proportion of those born overseas who are Australian citizens.

The ANAO concluded that the DIMIA's citizenship services were well managed and effectively promoted. The department had a range of information available in regard to citizenship services, including by region. It would be useful for DIMIA to analyse this information with a view to further improving client service.

Audit Report No.15

Performance Audit

Financial Management of Special Appropriations

Cross Agency

The Australian Constitution creates a framework within which the Executive Government receives and may spend money. In this context, Special Appropriations for the spending of money from the Consolidated Revenue Fund (CRF) are provided in Acts of Parliament that deal with particular purposes of spending. In 2002–03, more than \$223 billion was spent from the CRF under the authority of Special Appropriations. This represented more than 80 per cent of all appropriation drawings for the year.

The audit examined the financial management of all Special Appropriations in the period 1998–99 to 2002–03, with the exception of those related to Special Accounts and those administered by Government Business Enterprises. The audit objectives were to:

- identify all Special Appropriations and ascertain which entities are responsible for their financial management and reporting; and
- assess entities' financial management and reporting of Special Appropriations against the Commonwealth's financial management and reporting frameworks.

Overall, ANAO concluded that there have been widespread and significant shortcomings in the financial management of Special Appropriations. Given the fundamental importance of appropriations to parliamentary control over expenditure, it was found that changes need to be made to secure proper appropriation management in the Commonwealth. In particular, there has been inadequate attention by a number of entities to their responsibility to ensure that a correct, valid appropriation to support a particular payment has been identified before spending funds from the CRF, and to accurately disclose their use of Special Appropriations.

There is evidence that, in response to ANAO's audit activities, entities have increased their focus on developing greater understanding of, and increased care and attention to, legislative requirements and appropriation management practices. In addition, during the course of this audit, Finance issued guidance relating to particular aspects of appropriation management. The report made six recommendations concerning the need for additional guidance and improvements to entity internal controls.

All responding agencies agreed to these recommendations.

Audit Report No.16

Performance Audit

Container Examination Facilities

Australian Customs Service

The Australian Customs Service (Customs) plays a vital role in preventing illegal and harmful goods from entering Australia. To strengthen its border protection capability, Customs established Container Examination Facilities (CEFs) in Melbourne, Sydney, Brisbane and Fremantle as part of a more comprehensive and integrated approach to sea cargo examination in Australia's major ports.

The audit examined the administrative effectiveness of Customs' CEFs. Particular emphasis was given to target selection processes; target development strategies; intervention processes; and facilities operation.

Overall, the ANAO concluded that Customs' CEFs are administratively effective. It was found that Customs had implemented sound systems and processes for target selection and development. Its intervention capability had also increased significantly with the establishment and ongoing operation of the facilities. However, the ANAO identified a number of areas where improvements could be made to strengthen administration and improve the operational effectiveness of the CEFs. These included:

- adopting a national and consistent approach to the logistical coordination process, including clearly defining the roles and responsibilities of the target selection coordinator's position and providing training for this position;
- completing an operational assessment of sea cargo imports and exports being discharged in CEF ports;
- reviewing the risk profiles of origin countries to strengthen high-risk country identification;
- developing common system business rules and reporting parameters for the Examination Data Management (EXAMS) System;
- developing and implementing guidelines that clearly articulate what constitutes a positive find at the CEF, how this information is to be recorded and treated in the EXAMS system and who is responsible for completing records;

- developing performance measures and targets specific to the CEFs to assess the operational effectiveness of Customs' container x-ray strategy;
- developing logistics plans in all CEF ports to address problems associated with segregating, prioritising and transporting selected containers to and from the CEFs; and
- undertaking a comprehensive review of logistics services (container handling, transport and unpack/repack) contracts.

The ANAO made eight recommendations aimed at improving the administrative effectiveness of the CEFs. Customs agreed to all recommendations.

Audit Report No.17

Performance Audit

The Administration of the National Action Plan for Salinity and Water Quality

Department of Agriculture, Fisheries and Forestry; Department of the Environment and Heritage

Salinity is one of Australia's most complex and costly environmental issues causing damage to roads, buildings, agricultural production, biodiversity, rivers and water supplies. The cost of land and water degradation alone has been estimated at \$3.5 billion per annum in economic terms.

The National Action Plan for Salinity and Water Quality (NAP) was agreed in November 2000 as a joint initiative between the Australian Government and State and Territory Governments, involving expenditure of \$1.4 billion over the next seven years. The Australian Government contribution was estimated at up to \$700 million over this period with the States/Territories matching this contribution. The NAP is delivered jointly with the States/Territories through regional bodies who are responsible for the natural resource management plans and investment strategies.

