

# **The Australian Electoral Commission's Storage and Transport of Completed Ballot Papers at the September 2013 Federal General Election**

[Australian Electoral Commission](#)

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Canberra ACT  
8 May 2014

Dear Mr President  
Dear Madam Speaker

The Australian National Audit Office has undertaken an independent performance audit in the Australian Electoral Commission titled *The Australian Electoral Commission's Storage and Transport of Completed Ballot Papers at the September 2013 Federal General Election*. The audit was conducted in accordance with the authority contained in the *Auditor-General Act 1997*. Pursuant to Senate Standing Order 166 relating to the presentation of documents when the Senate is not sitting, I present the report of this audit to the Parliament.

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

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ian McPhee', is positioned above the printed name.

Ian McPhee  
Auditor-General

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

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For further information contact:

**The Publications Manager  
Australian National Audit Office  
GPO Box 707  
Canberra ACT 2601**

**Phone: (02) 6203 7505**

**Fax: (02) 6203 7519**

**Email: [publications@anao.gov.au](mailto:publications@anao.gov.au)**

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### **Audit Team**

Michelle Mant  
Jennifer Eddie  
Brian Boyd

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# **Summary and Recommendations**



# Summary

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## Introduction

1. The Australian Electoral Commission (AEC) is responsible for conducting Federal Elections and referendums, maintaining the Commonwealth electoral roll and administering political funding and disclosure requirements in accordance with the *Commonwealth Electoral Act 1918* (the Electoral Act). The AEC also provides a range of electoral information and education programs in Australia, as well as in support of Australia's international interests. Its stated outcome is to:

Maintain an impartial and independent electoral system for eligible voters through active electoral roll management, efficient delivery of polling services and targeted education and public awareness programs.

2. The AEC has a three-person Commission comprising the Chairperson<sup>1</sup>, the Electoral Commissioner and a non-judicial member. It operates through a three tier structure of a national office in Canberra, State and Territory offices and Divisional Offices (both standalone and co-located in the form of larger work units) responsible for electoral administration across Australia's 150 electoral divisions. The AEC employed nearly 850 ongoing staff as at 30 June 2013.

3. Each Federal Election is a complex logistical event, and the challenges faced by the AEC in conducting elections are increased by the uncertain timing and the short period of time between an election being called and polling day. These circumstances make more difficult the tasks of recruiting and training a large temporary workforce of some 80 000 people for the 2013 Election and operating more than 9100 polling places.

4. In April 2010, ANAO tabled a performance audit report on the AEC's preparation for and conduct of the 2007 Federal General Election.<sup>2</sup> The audit report concluded that the state of the roll was the most significant long-term issue facing the AEC and that the AEC's existing approaches to improving enrolment rates had become less effective (as well as becoming more costly).

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1 Who must be an active or retired judge of the Federal Court of Australia.

2 ANAO Audit Report No. 28 2009–10, *The Australian Electoral Commission's Preparation for and Conduct of the 2007 Federal General Election*, 21 April 2010.

ANAO made nine recommendations, including four relating to the AEC improving the accuracy and completeness of the electoral roll. Other recommendations included the AEC improving its workforce planning, enhancing the accessibility and suitability of polling booths and scrutiny centres as well as the AEC identifying and assessing options that would provide greater physical security over the transport and security of completed ballot papers.

5. The audit report was tabled some four months prior to the 21 August 2010 Election. In the context of its inquiry into the conduct of the 2010 Election<sup>3</sup>, the Joint Standing Committee on Electoral Matters (JSCEM or the Committee) was informed by the AEC in February 2011 that the August 2010 Federal Election had impacted on it progressing the implementation of the ANAO recommendations, but that the organisation was now focussed on this work. Subsequently, the AEC's audit committee was advised at its March 2012 meeting that action on all ANAO recommendations had been completed.

### **Issues concerning the transport of polling material for the 2010 Election**

6. The AEC's February 2011 submission to JSCEM's inquiry into the 2010 Election identified three instances of issues arising in relation to polling material after polling day. One involved House of Representatives ballot papers going missing after they had been counted on polling night<sup>4</sup> and two related to the transport services of election materials by contractors. Specifically:

- in Darwin a box of pre-poll vote declaration forms were found to have fallen off the transport vehicle of a private contractor after this material was discovered on the roadside near Darwin Airport with over 730 forms recovered by the AEC but 'around' another 100 missing forms were not recovered; and

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3 Since 1983, it has been the practice of JSCEM and its predecessors to examine the conduct of each Federal Election and related matters.

4 Specifically, 115 House of Representatives ballot papers for the NSW Division of Macquarie were reported to have 'gone missing' after they had been counted on polling night. The AEC advised JSCEM that, because the results could not be verified through the fresh scrutiny process, the polling night results were removed from the official results and that, as the final margin in the seat on a two party preferred basis was 2197, the missing ballot papers had no impact on the result.

- after it was reported to the AEC that an employee of the Perth Transit Authority had been collecting completed Senate ballot papers from the railway track which runs between Mitchell freeway lanes to the north of Perth city, the AEC recovered those ballot papers that had been collected and established that the situation arose after a box of Western Australian (WA) Senate ballot papers had ‘dropped off’ an open utility in transit from the Moore Divisional Office to storage.

7. The AEC’s submission to JSCEM outlined that the incident which occurred in Darwin involved a contractor breaching a contractual requirement to use ‘fully enclosed, locked and secured vehicles’. In relation to the 2010 incident involving WA Senate ballot papers, the AEC’s JSCEM submission noted that the contract required the AEC material be kept secure during retrieval and transport but did not state that transport must be via covered vehicles. This was the case notwithstanding that the AEC had an ‘expectation’ that any vehicle used to carry AEC materials would be an enclosed truck or van.

### **Votes missing from the recount for the 2013 Western Australian Senate Election**

8. The 7 September 2013 Election for the fifth and sixth Senate places for WA was close. Following the conduct of the polling place count and subsequent fresh scrutiny counts of completed ballot papers, the Australian Electoral Commissioner agreed to requests for a recount made by two candidates. The recount decision was made in light of the ‘criticality of particular Senate candidate exclusion counts and the small margins involved in determining Senators’ elect’.

9. During the recount it emerged that 1370 ballot papers were missing compared with those that had been included in the earlier counts. This comprised 1139 ballot papers from three polling places and one declaration vote count in the Division of Pearce, and 231 ballot papers from one polling place in the Division of Forrest. The outcome of the recount was that the two candidates that had requested the recount were to be elected to the fifth and sixth Senate places, at the expense of the two candidates that had earlier been announced by the AEC as winning the fifth and sixth places.

10. In early November 2013, the AEC commissioned Mr Mick Keelty AO APM to undertake an inquiry into the circumstances of the missing ballot papers identified during the recount of Senate votes in WA.

The Keelty report was publicly released on 6 December 2013. It concluded that the processes used by the WA AEC office created a situation where the ultimate fate of the missing ballot papers is not likely to be ever fully explained. The report included 32 findings and recommendations.

## **Conduct of April 2014 WA Senate Election**

11. In mid-November 2013, the AEC petitioned the High Court of Australia (acting as the Court of Disputed Returns) seeking an order that the WA Senate Election of six senators be declared void. An order was issued by His Honour Justice Hayne on 20 February 2014 voiding the 2013 WA Senate Election result. As a consequence, another election of six senators for WA was to be conducted on 5 April 2014.

12. On 3 April 2014, the AEC announced that, on 31 March 2014 during mobile polling at a residential aged care facility, it was identified that there was a problem with the construction of the ballot box. The mobile polling team applied a temporary solution but the container used was later found to not be fully secure in accordance with the requirements of the Commonwealth Electoral Act. The AEC had decided, after obtaining legal advice, that the affected voters were considered to have not voted, and to remedy the situation and protect the franchise of those voters, made arrangements to assist the affected voters to again be given the opportunity to vote.

13. The outcome from the 5 April 2014 Election was announced by the AEC on 29 April 2014.

## **Audit objective and scope**

14. On 5 December 2013 the Special Minister of State, Senator the Hon Michael Ronaldson, asked the Committee to inquire into and report on all aspects of the conduct of the 2013 Federal Election and matters related thereto. In the course of its current inquiry, the ANAO provided evidence to JSCEM in February 2014 concerning the findings and recommendations of ANAO Audit Report No. 28 2009–10. Further, following the hearing, the Committee wrote to the Auditor-General on 17 February 2014 requesting further performance audit activity relating to the AEC's implementation of the earlier ANAO recommendations. The Committee requested that ANAO give priority to the AEC's response and performance in implementing ANAO's recommendation relating to the physical security of completed ballot papers, and sought a report on this subject by mid May 2014 if possible.

15. In view of the importance of the AEC's functions and responsibilities and the interest shown by the Committee in the AEC's implementation of the ANAO's earlier recommendations, and to address the matters raised by JSCEM in a timely manner, the Auditor-General decided to conduct three related performance audits. Two audits were commenced immediately under sub-section 15(1) of the *Auditor-General Act 1997* (Auditor-General Act). Specifically:

- the objective of the first audit, which is the subject of this report, was to assess the adequacy and effectiveness of the AEC's implementation of the recommendation made in ANAO Audit Report No. 28 2009–10 relating to physical security over the transport and storage of completed ballot papers. The follow-up of implementation of that recommendation was prioritised as it was an area of particular interest to the Committee given the issues raised in the Keelty report concerning the 1370 missing WA Senate ballot papers from the 7 September 2013 Election that led, ultimately, to a further WA Senate Election on 5 April 2014; and
- the second audit's objective is to assess the adequacy and effectiveness of the AEC's implementation of the recommendations made in ANAO Audit Report No. 28 2009–10 relating to:
  - a more strategic approach to election workforce planning, with a particular focus on the selection, recruitment, training and performance evaluation of polling staff;
  - the suitability and accessibility of polling booths and fresh scrutiny premises; and
  - any matters relating to the transport and storage of completed ballot papers that was not fully addressed in the report of the first audit.

16. The report of the second audit, which will also draw from the first audit, is expected to be tabled in the Spring 2014 session of the Parliament.

17. A third audit of the AEC's implementation of recommendations made in ANAO Audit Report No. 28 2009–10 will be included in the ANAO's 2014-15 forward work program. The focus of the third audit will be on the remaining recommendations from that report. Those relate, in particular, to

ANAO suggestions for the AEC to improve the accuracy and completeness of the electoral roll.

## **Audit objective**

18. As mentioned above, the objective of the audit was to assess the adequacy and effectiveness of the AEC's implementation of the recommendation made in ANAO Audit Report No. 28 2009–10 relating to the transport and storage of completed ballot papers.

## **Audit criteria**

19. To form a conclusion against this audit objective, the ANAO adopted the following high-level criteria:

- adequacy: the actions recorded by the AEC as having been taken in relation to the ANAO recommendation was consistent with the terms of the recommendation and could reasonably be expected to address the findings that led to the recommendation being made; and
- effectiveness: the actions taken by the AEC have effectively addressed the matters raised by ANAO that led to the recommendation being made.

## **Overall conclusion**

20. The integrity of the processes for conducting Federal Elections is central to the effectiveness of the Australian democracy. The AEC has publicly acknowledged that the loss of 1370 WA Senate ballot papers between the fresh scrutiny and recount for the 7 September 2013 Election disenfranchised the affected voters as well as damaged the organisation's reputation. Ultimately, the loss of those ballot papers led to the September 2013 Election of six WA Senators being declared void and a new election being held on 5 April 2014, with a different political outcome compared to both the fresh scrutiny count and the recount from the September 2013 Election—and at an estimated additional cost to the Australian Government of some \$23.2 million.<sup>5</sup>

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5 The AEC advised ANAO that the estimated additional cost comprised a budget of \$19.898 million for election delivery and an estimated \$3.3 million for public election funding payments to candidates and Senate groups.



21. Each Federal Election is a complex logistical event, with a wide range of preparation tasks required to be completed before polling day. This includes keeping the electoral roll up to date, the recruitment and training of a large temporary workforce as well as the securing of premises for polling and the subsequent counting of completed ballot papers. It has been noted<sup>6</sup> that, despite modern technology, the AEC's election operations are labour intensive, and that the system relies heavily upon people and their commitment to the task.

22. The secure transport and storage of completed ballot papers is one important element in the successful delivery of a Federal Election. Issues concerning the physical security of transport and storage arrangements for completed ballot papers were raised with the AEC before the 2007 Federal General Election in a security risk assessment. In addition, one of the nine recommendations in ANAO's April 2010 audit report included that the AEC identify and assess options to improve physical security over the transport and storage of completed ballot papers, with JSCEM requesting that ANAO's follow-up audit activity give priority to that recommendation. A further sign alerting the AEC of the need to improve the transport and storage arrangements for ballot papers was provided during the 2010 General Election. Specifically, House of Representatives ballot papers in one NSW Division went missing after they had been counted on polling night (but the number of missing ballot papers was not large enough to affect the result) and there were two instances related to the transport of election materials by contractors, one of which involved a box of WA Senate ballot papers that had 'dropped off' an open utility in transit from the Divisional Office to storage.

23. It took the AEC some time<sup>7</sup> to progress implementation of the ANAO's recommendation that it identify and assess options that would provide greater physical security over the transport and storage of completed ballot papers. In addition, the AEC adopted a narrow interpretation of the recommendation<sup>8</sup>, which resulted in inadequate action being taken. Specifically, rather than identifying and assessing options to improve the physical security over the

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6 *Inquiry into the 2013 WA Senate Election*, Report commissioned by the AEC and produced by MJ Keely AO, December 2013, p. 3 ('the Keely report').

7 See paragraphs 28 and 31.

8 By way of comparison, in February 2014 the AEC informed JSCEM that 'the AEC is treating the Keely recommendations as a minimum standard; where appropriate, the AEC is either adopting, or considering adopting, measures which go beyond Mr Keely's recommendations'.

transport and storage of completed ballot papers (as had been recommended by ANAO), the AEC focused on making more overt in procedural and training documentation its expectation that polling place officials keep ballot papers secure at all times by implementing existing approaches to ballot paper security. Such an approach alone does not provide sufficient support to the AEC's large temporary workforce, which plays a crucial role in ballot paper security on polling-day and in the transport of ballot papers to fresh scrutiny centres. In this context, at a national level, the AEC has not sought to make use of the data available in returns completed by the Officer in Charge (OIC) of each polling place to assess whether the procedures and training in relation to ballot paper security were being effectively applied.

**24.** Further, the actions recorded by the AEC were focused on polling place officials and did not include other key parts of the life cycle of completed ballot papers. In particular, the actions recorded by the AEC did not address:

- the transport of completed ballot papers by contractors, on polling night and subsequently. In some States and Divisions, contractors have an important role in transporting completed ballot papers but ANAO's further work in this area identified a range of shortcomings with the approach taken by the AEC to contracting for the transport of completed ballot papers. In particular, inadequate security provisions were a feature in most of the contracts examined; or
- security arrangements at premises used to store ballot papers. Variable practices were observed for the Divisions and polling places examined by the ANAO. Of note was that the extent and nature of security measures employed at offsite scrutiny premises differed, and the lockable rooms available at some of these premises were not large enough to hold all completed ballot papers.

**25.** The insufficient attention paid to the above matters reflects adversely on the AEC's governance processes and suggests the need for a stronger organisational emphasis on continuous improvement. The Keelty report commissioned by the AEC in relation to the 1370 missing WA Senate ballot papers from the September 2013 Election made a number of findings, and included various recommendations relating to ballot paper security. In turn, the AEC's February 2014 submission to JSCEM outlined the actions that are to be taken to address the matters raised by the Keelty report. A number of these actions would have been relevant and appropriate as a management response

to the earlier ANAO recommendation that the AEC identify and assess options to improve physical security over the storage and transport of completed ballot papers.<sup>9</sup> In addition, having regard to the findings of this follow-up audit, ANAO has made a further three recommendations relating to the AEC:

- becoming more aware, at a national level, of the extent to which important procedures are being adhered to, training is being applied and if there are any significant differences in the number of votes counted at the polling place on election-night and the subsequent Divisional Office fresh scrutines;
- promoting a consistent, high standard approach to contracting for the transport of ballot papers and other election material. This includes by providing national guidance to State and Divisional Offices on the circumstances where the use of contractors is to be preferred as well as those where AEC employees are considered better placed to perform this work. In addition, there would be benefits from the AEC developing a stronger contracting framework by, among other matters, including appropriate security requirements for ballot papers and other election material in all contracts; and
- improving the security over the storage of completed ballot papers, particularly at offsite scrutiny centres and private residences.

26. More broadly, ANAO performance audits seek to provide a stimulus for improved public sector performance and accountability by making specific recommendations to assist agencies improve upon existing approaches and address risks to the delivery of outcomes. In this context, concerns have been raised over time by the AEC's audit committee about the time that the organisation takes to action audit recommendations that have been agreed.

27. The AEC's public apologies and the steps it has outlined that will be taken in response to the Keelty report indicates that the organisation recognises there are lessons to be learned from the experience with the 2013 WA Senate Election. Against this background, and having regard to the

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9 This included the AEC's advice to JSCEM that it was: having discussions with transport and logistics providers on introducing improvement controls over the movement of ballot papers and election materials; enhancing the documentation and tracking of movements of ballot papers; conducting a quality assurance check of all contracts relating to the delivery of the Griffith by-election, including security clauses; developing and publishing underpinning 'ballot paper principles'; and considering appropriate steps to address the 'cultural' issues highlighted in the Keelty report.

earlier signs that should have alerted the AEC to the need to improve the transport and storage arrangements for completed ballot papers, a key message for the AEC from this follow-up performance audit is that there needed to be stronger ownership of the implementation of agreed ANAO recommendations within the AEC. In this context, it is important that the AEC's governance arrangements emphasise continuous improvement and provide assurance that the action taken in response to agreed recommendations effectively addresses the matters that lead to recommendations being made, so as to protect the integrity of Australia's electoral system and rebuild confidence in the AEC. In relation to the secure transport and storage of completed ballot papers, implementation of the three ANAO recommendations made in this report will require a greater focus by the AEC on providing appropriate support to Divisional Offices and the large temporary election workforce, who play key roles in transporting and storing ballot papers as well as contracting for ballot paper transport and storage.

## Key findings by chapter

### **Adequacy of the implementation action recorded by the AEC (Chapter 2)**

28. ANAO has previously conducted one follow-up audit of the AEC's implementation of ANAO recommendations. Specifically, ANAO Audit Report No. 39 2003–04 concluded that the AEC had been 'slow' to progress the implementation of the ANAO recommendations made in Audit Report No. 42 2001–02 relating to the integrity of the electoral roll.

29. Similarly, since March 2011 the AEC's audit committee has been raising concerns about the time that the organisation takes to action internal audit recommendations that have been agreed. This issue was raised in audit committee meetings held in 2012 and 2013. The first audit committee meeting for 2014 also included this matter on its agenda. For this meeting, the audit committee was informed that there were 32 recommendations that remained incomplete and that, of the 15 that were not considered to be 'in progress':

- three were more than two years old, each of which had been rated as high risk and involved an internal audit of mail handling and delivery arrangements completed in April 2007; and
- four were greater than 18 months old, each of which had been rated as high risk and involved a June 2012 audit of contract management.

30. In relation to the recommendations made in ANAO Audit Report No. 28 2009–10, it took some time for the AEC to report to its audit committee on its progress with implementing the ANAO recommendations. In particular:

- no status report was provided in the four months between the audit report tabling and polling day for the 2010 Federal Election (there was one audit committee meeting held in this period, some two months after the audit report was tabled and two months before the 2010 Election, with a further scheduled meeting one month prior to polling day not held);
- an audit committee meeting held in November 2010 (three months after the 2010 Election) had included a status report on the AEC's implementation of internal audit recommendations, but no status report was provided in relation to the ANAO recommendations; and
- the first status report was provided in March 2011, eleven months after the audit report was tabled, and one month after the AEC had advised JSCEM on the status of its implementation of the ANAO recommendations.

31. The AEC's audit committee was advised at its March 2012 meeting, which was nearly two years after the ANAO report was tabled, that action to implement all ANAO recommendations had been completed.

*Adequacy of the action recorded as being taken by the AEC*

32. The ANAO recommendation was that the AEC identify and assess options that would provide greater physical security over the storage and transport of ballot papers. The action taken by the AEC was to make more overt its expectation that AEC polling place employees secure ballot papers during the transport and storage of ballot papers between the polling place on election night and the return of polling place materials to the Divisional Office. This was done in the form of an election bulletin, documented procedures and training materials.

33. The AEC's approach reinforced the implementation of existing practices for the packaging, transport and storage of completed ballot papers by polling place staff. It did not involve the identification and assessment of options that would improve on past practices and provide greater physical security of ballot papers during transportation and storage, as had been recommended by ANAO.

34. By way of comparison, the AEC's February 2014 submission to JSCEM outlined various actions that are to be taken to address findings in the Keelty report relating to ballot paper security. A number of these actions would have been relevant and appropriate as a management response to the earlier ANAO recommendation.

### **Polling place security over completed ballot papers (Chapter 3)**

35. The AEC's election procedure manuals and handbooks, as well as training materials for polling place employees, emphasise the security of ballot papers at polling places. Various controls are intended to be implemented to promote ballot paper security. However, similar to the earlier audit of the 2007 Election, ANAO found that adherence to ballot paper controls at the 2013 Election for the sampled polling places was mixed. In particular:

- the cardboard boxes into which voters place completed ballot papers are to be sealed, with the application and removal of these seals to be recorded and witnessed but, for 17 per cent of the polling places examined by ANAO, the breaking of the seals was not signed by the OIC of the polling place or witnessed;
- eight per cent of ballot paper reconciliations were not completed (two in relation to the House of Representatives, and three in relation to the Senate) and 67 per cent of the completed reconciliations did not balance. In most instances, the difference between the number of ballot papers accounted for and those that should have been accounted for was less than 10, but there were also some significant variances; and
- differences (of more than five ballot papers) in the number of votes counted at the polling place compared with the fresh scrutiny (and/or, for WA, the Senate recount) reduced confidence in polling place security over completed ballot papers for 20 per cent of the counts examined by ANAO (comprising House of Representatives counts from five polling places, and Senate counts from seven polling places). The differences included both instances where more ballot papers were included in the fresh scrutiny count than had been recorded as having been completed by voters at the polling place, and instances where fewer votes were counted in the fresh scrutiny than had been included in the polling place count.



36. The incidence and extent of such matters is not currently evident to the AEC at a national level. This is because the AEC does not seek to analyse OIC returns nationally so as to obtain insights as to the extent to which procedures are being complied with, and training is being applied.

#### **Transport of completed ballot papers by polling place officials (Chapter 4)**

37. The procedure manuals, handbooks and training materials issued by the AEC for polling place officials include statements emphasising the importance of completed ballot papers being transported by those officials in a secure manner. Making such expectations more overt in this documentation was the main action taken by the AEC in response to ANAO's earlier recommendation.

38. However, the way that completed ballot papers were to be kept secure in the different circumstances faced by Divisions and polling place officials was not addressed at a national level by the AEC through this documentation. For example, concerns were raised in a pre-election risk assessment about security arrangements over the transport of completed ballot papers in private vehicles, with the specific recommendations made in the risk assessment not reflected in the documentation provided to Divisional Offices and polling place officials. The handbooks and training materials provided by National Office to Divisional Offices and polling staff also do not provide guidance on the management of ballot paper security risks in situations where it is necessary for relay transport arrangements to be employed by polling officials to move completed ballot papers.

39. This situation may now change given that the implementation of a number of the recommendations from the Keelty report will require the AEC to improve the physical security over the transportation of completed ballot papers by polling place officials in private vehicles. In particular, the Keelty report recognised that some individuals involved in the movement of ballot papers will not be 'logistics professionals', and recommended that the AEC institute controls that include guidelines regarding transportation of ballot papers in private vehicles. The Keelty report also recommended that the AEC:

- specifies and defines the role of employees (permanent and temporary) at every stage of ballot handling;

- once roles are specified, allocate them to individuals with instructions provided in writing; and
- review packaging policies, particularly in relation to the cardboard standard for boxes used in the transport and storage of ballot papers.

## **Contracting for the transport of ballot papers (Chapter 5)**

40. The actions taken by the AEC to implement ANAO's April 2010 recommendation that it identify and assess options to improve the physical security over the storage and transport of completed ballot papers did not address the use of contractors to move election material. This remained the case after the August 2010 Federal Election, notwithstanding that two incidents arose during that election in relation to insufficient security over the transport of polling material by contractors, as mentioned in paragraph 6.

41. Against this background, there are significant variations in practice across the AEC in relation to the use of contractors during the 2013 Election to transport ballot papers and other election material. In this context, the AEC has not:

- examined, at a national level, the experiences of different states and divisions so as to identify whether there are particular ballot paper transportation approaches that should be preferred, and in what circumstances<sup>10</sup>; and
- promoted a consistent, high standard of contracting for the transportation of election materials. For example, although a contractor was used in WA to transport completed ballot papers from the September 2013 Election, the contract did not explicitly include the transportation of completed ballot papers within its terms. Also, seven of the eight AEC transport contracts examined by ANAO did not include appropriate provisions promoting secure handling and movement of election material.

42. The different approaches adopted by the states as to the extent to which they use contractors to move completed ballot papers has implications for the

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10 For example, in Victoria it is considered more efficient and effective to have completed ballot papers moved to long-term storage by AEC employees in vehicles hired by the AEC, whereas contractors play a significant role in this work in both New South Wales and WA.



AEC in responding to the findings and recommendations of the Keelty report. In particular, the Keelty report made a number of recommendations concerning the transport of completed ballot papers by contractors, but achieving a consistently high standard of ballot paper security will require different approaches to be taken when the transport of completed ballot papers is undertaken by AEC employees rather than by contractors.

## **Storage of completed ballot papers on polling night (Chapter 6)**

### *Storage at offsite scrutiny premises*

43. For the majority of the polling places included in ANAO's sample, completed ballot papers were stored on polling night at premises leased by the AEC, or an AEC Divisional Office.