The ANAO concluded that the administration of the National Action Plan for Salinity and Water Quality had been characterised by delays that have had flow-on effects for all stages of program implementation. It is only since 2003–04 that substantial investment in on ground initiatives has occurred. The reasons for the delays related largely to intergovernmental tensions over policy and funding matters. Agencies indicated that they were seeking to achieve longer-term natural resource policy outcomes and that, consequently, there was little scope for compromise on the fundamentals of the agreements. However, further delays were then experienced at all stages of the rollout of the program.

To date, the program has achieved significant institutional change and facilitated planning and specific management action in identified NAP regions. This action will take some years to complete, but it should be possible to determine whether the results are likely to be cost effective and appropriately targeted by the end of the current program.

Assessing the achievement of targets concerned with 'preventing, stabilising and reversing trends in salinity and improving water quality' is a long-term exercise. The consensus from consultations during the course of the audit,

indicates that this will not be possible within the eight-year timeframe originally envisaged for the NAP.

Consequently, to maximise program impact, the dissemination of information relating to good practices and lessons learned on a national basis, will be a crucial part of the process over the remaining years of the program. The delivery of the program through regional bodies is a new and evolving process for agencies. High-level risks and corporate governance arrangements have been considered by agencies and the joint delivery approach between the two Australian Government agencies has demonstrated the advantages of simplifying the face of government to clients. The architecture of the governance arrangements has been specifically designed to reflect the challenging and unique characteristics of natural resource management. However, at the regional level, strong and concerted action by all stakeholders is required if the program risks are to be effectively managed. In particular, there are substantial residual risks in small, newly established, community-based bodies having primary responsibility for delivering challenging outcomes and managing substantial allocations of Australian Government funds.

The ANAO intends to conduct a follow-up audit prior to the current NAP completion date of 2008 to provide Parliament with an assessment of the administrative effectiveness of the program.

The ANAO made six recommendations. The Department of Agriculture, Fisheries and Forestry and the Department of the Environment and Heritage agreed with all of these recommendations.

Audit Report No.18

Performance Audit

Regulation of Non-prescription Medical Products

Department of Health and Ageing

The purpose of the audit was to assess the Therapeutic Goods Administration's (TGA's) regulation of the manufacture and supply of non-prescription medicinal products (over-the-counter and complementary medicines).

The audit focused on TGA systems and procedures used to licence or certify manufacturers of non-prescription medicinal products, monitor on-going compliance of manufacturers and products with mandated requirements, and manage non-compliance.

Overall, the ANAO found that, while the TGA has a structured framework for the regulation of risk presented by non-prescription medicine manufacturers and products, more rigour around systems, procedures and resource management within the framework is required. This would provide assurance that non-prescription medicinal products are appropriately and cost-effectively regulated.

Aspects of risk management for non-prescription medicines require better articulation and structure, to support targeting and monitoring of risk treatments. This is the case both for manufacturers audited by the TGA, and for the almost 60 per cent of manufacturers audited by overseas regulators. Risk management would also be better informed by greater utilisation of information available.

The TGA's regulatory framework is supported by a substantial number of standard operating procedures. However, greater clarity and guidance is required for some key aspects of the TGA's regulatory functions. There are also some gaps in documented procedures.

Maintaining the quality, consistency and reliability of manufacturer audits, and of any enforcement actions, continues to be an area that requires management attention, as is recognised by the TGA and industry stakeholders. Initiatives recently implemented have the potential to improve the integrity of these processes, but require management focus, better information support, and monitoring of effectiveness for the assurance of all stakeholders.

Decision-making, including reasons for particular action and enforcement, requires more structured documentation, especially when discretionary judgments have been made.

Key information obtained through the TGA's regulatory functions is often not captured, or not utilised for the purposes of monitoring and analysis of trends. Information that is recorded is often unreliable, limiting its value for management purposes. Better management of information is required to inform the TGA in its regulation of non-prescription medicines.

Performance management arrangements are insufficient to support sound management of regulation, and accountability to stakeholders. Performance indicators provide limited insight into the effectiveness of the regulation of non-prescription medicines, and of manufacturer compliance.

Transparency to manufacturers and sponsors can be enhanced, both to facilitate manufacturers' ability to comply with regulatory requirements, and to improve the TGA's accountability for its actions.

The ANAO made 26 recommendations, which were all agreed to by the Department of Health and Ageing.