44. Prior to the 2007 Election, in response to a security risk assessment, the AEC issued national guidance that offsite scrutiny premises used to store or hold completed ballot papers should have a minimum of two levels of protective security/access control. This approach was not reflected in the AEC's 2013 Election handbooks and policies.<sup>11</sup>

45. A further security assessment was commissioned by the AEC prior to the 2013 Election. In respect to the overnight storage of ballot papers, it was recommended that the AEC ensure that venues meet the security zone and storage requirements outlined in the *Australian Government Protective Security Policy Framework*, and that access control to the area, security of keys, and procedures for the transfer of custody of live ballot papers to AEC staff on collection also be considered.<sup>12</sup> However, this recommendation was not reflected in the AEC's 2013 Election handbooks and policies. Rather Divisional Returning Officers (DROs) were advised that they 'must ensure that all used and unused ballot papers are placed under security either by storage in security rooms/cabinets or other security arrangements as approved by the

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11 In February 2014, the AEC informed JSCEM that it was 'developing interim guidance on minimum standards for non-AEC premises that handle or store ballot papers'.

12 Similarly, the Keelty report recommended that the AEC:

- institutes a concept of 'ballot secure zones' at all premises where completed ballot papers are handled or stored (including fresh scrutiny centres and non-AEC premises); and
- ensures all ballot secure zones are cleared before the arrival of completed ballot papers, and that they remain secured and 'sterile' at all times when ballots are present.

State Manager' and that the minimum standard for overnight storage was a secure locked room.

46. Ballot paper security arrangements at offsite scrutiny centres used by some of the Divisions examined by ANAO varied. For example, the Haymarket Larger Work Unit in NSW (which comprises four Divisions) outlined that a series of security measures were in place at its offsite scrutiny centre. The arrangements adopted were consistent with the advice promulgated following the 2007 security risk assessment, as well as in accord with more general guidance included in the 2013 Election Procedures Manual. In comparison:

- three of the sampled WA Divisions also used offsite scrutiny centres. In each instance, notwithstanding that a secure locked room was the minimum standard for overnight storage, the locked rooms available at the three leased premises were not large enough to hold all completed ballot papers; and
- for the fourth sampled WA Division, completed ballot papers were stored overnight in an unoccupied polling place, which was also used as that Division's offsite scrutiny premises. The AEC's pre-election inspection of this polling place had not identified that there was sufficient security measures in place for the overnight storage of ballot papers.

#### *Storage at private residences*

47. It was quite common in the polling places sampled by ANAO for completed ballot papers to be stored overnight at the residences of polling place officials, prior to being transported on the Sunday to the relevant fresh scrutiny centre. This situation reflects the distances involved in transporting completed ballot papers from more remote polling places (particularly in rural electorates) to the location to be used for the fresh scrutiny.

48. Physical security arrangements where completed ballot papers were to be stored at private residences were raised in the security risk assessment commissioned by the AEC prior to the 2007 Election. However, no improved physical security arrangements to better support Divisions and polling officials in these circumstances were developed or promulgated by the AEC in light of that risk assessment or ANAO's earlier recommendation. Accordingly, such situations remain a point of greater risk in the life cycle of completed ballot papers.

## Summary of agency response

49. The AEC's summary response to the proposed audit report is provided below, with the full response at Appendix 1.

The AEC has publicly acknowledged, and apologised for, the events surrounding the 2013 WA Senate election that disenfranchised affected voters, damaged the organisation's reputation, and revealed that certain processes relating to the transport and storage of ballot papers were not as robust as had been thought. The agency has already embarked on a comprehensive program to address the issues identified, and is committed to continuing the implementation of the Keelty report (*Inquiry into the 2013 WA Senate election*): a process that has already fundamentally changed the way that the AEC handles the transport and storage of ballot papers.

The AEC also agrees with the specific recommendations in the current audit report, and will now operationalise and implement them. The continued implementation of the Keelty report, and the addition of the ANAO recommendations will assist the AEC to enhance processes and prevent a repeat of the issues which occurred in 2013.

The full AEC response to this audit acknowledges the identified deficiencies, and provides contextual information regarding the exigencies of the AEC's unique operating environment that may not be obvious to external readers, and that guided this agency's response to that earlier report.

# Recommendations

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*Set out below are the ANAO's recommendations and the AEC's abbreviated responses. More detailed responses from the AEC are shown in the body of the report immediately after each recommendation.*

## **Recommendation No. 1**

### **Paragraph 3.46**

To obtain a greater appreciation, at a national level, of the extent to which polling place officials are adhering to important procedures and applying their training, including in relation to the security of completed ballot papers, ANAO recommends that the AEC:

- (a) analyses the information included in returns completed by the Officer in Charge of each polling place; and
- (b) sets, measures and reports against performance standards for differences in the number of ballot papers included in the first count conducted at the polling place, the fresh scrutiny count and any recount.

**AEC response:** *Agreed.*

**Recommendation  
No. 2****Paragraph 5.45**

To promote a consistent, high standard approach to contracting for the transport of ballot papers and other election material, ANAO recommends that the AEC:

- (a) investigates, at a national level, the extent to which transport contractors are used in each State and Territory, and the relative merits of the different approaches, so as to provide guidance to State and Divisional Offices on the circumstances in which the use of contractors is to be preferred as well as those where AEC employees are considered better placed to perform this work; and
- (b) develops a stronger contracting framework that promotes open and effective competition in the procurement approach, written contracts being in place prior to contractors providing services and the terms of each written contract including the full scope of services to be provided as well as appropriate security requirements for ballot papers and other election material.

**AEC response:** *Agreed.*

**Recommendation  
No. 3**

**Paragraph 6.46**

To improve the security over the storage of completed ballot papers, ANAO recommends that the AEC:

- (a) includes in election policy documents and manuals minimum security arrangements that are to be implemented for the storage of completed ballot papers at offsite scrutiny centres, polling places and private residences respectively;
- (b) provides Divisional Offices and polling place officials with sufficient resources and other support to implement the prescribed minimum security arrangements for overnight storage of completed ballot papers; and
- (c) takes appropriate steps to be assured, at a national level, that the prescribed minimum security arrangements for overnight storage of completed ballot papers are adhered to.

**AEC response:** *Agreed parts (a) and (c), Agreed in Principle part (b).*

# **Audit Findings**





# 1. Introduction

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*This chapter provides background to the request from the Joint Standing Committee on Electoral Matters for an ANAO audit following-up the Australian Electoral Commission's implementation of earlier ANAO recommendations. It also sets out the audit objective, criteria and methodology.*

## Background

**1.1** The 7 September 2013 Election for the fifth and sixth Senate places for Western Australia (WA) was close. On 2 October 2013, following the Australian Electoral Commission's (AEC) conduct of polling place and fresh scrutiny counts of completed ballot papers, the AEC announced the six successful candidates to the WA Senate.

**1.2** However, on 4 October 2013, the AEC announced that the formal declaration of the poll for the Senate election in WA had been deferred, whilst the Australian Electoral Commissioner considered requests for a recount made by two candidates. On 10 October 2013, the AEC announced that, in light of the 'criticality of particular Senate candidate exclusion counts and the small margins involved in determining Senators' elect', the Commissioner had decided that there should be a recount of all formal WA above-the-line ballots<sup>13</sup> and informal ballots.

**1.3** During the recount it emerged that 1370 ballot papers were missing compared with those that had been included in the earlier counts. This comprised 1139 ballot papers from three polling places and one declaration vote count in the Division of Pearce, and 231 ballot papers from one polling place in the Division of Forrest. The outcome of the recount was that the two candidates that had requested the recount were to be elected to the fifth and

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<sup>13</sup> The Senate ballot paper is divided into two sections as voters have a choice of two methods when voting for Senators; 'above the line' or 'below the line'. The former involves a voter voting for a political party or group by putting the number '1' in one box only above the black line and the rest of the ballot paper must be left blank. By casting a vote this way, voters are allowing the order of their preference to be determined by the party or group they are voting for. Alternatively, a voter can choose to fill in every box below the line in the order of their preference by putting the number '1' in the box of the candidate they want as their first choice, number '2' in the box of the candidate they want as their second choice, and so on until all the boxes have been numbered. Under 'below the line' voting, the top part of the ballot paper must be left blank.

sixth Senate places. On 4 November 2013, the Electoral Officer for WA declared the result of the election on that basis.

**1.4** Subsequently, on:

- 6 November 2013, the AEC announced that Mr Mick Keelty AO APM had commenced an inquiry into the circumstances of the missing ballot papers identified during the recount of Senate votes in WA, and that the AEC was considering its position in relation to a possible petition to the Court of Disputed Returns in relation to the WA Senate outcome;
- 8 November 2013, the AEC released the information available to it about the voting preferences of the missing votes from the first WA Senate count;
- 15 November 2013, the AEC petitioned the High Court of Australia (acting as the Court of Disputed Returns) seeking an order that the WA Senate election of six senators be declared void; and
- 2 December 2013, the report from Mr Keelty (the Keelty report) was provided to the AEC, and was publicly released shortly thereafter (6 December 2013). The report concluded that the processes used by the WA AEC office created a situation where the ultimate fate of the missing ballot papers is not likely to be ever fully explained. The report included 32 findings and recommendations.

**1.5** An order was issued by His Honour Justice Hayne on 20 February 2014 voiding the 2013 WA Senate Election result. As a result, another election of six senators for WA was to be conducted on 5 April 2014. The budget for the AEC's delivery of 5 April 2014 Election was \$19.898 million. In addition, the AEC advised the ANAO that the estimated cost of public election funding payments to candidates and Senate groups was \$3.3 million.

**1.6** On 3 April 2014, the AEC announced that, on 31 March 2014 during mobile polling at a residential aged care facility, it was identified that there was a problem with the construction of the ballot box. The mobile polling team applied a temporary solution but the container used was later found to not be fully secure in accordance with the requirements of the Commonwealth Electoral Act. The AEC had decided, after obtaining legal advice, that the affected voters were considered to have not voted, and to remedy the situation and protect the franchise of those voters, made arrangements to assist the affected voters to again be given the opportunity to vote.

**1.7** The results of the count from the 5 April 2014 Election were announced by the AEC on 29 April 2014. Table 1.1 outlines the different results following the fresh scrutiny count conducted after the 7 September 2013 Election, the subsequent recount of votes at that election as well as from the 5 April 2014 Election. Table 1.1 illustrates that the 5 April 2014 Election had a different political outcome compared to both the fresh scrutiny count and the recount from the September 2013 Election.

**Table 1.1: Results of the WA Senate Election**

Order of election	7 September 2013 Election		5 April 2014 Election
	Fresh scrutiny count	Declared result based on recount	Announced result
1	David Johnston — Liberal Party		
2	Joe Bullock — Australian Labor Party		
3	Michaelia Cash — Liberal Party		Scott Ludlam — The Greens (WA)
4	Linda Reynolds — Liberal Party		Michaelia Cash — Liberal Party
5	Zhenya Wang — Palmer United Party	Wayne Dropulich — Australian Sports Party	Zhenya Wang — Palmer United Party
6	Louise Pratt — Australian Labor Party	Scott Ludlam — The Greens (WA)	Linda Reynolds — Liberal Party

Source: ANAO analysis.

## The Australian Electoral Commission

**1.8** The Australian Electoral Commission (AEC) is responsible for conducting Federal Elections and referendums, maintaining the Commonwealth electoral roll and administering the political funding and disclosure requirements in accordance with the *Commonwealth Electoral Act 1918*. The AEC also provides a range of electoral information and education programs in Australia, as well as in support of Australia's international interests. Its stated outcome is to:

Maintain an impartial and independent electoral system for eligible voters through active electoral roll management, efficient delivery of polling services and targeted education and public awareness programs.

**1.9** The AEC has a three-person Commission comprising the Chairperson<sup>14</sup>, the Electoral Commissioner and a non-judicial member. It operates through a three tier structure of a national office in Canberra, State and Territory offices as well as Divisional Offices (both standalone and co-located in the form of larger work units) responsible for electoral administration across the 150 divisions. The AEC employed nearly 850 ongoing staff as at 30 June 2013.

## Request for ANAO audit

**1.10** Since 1983, it has been the practice of the Joint Standing Committee on Electoral Matters (JSCEM, or the Committee) and its predecessors to examine the conduct of each Federal Election and related matters. In this context, on 5 December 2013 the Special Minister of State, Senator the Hon Michael Ronaldson, asked the Committee to inquire into and report on all aspects of the conduct of the 2013 Federal Election and matters related thereto.

**1.11** In the course of its current inquiry, the ANAO provided evidence to JSCEM in February 2014, including outlining that recommendations in ANAO Audit Report No. 28 2009–10, *The Australian Electoral Commission's Preparation for and Conduct of the 2007 Federal General Election* had included the AEC improving its workforce planning, the accessibility and suitability of polling booths and scrutiny centres as well as the transport and security of completed ballot papers. Also at the February 2014 hearing, the Committee sought further information from the AEC regarding the implementation of the ANAO recommendations<sup>15</sup>, as well as in relation to the evidence given by ANAO. Further, following the hearing, the Committee wrote to the Auditor-General on 17 February 2014 requesting further performance audit activity relating to the AEC's implementation of earlier ANAO recommendations. The Committee requested that ANAO give priority to the AEC's response and performance in implementing ANAO's recommendation relating to the physical security of completed ballot papers, and sought a report on this subject by mid May 2014 if possible.

**1.12** Prior to the Committee's request, the ANAO has conducted three audits of the AEC. The second of these was a follow-up of an earlier audit of

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<sup>14</sup> Who must be an active or retired judge of the Federal Court of Australia.

<sup>15</sup> The AEC's February 2011 submission to the Committee's inquiry into the conduct of the 2010 Federal General Election had included an annex that outlined action that was being taken by the AEC in respect to each of the nine recommendations made by ANAO.

the integrity of the electoral roll.<sup>16</sup> The accuracy and completeness of the roll was further examined in the most recent audit (ANAO Audit Report No. 28 2009–10). In particular, the objectives of Audit Report No. 28 2009–10 included examining progress made by the AEC in implementing responses to previous ANAO recommendations relating to the electoral roll.

## Audit objective, criteria and methodology

**1.13** In view of the importance of the AEC's functions and responsibilities and the interest shown by the Committee in the AEC's implementation of the ANAO's earlier recommendations, to address the matters raised by JSCEM in a timely manner, the Auditor-General decided to conduct three related performance audits. Two audits were commenced immediately under sub-section 15(1) of the *Auditor-General Act 1997* (Auditor-General Act). Specifically:

- the objective of the first audit, which is the subject of this report, was to assess the adequacy and effectiveness of the AEC's implementation of the recommendation made in ANAO Audit Report No. 28 2009–10 relating to physical security over the transport and storage of completed ballot papers (Recommendation No. 8(b)). The follow-up of implementation of that recommendation was prioritised as it was an area of particular interest to the Committee given the issues raised in the Keelty report concerning the 1370 missing WA Senate ballot papers from the 7 September 2013 Election that led, ultimately, to a further WA Senate election on 5 April 2014; and
- the second audit's objective is to assess the adequacy and effectiveness of the AEC's implementation of the recommendations made in ANAO Audit Report No. 28 2009–10 relating to:
  - a more strategic approach to election workforce planning, with a particular focus on the selection, recruitment, training and performance evaluation of polling staff (Recommendation Nos. 5 and 6);

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16 ANAO Audit Report No. 39 2003–04, *Integrity of the Electoral Roll—Follow-up audit*, 6 April 2004 and ANAO Audit Report No. 42 2001–02, *Integrity of the Electoral Roll*, 18 April 2002.

- the suitability and accessibility of polling booths and fresh scrutiny premises (Recommendation No. 7); and
- any matters relating to the transport and storage of completed ballot papers (Recommendation No. 8(b)) that was not fully addressed in the report of the first audit.

**1.14** The report of the second audit, which will also draw from the first audit, is expected to be tabled in the Spring 2014 session of the Parliament.

**1.15** A third audit of the AEC's implementation of recommendations made in ANAO Audit Report No. 28 2009–10 will be included in the ANAO's 2014–15 forward work program. The focus of the third audit will be on the remaining recommendations from that report. Those recommendations relate, in particular, to ANAO suggestions for the AEC to improve the accuracy and completeness of the electoral roll.

## **Audit objective**

**1.16** As mentioned above, the objective of the audit was to assess the adequacy and effectiveness of the AEC's implementation of the recommendation made in ANAO Audit Report No. 28 2009–10 relating to the transport and storage of completed ballot papers.

## **Criteria and methodology**

**1.17** To form a conclusion against this audit objective, the ANAO adopted the following high-level criteria:

- adequacy: the actions recorded by the AEC as having been taken in relation to the ANAO recommendation was consistent with the terms of the recommendation and could reasonably be expected to address the findings that led to the recommendation being made; and
- effectiveness: the actions taken by the AEC have effectively addressed the matters raised by ANAO that led to the recommendation being made.

**1.18** The methodology employed for the this audit has included:

- examining AEC documentation, such as guidelines, training materials, reports, contracts and briefing materials;

- examining and analysing relevant files and records, including from relevant information technology systems concerning the recruitment, training and payment of temporary employees engaged to assist with the conduct of the 2013 Federal Election;
- interviewing AEC staff;
- requesting relevant records for a sample of 30 polling places across 10 selected divisions in three states (see Appendix 2 for the ANAO sample); and
- observing the conduct of the 2014 Western Australia Senate Election in relation to the counting, transport and storage of completed ballot papers at three polling places in one division.

**1.19** In addition, in light of the timeframe adopted for this audit in response to the Committee's request, the Auditor-General issued a notice to the Acting Electoral Commissioner under section 32 of the Auditor-General Act compelling the timely production of certain material necessary to inform the conduct of the first audit. The AEC provided timely responses to the material sought under the section 32 notice, as well as in relation to other evidence and advice sought to inform ANAO's audit work.

**1.20** The audit was conducted in accordance with ANAO auditing standards at a cost to the ANAO of \$238 000.

## Report structure

**1.21** The structure of the report is outlined in Table 1.2.

**Table 1.2: Report structure**

Chapter	Overview
2. Adequacy of the Implementation Action Recorded by the AEC	Examines the adequacy of the actions recorded by the AEC as having been taken to identify and assess options to improve the storage and transport of completed ballot papers.
3. Polling Place Security over Completed Ballot Papers	Analyses evidence relating to the adherence at the polling places sampled by ANAO to key controls emphasised in AEC manuals and handbooks, and staff training materials, covering the security of completed ballot papers at static polling places.
4. Transport of Completed Ballot Papers by Polling Place Officials	Examines the instructions issued by the AEC to polling place officials when they are transporting completed ballot papers in the context of risks previously identified in relation to this activity. The approaches taken by Divisions in the ANAO audit sample to address the practical ballot paper transport challenges presented by remote polling places are also examined.
5. Contracting for the Transport of Ballot Papers	Analyses the arrangements in place for the transport of ballot papers and other election material by contractors in the three states and 10 Divisions sampled by ANAO as part of this follow-up audit.
6. Storage of Completed Ballot Papers on Polling Night	Assesses the arrangements employed for the storage of completed ballot papers on polling night (7 September 2013) in relation to the polling places sampled by ANAO as part of this follow-up audit.

Source: ANAO.



## 2. Adequacy of the Implementation Action Recorded by the AEC

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*This chapter examines the first element of the audit objective, relating to the adequacy of the actions recorded by the AEC as having been taken to identify and assess options to improve the storage and transport of completed ballot papers.*

### Background

**2.1** ANAO performance audits are an independent and objective assessment of agency programs, policies and/or systems designed to inform the Parliament.<sup>17</sup> Performance audits typically give consideration to the efficiency and effectiveness of agency administration and consistency with legislative and policy settings.

**2.2** Performance audits also seek to provide a stimulus for improved public sector performance and accountability. ANAO performance audits identify areas where improvements can be made and makes specific recommendations to assist agencies improve their performance and to address risks to the delivery of outcomes. Audit reports may also encourage the agency to address opportunities for improvement even though the issue may not be sufficiently significant to warrant a recommendation.

**2.3** ANAO has previously undertaken one follow-up audit in the AEC. Specifically, ANAO Audit Report No. 39 2003–04 followed-up the AEC’s implementation of the 12 recommendations made in ANAO Audit Report No. 42 2001–02 relating to the integrity of the electoral roll. The follow-up audit concluded<sup>18</sup> that the AEC had been ‘slow’ with its implementation of those recommendations.

**2.4** In recent times ANAO has been giving greater attention to following up agency implementation of performance audit recommendations. In particular, three follow-up audit reports have been tabled since

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17 ANAO Audit Report No. 53 2012–13, *Implementation of Performance Audit Recommendations*, 25 June 2013, p.10.

18 ANAO Audit Report No. 39 2003–04, *Integrity of the Electoral Roll—Follow-up audit*, 6 April 2004, p.11.

February 2013.<sup>19</sup> In undertaking follow-up audit work in agencies, ANAO has emphasised that:

- once agreed, audit recommendations become a management responsibility, and an effective system to implement recommendations will feature strong ownership within the agency and an outcomes orientation, so as to ensure the action taken effectively addresses the matters that led to the recommendation being made;
- in general, responsibility for implementing recommendations will rest with the relevant business or program management area of an agency; and
- governance and oversight of agency responses to recommendations rests directly with management but will also generally involve an agency's audit committee.

## The ANAO recommendation and AEC response

**2.5** Recommendation No. 8(b) of ANAO's audit of the 2007 Federal Election was that the AEC:

Identify and assess options for the storage and transport of completed ballot papers that provide greater physical security of ballot papers.

**2.6** The stated intent of this recommendation related to improving the physical security of completed ballot papers. ANAO Audit Report No. 28 2009–10 outlined that:

- an assessment of physical security commissioned by the AEC prior to the 2007 Election had made recommendations relating to improving the transport of ballot papers from polling booths to Divisional Offices, but that the AEC had decided that the existing arrangements would continue (paragraphs 5.97 and 5.98);
- ANAO fieldwork in 24 divisions across three states (New South Wales, Queensland and Victoria) and the Northern Territory had not identified any serious security issues or accidents arising from the practice of Officers-in-Charge (OIC) of polling places transporting ballot papers to

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19 ANAO Audit Report No. 20 2013–14, *Management of the Central Movement Alert List: Follow-on Audit*, 20 February 2014; ANAO Audit Report No. 53 2012–13, op. cit; and ANAO Audit Report No. 25 2012–13, *Defence's Implementation of Audit Recommendations*, 27 February 2013.

counting facilities, but qualified this by outlining that the relevant divisions had also not been able to identify any contingency plans had such issues arisen (paragraph 5.99); and

- transport and security arrangements for completed ballot papers could be improved and, given the importance of completed ballot papers, there would be benefits in the AEC identifying and assessing options that better manage risks relating to the physical security of completed ballot papers (see paragraphs 15 and 51 of the 2009–10 ANAO report Summary).

**2.7** In addition, in relation to the security of ballot papers over their life cycle, ANAO Audit Report No. 28 2009–10 (at paragraph 4.66) outlined discrepancies in the number of votes counted at polling places compared with those counted at the fresh scrutiny, as well as ‘less than optimal attention’ being paid to statutory and other administrative matters, such as:

- balancing the numbers of ballot papers issued with those placed in the ballot boxes or spoiled or lost;
- the reconciliation of the number of ballot papers issued with the voting results not being completed, not witnessed or the numbers differing by a considerable amount (up to 400 ballot papers); and
- records of the breaking of seals on ballot boxes either not recorded, not witnessed, or incomplete.

**2.8** The action recommended by the ANAO was that the AEC identify and assess options that would provide greater physical security for the storage and transport of completed ballot papers. Options to provide greater security that were discussed in the ANAO performance audit report were:

- storing ballot papers at the premises of organisations (such as police stations or postal offices) that might provide a higher level of physical security. This option was identified by a risk assessment of physical security commissioned by the AEC following the 2007 Election, as discussed at paragraph 5.97 of the ANAO report. The report noted that the AEC had decided that ‘the minimum standard [*for premises used to store live ballot papers*] is that there are at least two levels of security’ and ‘where this level of security is not available an option is to store ballot papers at other organisations which have a higher level of security’;

- two AEC employees accompanying ballot papers when they were being transported (also an option raised by the AEC's risk assessment, as discussed at paragraph 5.97 of the ANAO report);
- improving the physical security arrangements at polling places where ballot papers are to be stored overnight at those places (discussed at paragraph 5.100 of the ANAO report)<sup>20</sup>; and
- the secure collection and transport of ballot papers from polling places (also discussed at paragraph 5.100 of the ANAO report).

**2.9** The AEC agreed to the recommendation, and commented as follows:

The AEC's risk assessment practices acknowledge a range of known and theoretical threats to the integrity of the election results, and the Commission regularly reviews its mitigation strategies in the context of the prevailing threat environment.

**2.10** As outlined at paragraph 2.4, it was the responsibility of the management of the AEC to implement agreed audit recommendations.

## **AEC reporting on implementation of the recommendation**

**2.11** The important role audit committees play in the governance framework of public sector entities flows from their legislative base. Relevantly for the AEC, Section 46 of the *Financial Management and Accountability Act 1997* provides that a chief executive must establish and maintain an audit committee.<sup>21</sup> Regulation 22C of the *Financial Management and Accountability Regulations 1997* addresses the membership and functions of audit committees, with the latter including (unless the Chief Executive decides otherwise, in writing):

- reviewing the adequacy of the Agency's response to reports of internal and external audits;

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20 In April 2014, the AEC advised ANAO that 'there are no instances where the AEC approves the storage of ballot papers at a polling place overnight'.

21 Similarly, with effect from 1 July 2014, Section 45 of the *Public Governance, Performance and Accountability Act 2013* requires that the accountable authority for each entity ensure that the entity has an audit committee.

- reviewing the content of reports of internal and external audits, for the purpose of identifying material that is relevant to the Agency, and advising the Chief Executive about good practices; and
- advising the Chief Executive about action to be taken on significant matters of concern, or significant opportunities for improvement, that are mentioned in reports of internal and external audits.

**2.12** Audit committees do not displace or change the management accountability arrangements within entities, but enhance the existing governance framework, risk management practices, and control environment, by providing independent assurance and advice on key elements of an entity's operations.<sup>22</sup> As indicated, they are also to assist agency's monitor the implementation of ANAO recommendations.