Audit Report No.19

Performance Audit

Taxpayers' Charter

Australian Taxation Office

The Australian Taxation Office (ATO) is the principal revenue collection agency in Australia. In 2003–04, through the self-assessment system and a broad range of compliance strategies, it collected revenue of \$199 billion. The ATO uses compliance strategies to help optimise collections and to instil confidence in the community that the taxation system is operating effectively. In 1993, the then Joint Committee of Public Accounts (now the Joint Committee of Public Accounts and Audit (JCPAA)) when assessing the ATO's administration of the *Income Tax Assessment Act 1936* highlighted concerns about an imbalance of power between the ATO and taxpayers. It recommended that the ATO adopt a Taxpayers' Charter (the Charter) to redress this imbalance. The Charter was introduced in July 1997 and sets out the way the ATO will conduct itself when dealing with taxpayers.

The objective of the ANAO audit was to examine how the ATO manages its responsibilities under the Charter as an important element of its performance. The audit did not examine the ATO's strategies to monitor taxpayers' conformance with their obligations. These are primarily implemented through the ATO's approach to compliance.

Overall, the ANAO concluded that the ATO is managing its responsibilities under the Charter. The ATO has systems and processes to develop, maintain and review the Charter. This framework will be strengthened when the ATO fully implements the recommendations of the recent Charter Review. The ATO has shown its commitment to the Charter principles at the strategic level, and is working to fully integrate these principles into its business processes. The ATO is yet to effectively monitor and report on its performance against the Charter.

The ANAO identified a number of areas for improvement so that the ATO achieves better performance in meeting its challenge of 'living' the Charter. These include:

- explicitly documenting how relevant strategies and measures within its sub-plans relate to the Charter principles. This would provide staff with guidance on how the Charter principles are embedded in the ATO's strategic planning processes;

- developing a Corporate Management Practice Statement to provide guidance to ATO staff on how they are to meet their responsibilities under the Charter;
- developing appropriate protocols and procedures to advise taxpayers of relevant Charter rights and obligations as a normal part of all interactions with the ATO;
- implementing a systematic approach to quality assurance processes to enable the ATO to focus on broader aspects of the ATO's business processes, including compliance with Charter principles;
- finalising the Charter measurement strategy using qualitative measures to provide assurance on the quality of the relationship with the taxpayer and the quality of services provided; and
- examining the material that is available from existing internal reports to develop a framework for regular internal reporting in relation to responsibilities under the Charter.

The ANAO made nine recommendations to improve the ATO's management of its responsibilities under the Charter. The ATO agreed with all these recommendations.

Audit Report No.20

Performance Audit

The Australian Taxation Office's Management of the Energy Grants (Credits) Scheme

Australian Taxation Office

The Energy Grants Credits Scheme (EGCS) provides a credit on excise and customs duty for the use of diesel and alternative fuels used in eligible activities. EGCS replaced the Diesel Fuel Rebate Scheme and the Diesel and Alternative Fuels Grants Scheme in July 2003. During 2003–04, the Australian Taxation Office (ATO) processed almost 450 000 claims, paying over \$3.1 billion.

The objective of the audit was to assess whether the ATO has established an administratively-effective framework for the management of the EGCS.

The ANAO considered that the ATO had comprehensive and administratively-effective frameworks relating to the management of EGCS.

The policy and administrative environments have evolved and continue to do so. Further changes in EGCS policy and administration, as foreshadowed in Government's Energy White Paper, *Securing Australia's Energy Future*, present the opportunity to enhance the transparency of Scheme objectives and develop ways to evaluate performance against these objectives.

The planning, monitoring and reporting framework was structured and appropriate. The risk and compliance management framework was generally well-developed, and the processes and controls framework was comprehensive. Moreover, there were positive indications about the administrative effectiveness of the frameworks in practice, with the achievement of ATO processing standards, the reduced cost of Scheme administration compared to its predecessors, and broad support about ATO administration from stakeholders and claimants.

Future management of EGCS could be strengthened by improving:

- performance monitoring and the ATO's ability to gauge success in EGCS administration, and success against policy objectives;
- the strategic management of EGCS risks, including the rigour and transparency of risk and intelligence processes;
- the timeliness of revenue leakage assessment processes, as part of compliance management; and

- the links between risk management and compliance management activities.

The ANAO made five recommendations aimed at improving the ATO's administration of EGCS.

The ATO agreed to the four recommendations directed to it (not responding to one recommendation it considered did not require a response from the ATO). The Treasury has agreed to the recommendation relevant to it. While noting that the ANAO concluded that the ATO has a comprehensive and administratively effective framework for managing the Scheme, the ATO accepted that improvements could be made as EGCS moves from its first year of operation.