**2.13** The AEC audit committee is called the Business Assurance Committee (BAC). The BAC's charter outlines that its responsibilities include:

- reviewing all external audit plans and reports in respect of planned or completed audits and monitoring AEC management's response and implementation of audit recommendations; and
- providing advice to the Electoral Commissioner on action to be taken on significant issues raised in relevant external audit reports or better practice guides.

## **AEC reporting to its audit committee**

**2.14** ANAO Audit Report No. 28 2009–10 was tabled on 21 April 2010, four months prior to the 21 August 2010 Federal Election. However, there was no reporting by the AEC to its audit committee prior to the election on action proposed or taken in relation to any of the ANAO recommendations. Indeed, as illustrated by Table 2.1, it was not until the 21 March 2011 audit committee meeting, 11 months after ANAO Audit Report No. 28 2009–10 was tabled, that the audit committee was provided with a status report on actions proposed or being taken in relation to the ANAO recommendations.

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22 ANAO Better Practice Guide *Public Sector Audit Committees*, 2011, Part 1.

**Table 2.1: Reporting on implementation of ANAO recommendations**

Date	Description	Status report provided on implementation of ANAO recommendations
17 June 2010	Discussed the draft internal audit plan for 2010–11. The committee agreed that future internal audit coverage may need to examine how the ANAO recommendations had been addressed.	No.
22 July 2010	Rescheduled to 30 July 2010 but meeting not held.	No.
21 August 2010	Federal Election polling day.	
18 October 2010	Focus was the AEC's financial statements for 2009–10.	Not applicable.
23 November 2010	Agenda included the minutes of previous meetings, internal audit activity and a status report on the implementation of audit recommendations.	No—paper on implementation of audit recommendations related solely to internal audits and did not include ANAO Audit Report No. 28 2009–10.
21 February 2011	AEC submission to JSCEM inquiry into the 2010 Federal Election, including progress with implementing ANAO recommendations.	
21 March 2011	Similar agenda to November 2010 meeting, including an updated status report on the implementation of audit recommendations.	Yes—Recommendation No. 1 reported as completed, the remaining recommendations as 'in progress'.
20 June 2011	Similar to prior meeting.	Yes—three recommendations (numbers 1, 2 and 4) reported as completed with the remaining six 'in progress'.
22 August 2011	Focus was the AEC's 2010–11 financial statements.	Not applicable.
21 November 2011	Similar to 20 June 2011 meeting.	Yes—same status as reported to the 20 June 2011 meeting.
8 March 2012	Similar to prior meeting.	Yes—all nine recommendations reported as completed, based on implementation action as at December 2011.

Source: ANAO analysis of AEC records.

**2.15** As the March 2012 audit committee meeting had been advised that implementation of the recommendations made in ANAO Audit Report No. 28 2009–10 had been completed, there was no reporting on the status of those recommendations at the following meeting held on 8 June 2012. This was

also the case in relation to the meetings held on 30 August 2012 and 20 September 2012. However, as outlined at paragraph 2.30, further advice was provided by the AEC to the March 2013 audit committee meeting, confirming that the AEC considered it had implemented all ANAO recommendations.

## **February 2011 AEC submission to JSCEM**

**2.16** As outlined in Table 2.1, the first status report in relation to the implementation of the ANAO recommendations had been provided by the AEC to JSCEM on 21 February 2011, as part of its submission to the Committee's inquiry into the conduct of the 2010 Federal Election. That submission informed JSCEM that:

The AEC agreed to the nine Recommendations covering a range of actions which the ANAO believes will support and strengthen existing policies already in place. Progress in implementing the recommendations is ongoing, with activity commenced in some areas prior to the tabling of the Report. The Federal Election in August 2010 did impact on progressing the development and implementation of some strategies, however, the AEC's focus is now on progressing the implementation of the Recommendations. Annex 8 *[to the AEC submission]* provides an update on progress with each recommendation. The AEC's Business Assurance Committee oversees the implementation schedule and will review status at its next meeting in March 2011.

**2.17** The AEC's JSCEM submission described the ANAO recommendations as supporting and strengthening existing policies already in place. However, this description understated the nature and significance of the recommendations. Specifically, ANAO Audit Report No.28 2009–10 had described the audit recommendations in the following terms:

- four recommendations related to improving the accuracy and completeness of the roll, with the audit report concluding that the state of the roll was the most significant long-term issue facing the AEC and that the AEC's existing approaches to improving enrolment rates had become less effective (as well as becoming more costly);
- two recommendations encouraged a more strategic approach to workforce planning, with a particular focus on the selection, recruitment, training and performance evaluation of polling staff;
- another recommendation outlined various ways to improve the suitability and accessibility of polling booths;



- the eighth recommendation sought to address:
  - risks to the of the electoral process from what was described as the ‘relatively insecure means’ used for reporting of election-night counts by Officers-in-Charge of polling booths; and
  - security over the transport and storage of completed ballot papers, with the AEC to identify and assess options that would improve upon the existing approaches; and
- the final recommendation sought to encourage more transparent and accountable performance reporting by the AEC on its conduct of elections.

**2.18** In addition, the AEC’s advice in its JSCM submission concerning the oversight of implementation of the ANAO recommendations by its audit committee could beneficially have been more fulsome. In particular, the submission to the JSCM did not outline that, as of February 2011, the audit committee had not yet received a status report on the implementation of the ANAO recommendations.

### **Audit committee request that implementation action be completed**

**2.19** The conclusions of the Keelty report included that a system of comprehensive internal audits was in place across the AEC, but that these audits did not identify issues with the culture, poor planning, failure to follow procedures, or poor contract management in the WA AEC office. Also of relevance is that it has been the AEC’s practice to reduce the extent of any internal audit activity in the year prior to a Federal Election being due.<sup>23</sup> A further matter relevant to the internal audit program has been delays with the AEC implementing internal audit recommendations, including those identified as high risk, an issue that has been the subject of ongoing attention at audit committee meetings.

**2.20** In this respect, at its 21 March 2011 meeting, the AEC audit committee discussed the report it had received on the status of recommendations

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<sup>23</sup> In April 2014, the AEC advised ANAO that: ‘Perhaps this observation refers to previous electoral cycles, but the current BAC process did not include a “slow down” of audit activities in the 2013 electoral year. The BAC Chair supported the AEC executive by driving an active audit schedule across the whole of the electoral cycle.’



previously made by ANAO and the AEC's contracted internal auditor. The meeting minutes record that the:

BAC expressed concerns about the number of outstanding audit recommendations, particularly those from a number of years ago, and insufficient details in the status reports. BAC decided that internal audit should have a higher profile with Executive Management Group members. The review of outstanding recommendations will be undertaken between the Assistant Commissioner People Services Branch and the relevant Executive Management Group members.

**2.21** At the following meeting (held on 20 June 2011), the BAC noted that, although a number of outstanding recommendations had been completed, a number were still to be finalised. This matter was further discussed at the 21 November 2011 BAC meeting. The minutes of that meeting record that relevant senior AEC managers and the internal auditors would:

Review the outstanding recommendations to determine current relevance and therefore whether to close or complete each recommendation, particularly in relation to the ANAO report on the 2007 Federal Election.

**2.22** As outlined in Table 2.1, the status report provided by the AEC at the following meeting of the audit committee (held on 8 March 2012) outlined that each of the nine recommendations made in ANAO Audit Report No. 28 2009-10 had been completed. The meeting minutes record that:

BAC considered and endorsed the completion of the 2008-09-17A—ANAO—The AEC's Preparation for and Conduct of the 2007 Federal General Election implementation of audit recommendations.

**2.23** However, a number of internal audit recommendations continued to be reported as not having been completed. The number of outstanding, long overdue internal audit recommendations led the audit committee to decide that a paper should be provided to the Electoral Commissioner/AEC Executive Management Group on the status of outstanding audit recommendations so that the relevance, priority and action to be undertaken could be decided upon. This paper was provided in April 2012 with the minutes of the subsequent meeting (held on 30 August 2012) recording that:

- of the 10 internal audit recommendations that were from audits two years and over, five were now closed;

- all outstanding recommendations two years and over would be provided to the Electoral Commissioner/Executive Management Group for a decision on progress; and
- line managers would be invited to BAC meetings to provide an update on the implementation of audit recommendations if they were overdue.

**2.24** At its 20 September 2012 meeting, the audit committee was provided with a paper concerning a review of 178 completed audit recommendations from 43 audits over the period 2003–04 to 2010–11. The meeting minutes record that:

- although the majority of the recommendations had been implemented, a number were outstanding;
- following a review of the original and most recent responses from line areas, more ‘meaningful and realistic’ status updates should in future be provided; and
- further work was required to finalise the implementation of outstanding recommendations, with a plan for this to be prepared for the committee’s consideration at its next meeting.

**2.25** At the following meeting (held on 29 November 2012), the audit committee was advised that most recommendations had been implemented or were ‘no longer relevant’ but that four had a status of ‘To Be Advised’ with 16 recommendations ‘in progress’, of which seven were rated as high risk or greater. The situation with outstanding audit recommendations was further discussed at subsequent audit committee meetings held during 2013 as there remained instances where high risk recommendations had not been implemented some considerable time after the internal audit report had been finalised. It was also included on the agenda for the first audit committee meeting of 2014 (held on 13 March 2014) with the committee advised that:

- there were 38 incomplete audit recommendations at the beginning of the reporting period on 21 November 2013, with six of these completed by the end of the reporting period (on 4 March 2014); and
- of the 32 recommendations that remained incomplete, 17 were in progress and 15 were outstanding. Of the 15 outstanding recommendations:

- three were greater than two years old, each of which had been rated as high risk and involved an internal audit of mail handling and delivery arrangements completed in April 2007; and
- four were greater than 18 months old, each of which had been rated as high risk and involved a June 2012 audit of contract management.

## Implementation actions recorded by the AEC

**2.26** Between March 2011 and November 2011 reporting by the AEC to its audit committee was that implementation of Recommendation 8(b) involved:

- for the 2010 election, reminding Divisional Returning Officers (DROs) through an election bulletin (specifically, Item 4 of Election Bulletin 15) that they were to reinforce the importance of physically securing ballot papers in transit between the polling place and the Divisional Office; and
- for future elections, building a similar instruction into the polling place OIC briefing materials.

**2.27** Similarly, the AEC's February 2011 submission to the JSCEM stated that implementation of this recommendation was 'in progress' through the following activities:

Reinforced procedures for the storage and transport of ballot materials for the election were included in training materials and staff advice.

**2.28** The advice provided the following month by the AEC to its audit committee was that implementation of ANAO Recommendation No. 8 had been 'completed'. The audit committee papers record as follows:

December 2011: Mr Kitson / Mr Carpay, BAC / EMG Members, First Assistant Commissioners: Strategies developed and options identified. Further assessment will be undertaken in the Simulated Election. Item completed.

**2.29** The 'strategies developed' aspect related to Recommendation No. 8(a), wherein ANAO recommended that the AEC develop strategies to mitigate the risk to the credibility of election results posed by the existing practices for reporting election-night counts by the various OIC. This part of the recommendation is not included in the scope of this current audit. The remaining aspects of this advice to the audit committee (that options had been

identified, and that further assessment of those options would be undertaken in the simulated election) related to Recommendation No. 8(b).

**2.30** Also in respect to the implementation of Recommendation No. 8(b), in March 2014 the AEC commented to the ANAO that:

Further updates were provided to the Business Assurance Committee after the December 2011 decision to close Recommendation 8, with the most relevant reports being made in January and May 2013<sup>24</sup> (after which the recommendation was again confirmed as complete):

- 31 January 2013: This recommendation is completed. OIC materials have been updated to emphasise the importance of keeping ballot materials secure before, during and after polling. Parameters are already built into ELMS [*Electoral Management System*] to warn Divisional Office staff on election night if the results phoned in are outside expected parameters. Any other incorrect results that might be phoned through on election night can be corrected at fresh scrutiny and again at the distribution of preferences.
- May 2013: Recommendation to be closed. The risks associated with this particular activity are covered in the Federal Election Risk Management Plan under Risk SFO2 — “Physical security of the completed ballot papers and certified lists is compromised adversely affecting results.” The overall risk is rated as medium; and the Assistant Commissioner Elections’ assessment of this particular component of that risk, given the controls that are in place, is at the lower end of the medium.

## **Election Bulletin 15 for the 2010 Election**

**2.31** Election Bulletin 15 was dated 5 August 2010. This was some three and a half months after ANAO Audit Report No. 28 2009–10 was tabled, and 16 days prior to the 2010 General Election.

**2.32** In this context, little time remained between the issue of the bulletin and the election for divisional staff to identify and assess (at a local level) options to improve the physical security of completed ballot papers that would provide greater security compared with the practices that had been observed by ANAO at the time of the 2007 Election. For example, where contractors

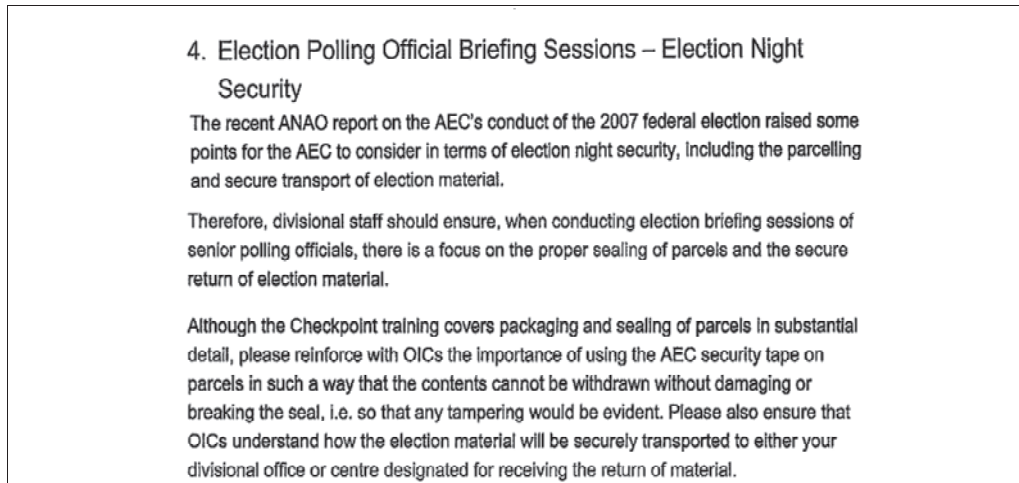
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24 Both the 31 January 2013 advice and the May 2013 advice was provided by the AEC to the June 2013 meeting of the audit committee.

were used for the transport of completed ballot papers, those contractors had already been engaged and any contracts signed.

**2.33** Election Bulletin 15 comprised 14 pages and covered 15 administrative matters such as the use of the online training help desk, issues with the delivery of the Victorian declaration vote packs, recording of pre-poll votes in the Electoral Management System (ELMS) and enrolment processing. The fourth item related to divisional staff, when conducting briefing sessions for senior polling officials, ensuring that there was a focus on the proper sealing of parcels and the secure return of election material (see Figure 2.1).

**Figure 2.1: AEC advice to staff on sealing of parcels and the secure return of election material**



Source: Australian Electoral Commission, Federal Election Bulletin No. 15, pp.5-6.

**2.34** The guidance provided in Election Bulletin 15 did not convey the significance of an ANAO performance audit recommendation agreed to by the AEC (see paragraph 2.5). Rather, it characterised Recommendation No. 8(b) as raising 'some points for the AEC to consider'. Further, whereas the ANAO recommendation related to the AEC identifying and assessing options to improve the physical security of completed ballot papers, Election Bulletin 15 related to:

- 'election night security' only, when the transport and storage of completed ballot papers is a matter requiring attention not only on election night. This includes instances where completed ballot papers are transported from polling places after election night, as well as

storage at fresh scrutiny centres and the subsequent transport of completed ballot papers to AEC warehouses; and

- guidance reinforcing the application of existing procedures for the sealing and secure return of election material rather than outlining approaches that would improve on past practices.

## **2013 training materials and staff advice**

**2.35** In response to an ANAO request that it provide a copy of the training materials and staff advice for the 2013 Election that related to the storage and transport of completed ballot papers, the AEC provided ANAO with a copy of the:

- Election Procedures Handbook for Polling Place Liaison Officers (PPLO), OIC and Second-in-Charge (2IC) officers at static polling places; and
- Training Workbook for PPLO, OIC and 2IC at static polling places.

**2.36** These documents included guidance and instructions to PPLOs, OICs and 2ICs reinforcing the implementation of existing practices for the reconciliation, packaging (including sealing of parcels), transport and storage of ballot papers. The practices being reinforced through the handbook and training materials were substantively the same as those adopted for the 2007 Election examined by ANAO.

**2.37** A factor that bears upon the effectiveness of staff guidance and training is the timing of the recruitment of temporary AEC employees to assist with the election. In this respect, ANAO Audit Report No. 28 2009–10 concluded that obtaining sufficient suitable staff was one of the main challenges facing DROs (and the AEC as a whole) in the lead-up to the 2007 Federal Election. For example, in the last week before polling day for the 2007 Election, the AEC was still to recruit, appoint and train more than 10 per cent of the final number of polling officials, including 280 OICs of polling booths.<sup>25</sup> In that earlier audit, ANAO observed that these circumstances meant that a significant number of polling officials were appointed with little time in which they could be trained and for the AEC to be confident that they were competent in the exercise of

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25 Similarly, 1194 polling staff were appointed on polling day, and another 920 were appointed the day before.

their assigned duties. The follow-up of the two ANAO recommendations that related to the recruitment and training of polling place staff is being undertaken as part of a second ANAO performance audit (see paragraph 1.13).

### **Identification of options and the simulated election**

**2.38** Prior to the 2010 Federal Election the AEC implemented a simulated election exercise to provide staff with an opportunity to practice a full range of election delivery activities and to contribute to an assessment of organisational preparedness for the next election.

**2.39** A simulated election exercise was also undertaken prior to the 2013 Election. The advice provided by the AEC to its audit committee at its March 2012 meeting (see paragraph 2.28), indicated that options to improve the secure transport and storage of completed ballot papers had been identified by December 2011, and that further assessment of those options would be undertaken as part of the simulated election. In this context, ANAO sought advice and relevant supporting documentation from the AEC as to what:

- options to improve the transport and storage of ballot papers had been identified by December 2011; and
- further assessment of improved storage and transport arrangements for completed ballot papers was undertaken as part of the simulated election.

#### *Identification of options*

**2.40** AEC provided advice to ANAO twice in relation to this matter, as outlined in Table 2.2.



**Table 2.2: AEC advice on options identified to improve the physical security of ballot papers**

Date	Advice
13 March 2014	<p>The actions adopted were all to do with improved training and instructional materials for polling staff because this was where the risk was identified by ANAO—at the point in the chain between the polling place on election night and the return of polling place materials to the Divisional Office.<sup>26</sup> The ANAO already has the redeveloped training and instructional materials that were in place in 2013—these were provided last week, however to be specific, election procedures handbooks for OICs/2ICs/PPOs; Mobile Team Leaders; Pre-Poll Voting OICs were modified; as were the training packages for those roles, to make more overt the AEC's expectations in respect to the secure transport of materials.</p> <p>The process of change is continuing, with enhanced instructional materials now provided for the current election—a copy of the enhanced ballot paper management guide for the current election is attached for information. Note that there is an intention to evaluate all materials post-election to determine whether further adjustments would assist future election processes.</p>
17 March 2014	<p>There may be some misinterpretation of the wording of 'options identified' that was used in the December 2011 action record in the March 2012 Business Assurance Committee papers. The 'options identified' were those included in the regular report to BAC, specifically that modifications were required to polling place instructional materials (the Election Procedures Handbook that has already been provided to meet the ANAO's current request) and training materials (the OIC training handbook that has already been provided to meet the ANAO's current request). The enhanced instructional and training materials are underpinned by various reminders to ongoing APS staff, such as were contained in the 2010 Election Bulletin No. 15, previously provided.</p>

Source: AEC advice to ANAO.

**2.41** As outlined in the AEC's advice to ANAO, the AEC considered that Recommendation No. 8(b) could be viewed as having been implemented by the organisation making more overt its expectation that polling place officials keep ballot papers secure at all times. However, ANAO Audit Report No. 28 2009–10 had not identified that polling officials were unclear about the AEC's expectations of them, and therefore ANAO did not recommend improved instructions and training for polling officials in relation to the implementation of the existing approaches. Rather, ANAO had recommended that the AEC identify and assess options that would better manage risks to ballot paper security.

26 As outlined at paragraphs 2.6 and 2.7, this perspective reflects a narrow reading of ANAO Audit Report No. 28 2009–10, which raised various matters concerning the security of ballot papers.



### *Simulated election*

**2.42** In relation to the simulated election, March 2014 advice to the ANAO from the AEC was that the simulated election did not incorporate activities relating to the transport and storage of ballot papers by polling staff. Specifically, the AEC advised the ANAO that:

There were initial plans to have a simulated election with a wider scope and possibly involving polling staff. However, at a meeting early in 2012 it was agreed, in the context of available budget and available timeframes for the simulated election that all proposed activities could not be incorporated into the simulated election and a practical materials return activity involving polling staff was not included.

**2.43** In responding to ANAO's request concerning the simulated election activities, the AEC also referred to other steps taken to reinforce existing practices for the secure transport and storage of ballot papers. Specifically:

- instructions in the 2012 simulated election about return of material included ensuring OICs were aware of arrangements for the return of material, and that they develop an operational plan for the return of materials and complete the form recording the return of election materials<sup>27</sup>; and
- four of the 24 standard sub-project planning templates used by Divisional Offices include references to planning and training staff for the return of election materials with AEC advising that a national election readiness review conducted in early 2012 had provided assurance that the relevant planning templates had been completed.

**2.44** The next chapter includes analysis of the extent to which key controls concerning completed ballot papers were evidenced as being complied with during the 2013 Election.

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<sup>27</sup> See further at paragraphs 3.41 to 3.43.

## Keelty report recommendations relating to transport and storage of ballot papers

**2.45** In a 4 February 2014 submission to JSCem's inquiry into the conduct of the 2013 Election that specifically addressed matters relating to the loss of 1370 ballot papers for the 2013 WA Senate Election, the AEC advised the Committee that:

- the Keelty report was examined by the full Electoral Commission in the days following its receipt with a view to determining 'next steps';
- the Commission accepted all 32 of the report's recommendations and then established a taskforce, headed by the then Deputy Commissioner, to lead the implementation of the recommendations; and
- action had already started on many of the recommendations.

**2.46** The Keelty report made a number of findings, and included various recommendations relating to ballot paper security. In turn, the AEC's February 2014 submission to JSCem outlined various actions that are to be taken to address the matters raised. A number of these actions would have been relevant and appropriate as a management response to the earlier ANAO recommendation. Specifically:

- discussions with transport and logistics providers on introducing improved controls over the movement of ballot papers and election materials;
- enhancing documentation and tracking of movements of ballot papers at all stages of the life cycle (and pressure points in that life cycle);
- issuing 'interim' guidance, targeted at people who are not logistics professionals, regarding the packaging and transport of parcels of ballot papers from polling places through to long term storage, including the use of fresh boxes and enhanced checking and labelling ahead of long term storage;
- developing and publishing 'ballot paper principles' to be displayed in all AEC offices and included in polling official training manuals in relation to the security and safety of ballot papers;
- formalising and improving rigor around the establishment and maintenance of 'ballot secure zones' in premises where ballot papers are being handled or stored;

- improving security measures around transport and storage of ballot papers and trialling new ways to more securely store ballot papers overnight during the polling period; and
- improving material handling processes and procedures including more comprehensive labelling and tamper-evident packaging.

## Conclusion

**2.47** An earlier ANAO audit following-up the implementation of recommendations concerning the integrity of the electoral roll concluded that that the AEC had been ‘slow’ to progress implementation of the ANAO recommendations. Similarly in relation to the recommendations made in ANAO Audit Report No. 28 2009–10, it took some time for the AEC to report to its audit committee on its progress with implementing the ANAO recommendations. In particular:

- no status report was provided in the four months between the audit report tabling and polling day for the 2010 Federal Election; and
- the first status report was provided in March 2011, eleven months after the audit report was tabled, and one month after the AEC had advised JSCEM on the status of its implementation of the ANAO recommendations.

**2.48** The AEC’s February 2011 JSCEM submission stated that the August 2010 Federal Election had impacted on it progressing the implementation of the ANAO recommendations, but that the organisation was now focussed on progressing implementation. Subsequently, the AEC’s audit committee was advised at its March 2012 meeting, which was nearly two years after the ANAO report was tabled, that all ANAO recommendations had been completed.

## Adequacy of the action recorded as being taken by the AEC

**2.49** The ANAO recommendation was that the AEC identify and assess options that would provide greater physical security over the storage and transport of ballot papers. The AEC adopted a narrow interpretation of the scope of action required to implement the recommendation. Specifically, it sought to make more overt its expectation that AEC polling place employees secure ballot papers during the transport and storage of ballot papers between the polling place on election night and the return of polling place materials to

the Divisional Office. This was done in the form of an election bulletin, documented procedures and training materials.

**2.50** A factor that bears upon the effectiveness of staff guidance and training is the timing of the recruitment of temporary AEC employees to assist with the election. In this respect, ANAO Audit Report No. 28 2009–10 concluded that obtaining sufficient suitable staff was one of the main challenges facing DROs (and the AEC as a whole) in the lead-up to the 2007 Federal Election. For example, in the last week before polling day for the 2007 Election, the AEC was still to recruit, appoint and train more than 10 per cent of the final number of polling officials, including 280 OICs of polling booths. In that earlier audit, ANAO observed that these circumstances meant that a significant number of polling officials were appointed with little time in which they could be trained and for the AEC to be confident that they were competent in the exercise of their assigned duties. The follow-up of the two ANAO recommendations that related to the recruitment and training of polling place staff is being undertaken as part of a second ANAO performance audit (see paragraph 1.13).