Appendix 3: Better Practice Guides Published During 1 July–31 December 2004

Fraud Control in Australian Government Agencies

The Australian Government has made a coordinated and systematic commitment across the Australian Public Service (APS) to protect its revenue, expenditure and property from fraudulent activity. Under the *Financial Management and Accountability Act 1997* (FMA Act), Chief Executive Officers are responsible for the implementation of a fraud control plan and reporting to the Portfolio Minister on fraud control.

Agencies covered by the *Commonwealth Authorities and Companies Act 1997* (CAC Act) that receive at least 50 per cent of funding for their operating costs from the Australian Government, or from an Australian Government agency, are also required to implement the fraud policies of the Commonwealth. While other CAC agencies are not obliged to do so, they are strongly encouraged to implement better practice arrangements for fraud control.

The guide examines all aspects of a sound fraud control framework and fraud control operations, that is, those matters covered by the Guidelines. Not all matters are covered in the same depth because detailed information is provided elsewhere for some matters. The intention of the guide is to:

- highlight requirements to implement the Guidelines;
- explain what is involved in implementing them; and
- provide some ideas on ways to do this effectively.

The guide includes many case studies and other practical examples to assist agencies improve their fraud control practices. The guide recognises that fraud control arrangements may vary according to agency characteristics, especially size, and potential exposures to fraud.

Appendix 4: Better Practice Guides Series Titles

Fraud Control in Australian Government Agencies	Aug 2004
Security and Control Update For SAP R/3	June 2004
AMODEL Non-Commercial Authority Illustrative Financial Statements for the Year Ended 30 June 2004	May 2004
AMODEL Agency Illustrative Financial Statements for the Year Ended 30 June 2004	Apr 2004
Better Practice in Annual Reporting	Apr 2004
Management of Scientific Research and Development Projects in Commonwealth Agencies	Dec 2003
Public Sector Governance	July 2003
AMODEL Non-Commercial Authority: Illustrative Financial Statements for the Year Ended 30 June 2003	June 2003
AMODEL Agency: Illustrative Financial Statements for the Year Ended 30 June 2003	May 2003
Management of Goods and Services Tax Administration	May 2003
Building Capability: a framework for managing learning and development in the APS	Apr 2003
Managing Parliamentary Workflow	Apr 2003
Internal Budgeting	Feb 2003
Administration of Grants	May 2002
Performance Information in Portfolio Budget Statements	May 2002
AMODEL Illustrative Financial Statements 2002	May 2002
Life-Cycle Costing	Dec 2001

Some Better Practice Principles for Developing Policy Advice	Nov 2001
Rehabilitation: Managing Return to Work	Jun 2001
Internet Delivery Decisions	Apr 2001
Planning for the Workforce of the Future	Mar 2001
Contract Management	Feb 2001
Business Continuity Management	Jan 2000
Building a Better Financial Management Framework	Nov 1999
Building Better Financial Management Support	Nov 1999
Managing APS Staff Reductions (in Audit Report No.49 1998–99)	June 1999
Commonwealth Agency Energy Management	June 1999
Corporate Governance in Commonwealth Authorities and Companies—Principles and Better Practices	June 1999
Managing Parliamentary Workflow	June 1999
Management of Occupational Stress in Commonwealth Agencies	Dec 1998
Security and Control for SAP R/3	Oct 1998
Selecting Suppliers: Managing the Risk	Oct 1998
New Directions for Internal Audit	July 1998
Controlling Performance and Outcomes	July 1998
Management of Accounts Receivable	Dec 1997
Protective Security Principles (in Audit Report No.21 1997–98)	Dec 1997
Public Sector Travel	Dec 1997
Audit Committees	July 1997
Core Public Sector Corporate Governance	June 1997
Management of Corporate Sponsorship	Apr 1997

Telephone Call Centres	Dec 1996
Telephone Call Centres Handbook	Dec 1996
Paying Accounts	Nov 1996
Asset Management	June 1996
Asset Management Handbook	June 1996
Managing APS Staff Reductions	June 1996

Appendix 5: Presentations delivered by the Auditor-General and ANAO staff during 1 July to 31 December 2004

Mr Andrew Morris

Achieving Good Governance by Enhancing Conformance and Performance in a Public Sector Context

CPA Public Sector Governance and Accountability Symposium 2004
Sydney, 2 December 2004; Brisbane, 6 December 2004; Melbourne, 9 December 2004; Canberra, 13 December 2004

Mr David Nyskohus

Intellectual Property Policies and Practices in Commonwealth Agencies

Australian Government Intellectual Property Management and Accrual Budgeting: Frameworks under the FMA Act and CAC Act, Symposium
Canberra, 10 December 2004