**2.51** The actions recorded by the AEC as having been taken in response to ANAO's recommendation concerning greater physical security over completed ballot papers reinforced the implementation of existing practices for the packaging, transport and storage of completed ballot papers by polling place staff. These actions did not involve the identification and assessment of options that would improve on past practices and provide greater physical security of ballot papers during transportation and storage, as had been recommended by the ANAO. In addition, the actions recorded by the AEC were focused on the work of polling place employees and did not address:

- the transport of completed ballot papers by contractors, on polling night and subsequently; or
- security arrangements at premises used to store ballot papers.

**2.52** In this context, the action recorded by the AEC, and reported to its audit committee and JSCEM, as being taken in relation to ANAO Recommendation 8(b) was inadequate as a management action to implement the recommendation.

**2.53** The Keelty report commissioned by the AEC in relation to the 1370 missing WA Senate ballot papers from the September 2013 Election made a number of findings, and included various recommendations relating to ballot

paper security. In turn, the AEC's February 2014 submission to JSCEM outlined various actions that are to be taken to address the matters raised by the Keelty report. A number of these actions would have been relevant and appropriate as a management response to the earlier ANAO recommendation that the AEC identify and assess options to improve physical security over the storage and transport of completed ballot papers.

### 3. Polling Place Security over Completed Ballot Papers

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*This chapter analyses evidence relating to the adherence at the polling places sampled by ANAO to key controls emphasised in AEC manuals and handbooks, and staff training materials, covering the security of completed ballot papers at static polling places.*

#### Background

**3.1** ANAO Audit Report No.28 2009–10 concluded that each Federal Election is a complex logistical event, and the challenges faced by the AEC in conducting elections are increased by the uncertain timing and the short period of time between an election being called and polling day. The earlier ANAO report further outlined that these circumstances make more difficult the tasks of mobilising a large temporary workforce (some 80 000 for the 2013 Election), operating a large number of polling places (more than 9100 for the 2013 Election). Similarly, the Keelty report observed that:

Despite modern technology, the AEC's operations during an election remain largely labour intensive and manually performed. The system relies heavily upon people and their commitment to the task. It also relies heavily upon 'trust' at all segments of the process. The process can be described as 'organic' in that it is uniquely Australian with many millions of voters voting in either large city centres, large regional centres, by mail or in pre polling centres. All of the completed ballot papers make their way by cars, trucks and/or plane back to a central repository in each state.

**3.2** The *Commonwealth Electoral Act 1918* (Electoral Act) provides for a number of ways of casting a vote. In this context, although there has been a trend over time towards greater 'early voting' (through pre-poll and postal voting), the main method by which electors cast their vote remains by attending a polling place on polling day and casting an ordinary vote.<sup>28</sup> Physical security over completed ballot papers commences from the time the ballot paper is placed by the voter into a sealed ballot box.

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28 The alternative methods of voting are collectively called 'declaration' voting, because the elector must complete a declaration that he or she is entitled to vote.

**3.3** Commonly, after the initial count of votes at the polling place, ballot papers are transported to different premises for the second count (or ‘fresh scrutiny’). Transportation of ballot papers both on polling night and subsequently may be undertaken by AEC employees (typically, the initial movement of completed ballot papers is undertaken by the OIC of the polling place) or by contractors. Ballot papers may be stored on polling night at the residence of the OIC or other polling place official, the relevant AEC Divisional Office or separate premises leased by the AEC for the purposes of the fresh scrutiny (which may also have been used as a polling place). Once the fresh scrutiny has been completed, ballot papers will be transported to an AEC warehouse for longer-term storage.

**3.4** As outlined in Chapter 2, the key action taken by the AEC in relation to Recommendation 8(b) in ANAO Audit Report No. 28 2009–10 was to make more overt its expectation that AEC polling place employees secure ballot papers between the polling place on election night and the return of polling place materials to the Divisional Office. This was done in the form of an election bulletin, documented procedures and training materials. Those materials, and other procedures documented by the AEC, outline key controls involving polling place officials in relation to the secure transport and storage of completed ballot papers. Accordingly, ANAO examined evidence concerning adherence to those controls.

## OIC returns

**3.5** The Election Procedures Manual for Divisional Offices emphasises the important role the OIC plays in accountability for the conduct of polling, including security over ballot papers. In respect to the 30 polling places included in the ANAO’s sample for this follow-up audit, one OIC was assessed as performing below the required standard, with the OICs for the remaining 29 polling places assessed by the relevant Divisional Office as meeting (14) or performing above (15) the required standard.

**3.6** The records of each polling place are required to be consolidated in a set of documents referred to as the OIC Return. The OIC Return includes the serial numbers of ballot box security seals, staff attendance, and the issue and reconciliation of ballot papers. It also records the election-night count of the

first preferences of ordinary votes for candidates for the House of Representatives, the above-the-line and below-the line counts for the Senate, and the House of Representatives two-candidate-preferred count.<sup>29</sup> In addition, the OIC return includes various checklists to be completed, signed and dated by the OIC to evidence that important procedures and controls have been implemented.

**3.7** Against this background, the AEC's 2013 Election Procedures Handbook for PPLOs, OICs and 2ICs outlined (at page 51) the importance of the OIC return, as follows:

It is essential that you complete this return accurately in order to account properly for ballot papers, the conduct of polling and the scrutiny.

The OIC return is the appropriate place to document any accidents, complaints by voters or scrutineers, and any other incidents in your polling place.

You must complete the return throughout the day as events take place. It is important that you provide as much detail as possible. This assists the DRO in reconciling matters after polling day.

If you have any difficulties completing the return, contact your PPLO in the first instance, or your DRO.

**3.8** The Election Procedures Manual for Divisional Offices states that the DRO must undertake a detailed check of OIC returns on the Sunday following polling day. In this context, each return is to be checked to verify that:

- the return is signed by the OIC and, if not, the DRO is instructed to make 'every effort' to obtain the OIC's signature and, if this is not possible, to record details in the election diary;
- all pages are present;
- all required statements are signed by the OIC/Team Leader;
- the arithmetic is accurate;
- that the work of all polling staff has been assessed; and
- all other sections have been checked for completion and accuracy.

**3.9** In March 2014, ANAO sought advice from the AEC as to whether:

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29 On election night, the OIC at each polling booth telephones the Divisional Office to report these counts.



- OIC returns were available only at Divisional Offices for the polling places in that Division or whether they are also held at the relevant State Office and/or AEC National Office; and
- OIC returns are analysed after they are completed at Divisional level, State Office level and National Office level (given OIC returns would provide a good source of feedback as to whether the instructions in the handbooks, and the guidance provided at training, is being applied). Such analysis can also provide useful input from a continuous improvement perspective.

**3.10** The resulting advice from the AEC to ANAO was that:

There is only one copy of each OIC return and these are held in Divisional Offices and reviewed by Divisional Returning Officers. They are retained until the next electoral event, after which they can be destroyed.

Some portions of the return may be copied to state or national office, for example, copies of incident reports or issues arising that may require national/state office support and follow up. If office space is an issue some returns may be packaged and transferred to a central storage facility but generally the report is held in the division until authorised for destruction.

**3.11** For the 30 polling places sampled by ANAO as part of this follow-up audit, 25 OIC returns (83 per cent) had been signed and dated by the OIC. The remaining five returns had not been signed by the OIC (in four of those instances, the form had been dated but not signed). These related to two NSW divisions, two Victorian divisions and one WA division. As discussed in the following sections of this chapter, there were other important parts of various OIC returns relevant to the security of ballot papers that were not completed and/or not signed and dated by the OIC (and/or not witnessed, where required).

## Opening of sealed ballot boxes to count ballot papers

**3.12** The AEC's procedures involve polling place OICs making two separate but related records of the securing of seals on ballot boxes and the breaking of those seals, as follows:

- a *Record of ballot boxes and security seals* form within the OIC return requires the OIC to record the securing of seals on empty ballot boxes prior to them being used and to have this action witnessed. This same form requires the OIC to record (and have witnessed) that the seals on

each ballot box had been verified and found to be intact prior to being broken in order to conduct the count of votes; and

- a checklist in the OIC return (titled 'After close of polls—Scrutiny') requires the OIC to record (and sign, and date) that he or she has collected unused ballot papers from issuing points and that seals were checked, recorded and ballot boxes opened.

**3.13** Similarly, the AEC's 2013 Election training workbook for PPLOs, OICs, and 2ICs advises (at page 42) on the process to be followed when opening ballot boxes following the close of polling. Specifically:

Before you open a ballot box you must check the seals in the presence of polling officials and scrutineers.

You, as the OIC and a witness must sign the *Record of ballot boxes and security seals* in the OIC return (EF027).

Note any discrepancies in the OIC return.

**3.14** ANAO Audit Report No. 28 2009–10 observed a number of instances of records of the breaking of seals on ballot boxes either not being recorded, not witnessed, or being incomplete in the OIC returns for the 2007 Election that were examined. A similar situation was evident in respect to the OIC returns for the 30 polling places sampled as part of this follow-up audit. Specifically, whereas each of the OIC returns recorded that ballot paper box seals had been applied by the OIC (with this action also witnessed), there were five instances (17 per cent) where the breaking of the seals was not signed by the OIC and witnessed. This involved four of the nine sampled NSW polling places (44 per cent)<sup>30</sup> and one Victorian polling place (in the Division of Casey). Figure 3.1 is an example from one of those OIC returns. The particular polling place received more than 1700 House of Representatives votes and a similar number of Senate votes at the September 2013 Election.

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30 Two in the Division of Farrer and one each in the sampled divisions of Grayndler and Sydney.

**Figure 3.1: Example of record of ballot boxes and security seals**

At time of securing seals The seals shown below were secured on the empty ballot boxes prior to being used at the poll.				At time of breaking seals The seals on the ballot box were verified and found to be intact prior to being broken to conduct the count of votes.	
Ballot box type (ordinary or declaration)	Seal numbers	OIC signature	Witness signature	OIC signature	Witness signature
REPS #1	1 N144021	PB	CC		
	2 N144026				
SENATE #1	1 N144022	PB	CC		
	2 N144027				
SENATE #2	1 N144029	PB	CC		
	2 N144037				
SENATE #3	1 N144028	PB	CC		
	2 N144035				
REPS #2	1 N144030	PB	CC		
	2 N144039				
DEC #1	1 N144023	PB	CC		
	2 N144031				
DEC #2	1 N144024	PB	CC		
	2 N144032				
DEC #3	1 N144025	PB	CC		
	2 N144033				

Source: ANAO analysis of OIC return for a sampled polling place.

**3.15** Similarly, consistent attention was not evidenced as having been paid by OICs in the sampled polling places to completing the related checklist. Among other matters, that checklist requires the OIC to record that, following the close of polls, they had checked the seals and recorded the breaking of seals at the time the ballot boxes were opened. Specifically, for:

- 16 of the sampled polling places (53 per cent) the checklist was completed in full and was signed and dated by the OIC;
- 10 polling places (33 per cent of those sampled) the checklist was not signed and dated by the OIC. For one of these polling places, the OIC had completed most parts of the checklist but had not signed and dated the checklist. For the other nine polling places (an example of which is provided at Figure 3.2), no part of the checklist had been completed, and it was also not signed and dated; and

- the remaining sampled polling places (four, 13 per cent), the checklist had been signed and dated by the OIC but had not been completed in full. In one instance, all but one of the elements of the checklist had been completed, but in the other three instances no element of the checklist (apart from the OIC signature and date) had been completed.

**3.16** Also in relation to the sealing of ballot paper boxes, ANAO's observation of the practices employed at three polling places in the April 2014 Senate Election (see paragraph 1.18 in relation to the ANAO audit methodology) included one instance where after the final box had been sealed and tamper-proof labels had been applied, the OIC identified that the spoiled ballot papers had not been boxed. After identifying this to AEC officers from the Keelty Implementation Team—Extended (KITE), so as to avoid removing the tamper-proof label, the middle of the ballot paper box was slit open and the spoiled ballot papers placed inside with new tape then placed over the slit in the middle of the box. There was no note made on the box to indicate why the tape was slit and resealed.

**Figure 3.2: Example of checklist that includes opening of sealed ballot boxes**

<b>Checklist H: After close of polls – Scrutiny</b>	
<b>Brief polling officials and scrutineers</b> (Use Checklist I)	
<b>Collect materials from issuing points</b>	
Unused ballot papers counted, returned and number entered in the OIC return	<input type="checkbox"/>
Spoilt or discarded envelopes counted, returned and number entered in the OIC return	<input type="checkbox"/>
Certified list cover sheet signed and dated, and account of ballot papers completed before collection	<input type="checkbox"/>
Elector information reports collected	<input type="checkbox"/>
Completed enrolment forms received and placed in the completed enrolment forms envelope (EF093)	<input type="checkbox"/>
<b>Open ballot boxes and sort ballot papers</b>	
Seals checked, recorded and ballot boxes opened	<input type="checkbox"/>
Ballot papers unfolded and sorted	<input type="checkbox"/>
Declaration vote envelopes sorted and counted	<input type="checkbox"/>
<b>Count of ballot papers and telephoning of results</b>	
House of Representatives count	<input type="checkbox"/>
Two-candidate-preferred count	<input type="checkbox"/>
Senate count	<input type="checkbox"/>
Referendum count (if applicable)	<input type="checkbox"/>
Signature of Officer-in-Charge _____ Date _____	
Signature of Polling Place Liaison Officer _____ Date _____	

Source: ANAO analysis of OIC return for a sampled polling place.