Mr Pat Barrett AO

Contemporary Developments in Restoring Public Trust in the Accounting Profession—Information Disclosure, Transparency and Related International Standards

The 2nd Taipei Corporate Governance Forum
Taipei, 5 November 2004

Mr Pat Barrett AO

Results Based Management and Performance Reporting—An Australian Perspective

United Nations Results Based Management Seminar
Geneva, 5 October 2004

Mr Pat Barrett AO

ANAO's Role in Encouraging Better Public Sector Governance

ANZ School of Governance, Australian National University
Canberra, 20 September 2004

Mr Pat Barrett AO

Public Sector Reporting and Triple Bottom Line

Department of the Environment and Heritage—Sustainability Reporting by the Public Sector Seminar
Canberra, 25 August 2004

Mr Pat Barrett AO
Financial Management in the Public Sector—How Accrual Accounting and Budgeting Enhances Governance and Accountability
Challenge of Change: Driving Governance and Accountability CPA Forum 2004
Singapore, 20–21 August 2004

Mr Pat Barrett AO
Auditing in an Evolving Environment (A Focus on Auditing Standards and Framework)
CPA Forum
Singapore, 20 August 2004

Ms Ann Thurley
Accountability Frameworks—Performance Information and Shared Outcomes
Connecting Government Forum
Sydney, 17 August 2004

Mr Pat Barrett AO
The Role and Objectives of the Australian National Audit Office
2004 Program for Officials of South East Asian Parliaments. Australian National University
Canberra, 2 August 2004

Mr David Nyskohus
Intellectual Property Policies and Practices in Commonwealth Agencies
Intellectual Property Seminar: Commonwealth Policy and Practice
Canberra, 20 July 2004

Appendix 6: Performance audits and Better Practice Guides in progress at 31 December 2004

Ministerial Portfolio/Agency	Audit Title
Agriculture, Fisheries and Forestry	<ul style="list-style-type: none"> Drought Assistance
Attorney-General's	<ul style="list-style-type: none"> Legal Service Arrangements in the APS
Australian Taxation Office	<ul style="list-style-type: none"> ATO's Management of Tax File Number Integrity ATO Management of Superannuation Surcharge Contributions
Defence	<ul style="list-style-type: none"> Army Capability Assessment and Reporting Project Sea 1444 Patrol Boat Replacement Audit Management of Selected Defence System Program Offices
Education, Science and Training	<ul style="list-style-type: none"> Internationalisation of Australian Education
Employment and Workplace Relations	<ul style="list-style-type: none"> Design and Implementation of ESC3 Jobseeker Experience of Job Network Services
Family and Community Services	<ul style="list-style-type: none"> The Edge Project Customer Assurance Commonwealth State/Territory Disability Agreement
Finance and Administration	<ul style="list-style-type: none"> Investment of Public Monies by Selected Agencies
Foreign Affairs and Trade	<ul style="list-style-type: none"> Protecting Australian Missions and Staff Overseas Export Assistance to Rural and Regional Australia
Health and Ageing	<ul style="list-style-type: none"> ARPANSA Licensing Processes Integrity of Medicare Enrolment Data Administration of Health Care Cards Financial Management in the Department of Health and Ageing

	<ul style="list-style-type: none"> • Helping Carers—The National Respite for Carers Program • Office of the Gene Technology Regulator
Immigration and Multicultural and Indigenous Affairs	<ul style="list-style-type: none"> • Management of Detention Centre Contracts (Part B) • Advance Passenger Processing IT
Treasury	<ul style="list-style-type: none"> • Payment of Goods and Services Tax Revenue to the States and Territories • Commonwealth Debt Management Follow-up
Veterans' Affairs	<ul style="list-style-type: none"> • Veteran's Home Care
Cross-Agency Performance Audits	<ul style="list-style-type: none"> • Efficient and Effective Internet Use • Investment of Public Monies by Selected Agencies • Legal Service Arrangements in the APS • Safeguarding Our National Collections • Workforce Planning in the APS • Counter Terrorism Arrangements in the APS • Financial Aspects of the Management of the Conversion to Digital Broadcasting • Management of Long Term Property Leases
Better Practice Guides	<ul style="list-style-type: none"> • Business Continuity Management • Audit Committees • BSP IT Security
Business Support Process Audits	<ul style="list-style-type: none"> • BSP Management of Trust Monies in CAC Bodies • Administration of FBT Processes • Management of Contracted Business Support Processes • BSP Purchasing Procedures