## Ballot paper reconciliations

**3.17** A key task to be undertaken following the close of polling and after the breaking of ballot box seals but before counting begins is to undertake separate reconciliations of House of Representatives and Senate ballot papers. The

training workbook for PPLOs, OICs and 2ICs (on page 48), and Election Procedures Handbook (pages 52 and 54), advises that:

The number of ballot papers you count after polling closes should be the same as the number you started with (a very small difference will be accepted<sup>31</sup>).

**3.18** The results of the ballot paper reconciliations is required to be recorded by the OIC on ballot paper reconciliation forms for each of the House of Representatives and the Senate. ANAO Audit Report No. 28 2009–10 had identified instances of OICs for the 2007 Election not undertaking the ballot paper reconciliations. In addition, where the reconciliation was completed it was not uncommon for the figures to not balance, with differences as high as 400 votes.

**3.19** Reflecting insufficient emphasis within the AEC to improving on past practices, a similar situation was observed by ANAO in respect to the 30 polling places sampled by ANAO for the 2013 Election:

- eight per cent of reconciliations were not completed (two in relation to the House of Representatives, and three in relation to the Senate);
- 67 per cent of the completed reconciliations did not balance. In most instances, the difference between the number of ballot papers accounted for and those that should have been accounted for was less than 10, but there were also some significant variances (of up to 295 ballot papers). In respect to the largest such instance, in March 2014 the AEC advised ANAO that:

We were aware of this but for some reason details had not been corrected on the OIC return. The OIC had not fully accounted for unused ballots on the night. The OIC held a pad of 100 and still had another unused 195 declaration ballots. This was all reviewed and the ballot packages checked and verified when the parcels arrived and were opened at the scrutiny centre. It was established that she had made an error and that all ballots were present and correct. A copy of the final scrutiny is attached.

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31 The wording in the Election Procedures Handbook is slightly different: 'a small difference will be accepted'.

## Records of completed ballot papers counted

**3.20** The PPLO, OIC and 2IC Election Procedures Handbook outlines that ballot papers must be counted in the following order:

- House of Representatives—first preference;
- House of Representatives—Two Candidate Preferred (TCP);
- Senate; and
- referendum (where relevant).

**3.21** Separate phone calls to the relevant Divisional Office are required to be made following each count on the evening of polling day, as soon as the count has been completed. The polling place count results are then entered by the Divisional Office into ELMS, which transmits them to the Virtual Tally Room and the National Tally Room.

**3.22** As part of Audit Report No. 28 2009–10, the ANAO compared the election-night counts with the results subsequently obtained from the AEC's fresh scrutiny of the ordinary votes from each polling place for five Divisions. In that audit report, the ANAO had suggested to the AEC (at paragraphs 5.77) that, while the low rate of counting errors identified indicated that the final outcome would be influenced in only the closest of seats, there would be benefit in the AEC retaining the electronic records of election-night counts (rather than overwriting them in ELMS). Consistent with an emphasis on continuous improvement, this would have allowed the AEC to measure and monitor the accuracy of the first count conducted at polling places, to be alert to counts requiring additional attention in order to ensure the accuracy of the outcome, and to set and report against performance standards in relation to its counting accuracy. The AEC did not agree with this suggestion, advising the ANAO that:

The AEC does not see the value in measuring and benchmarking the accuracy of the first count of votes for all polling booths given that scrutineers are available for both counts.

## House of Representatives

**3.23** When counting of House of Representatives ballot papers is completed, the polling place official supervising the scrutiny is to record on the OIC return the number of first preference votes for each candidate and the number of informal ballot papers. AEC procedures require that these figures be

re-checked to ensure they are correct and that there has been no transposition of figures. The total count of ordinary ballot papers is then to be reconciled with the number of ballot papers issued according to the ballot paper reconciliation form.

**3.24** The TCP count is then undertaken in all polling places where more than two candidates are contesting the seat. The TCP count provides an important indication of the likely outcome of the poll in that electorate. The results of the TCP count are also recorded in the OIC return.

**3.25** In turn, the fresh scrutiny (or re-checking) of the votes is carried out at the Divisional Office (or premises acquired for scrutiny purposes) under the supervision of the DRO or Assistant Returning Officer (ARO). During the fresh scrutiny of ordinary votes, all ordinary votes received from every polling place and mobile team within a division are re-checked. Some ballot papers which were treated as informal on election night may be admitted to the count by the DRO. Similarly, any ballots previously regarded as formal may be reclassified as informal. A count of all unused ballot papers is also to be conducted in order to ensure all ballot papers that were issued to the polling place have been accounted for.

**3.26** In this context, the Election Procedure Manual for Divisional Offices includes instructions concerning the secure management of ballot papers, as follows:

Polling place ballot paper parcels should be stored in a secured area declared as 'out of bounds' to all but the supervisor and the DRO.

House of Representatives ballot papers undergoing fresh scrutiny must be scrutinised and parcelled by polling place/mobile team/declaration vote type, and retained in readiness for the distribution of preferences.

DROs must ensure the location and status of each polling place parcel are known at all times.

Whenever ballot papers are transported they must be in ballot boxes and sealed with serial numbers recorded. The minimum standard for overnight storage is a secure locked room that has been approved by the DRO's supervisor or Director Operations. All ballot paper parcels are to be recorded and accounted for continuously.



*Differences between counts*

**3.27** As noted at paragraph 3.22, as part of Audit Report No. 28 2009–10, the ANAO compared the election-night counts with the results subsequently obtained from the AEC's fresh scrutiny of the ordinary votes from each polling place for five Divisions. These results were recorded on the Fresh-Scrutiny Slips from each division and were then entered into ELMS, overwriting the results from election night. ANAO identified instances of the fresh scrutiny counts of formal and informal votes being greater than those at the polling places, as well as instances where the votes counted at the fresh scrutiny were less than those at the polling places. In summary, for the 209 polling places examined in ANAO's audit of the 2007 Election, the initial return from more than half of the polling places was the same as the number of votes included in the fresh scrutiny, with almost 95 per cent of booths returning election-night counts that were within five ordinary votes of the final result.

**3.28** Similarly, as part of this follow-up audit, ANAO compared the election-night count of House of Representatives votes from the 2013 Election with the results of the Divisional Office fresh scrutinies for the 30 polling places examined. The difference in total votes counted was less than five for 25 polling places (83 per cent of those sampled), a result less favourable than that observed in the earlier audit. The differences in the remaining five sampled polling places involved:

- three instances where the fresh scrutiny count of ballot papers was higher than that recorded in the OIC return for the relevant polling place. The differences were six, seven and 21 votes; and
- two instances where 10 and 18 votes fewer were included in the fresh scrutiny count compared with that recorded for the election-night count.

**3.29** The five instances where differences in the House of Representatives first count and fresh scrutiny for a polling place related to three of the 10 sampled Divisions. Of particular note was that, significant differences in the number of counted votes were evident in two of the three sampled polling places from the NSW Division of Sydney. This involved 18 fewer votes being included in the fresh scrutiny for the Erskineville polling place compared with the first count, and 21 more votes being included in the fresh scrutiny for the Pyrmont polling place compared with the election-night count at the polling place.

**3.30** A difference in votes counted of greater than five was also evident for two of the three polling places sampled in the WA Division of Perth. Specifically, 10 fewer votes were included in the fresh scrutiny count of votes from the Bayswater North polling place than had been included in the polling place count, with seven more votes included in the fresh scrutiny count of votes from the Bayswater Senior Citizens Centre polling place compared with the first count.<sup>32</sup>

## **Senate**

**3.31** The process for conducting the first count of Senate ballot papers is outlined in the Election Procedures Handbook for PPLOs, OICs and 2ICs. Key aspects are:

- the initial sorting of ballot papers into four piles (above the line (ATL), below the line (BTL), obviously informal and queries);
- sorting the ATL ballot papers according to the first preferences shown for each group with the sorted ballot papers placed in bundles along a table in group order to be counted;
- sorting the BTL ballot papers for each candidate below the line according to first preference, with the sorted ballot papers placed in bundles along the table in group order to be counted;
- informal ballot papers counted and grouped into bundles; and
- recording the results of the Senate count on the relevant form in the OIC return, with the total number of Senate ballot papers counted being calculated.

**3.32** For the Senate, the fresh scrutiny is conducted by the DRO and commences on the Monday after election day in Divisional Offices or scrutiny centres. Following the fresh scrutiny of Senate ballot papers, all ATL and obviously informal ballot papers are to be retained in the Divisional Office, with the BTL and informal BTL ballot papers sent to the Central Senate Scrutiny (CSS) for the state.

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32 The other division where there was a difference of more than five votes between counts was the Victorian Division of Gippsland, where six more votes were included in the fresh scrutiny count for the Orbest polling place compared with the election-night count undertaken at the polling place.

### *Differences between counts*

**3.33** ANAO analysis of the polling place counts of Senate ballot papers and the results of the Divisional Office scrutiny for the 30 sampled polling places identified a greater instance of differences between Senate counts than for the House of Representatives counts, as well as larger differences (in terms of the numbers of votes). In particular:

- for 23 of the sampled polling places (77 per cent), the number of votes included in each count was within five votes;
- there were five polling places (three in relation to two of the three sampled NSW Divisions and one each in relation to two of the four sampled WA Divisions) where the number of votes included in the fresh scrutiny was more than five votes greater than the number of ballot papers recorded in the OIC Return as having been counted. The figures ranged from eight to 18 ballot papers, with an average of 12 ballot papers; and
- two polling places where the number of votes included in the fresh scrutiny was more than five votes fewer than that recorded in the OIC return as having been counted on election-night (differences of 19 and 23 ballot papers). Both instances related to the WA Division of Pearce.

**3.34** The loss of 1139 WA Senate ballot papers from the Division of Pearce between the fresh scrutiny count by the Divisional Office and the recount was a significant factor leading to a further WA Senate Election. The loss of these ballot papers became evident when the cartons containing Senate ballot papers for the Division of Pearce were removed from their pallets and compared with the list of counts for the Division, in preparation for recount to begin for the Division. There were three polling places (Henley Brook, Mt Helena and Wundowie) and one declaration vote count (Provisional 1) in Pearce where fewer votes were included in the recount than the fresh scrutiny. In total, the number of ballot papers included in the recount was 1139 fewer than those included in the fresh scrutiny.

**3.35** As part of this follow-up audit, ANAO examined the records of votes counted for three other polling places in the Division of Pearce. As illustrated by Table 3.1, there were some differences in the number of ballot papers included in various counts for two of these three polling places. Specifically:

- the fresh scrutiny count for the Beverley polling place, and the figures from the recount, indicate that the election-night count had overstated the number of ballot papers completed by voters at that location by 23 (3 per cent). The Senate ballot paper reconciliation included in the OIC return indicated that the polling place had accounted for 13 more ballot papers than had been issued, a figure less than the difference in completed ballot papers that were included in the fresh scrutiny and recount. The fresh scrutiny count of 804 completed ballot papers, which was the same as the recount figure, had reconciled to within one the number of ballot papers issued with those used by voters, discarded and not used; and
- 19 fewer completed ballot papers were included in the fresh scrutiny for the Yanchep polling place<sup>33</sup>, and a significant difference in the assessment of vote formality was also evident between the first count and the fresh scrutiny.<sup>34</sup> The fresh scrutiny reduction of 19 completed ballot papers was largely reversed at the recount, which included 18 more ballot papers than had been included in the fresh scrutiny. This situation indicated that, for this polling place, the first count was more accurate than the fresh scrutiny in terms of the number of completed ballot papers.

**Table 3.1: Senate ballot paper counts for sampled polling places in the Division of Pearce**

Polling place	First count at polling place on election night	Extra votes counted/votes missing from fresh scrutiny count	Fresh scrutiny count by Divisional Office	Extra votes counted/votes missing from recount	Votes included in recount
Beverley	827	-23	804	Nil	804
Yanchep	2074	-19	2055	+18	2073
York	1634	+4	1638	Nil	1638

Source: ANAO analysis of AEC records.

33 The reconciliation of Senate ballot papers included in the OIC return had accounted for five more ballot papers than had been received from the DRO (3005 ballot papers compared with the 3000 that had been received from the DRO), with the fresh scrutiny accounting for five fewer ballot papers (2995) than had been received from the DRO.

34 Between the first count and the fresh scrutiny, the number of formal votes increased by 322 between, and the number of informal votes reduced by 341. In April 2014, the AEC advised ANAO that: 'Polling officials are specifically instructed to place into the informal pile any ballot papers where they are uncertain as to formality — so it should be expected that there will be changes at the fresh scrutiny.'

**3.36** The other Division in which WA Senate ballot papers went missing between the fresh scrutiny and recount thereby contributing to a further WA Senate election was Forrest. In that Division, 231 fewer votes from the Bunbury East polling place were included in the recount than the fresh scrutiny count. This was as a result of one of the seven boxes containing Senate ballot papers from that polling place going missing such that the ballot papers in that box were unable to be included in the recount.

**3.37** ANAO's audit sample included three other polling places from the Division of Forrest. As illustrated by Table 3.2, there was little difference between the election night and fresh scrutiny counts in each of the three polling places sampled by ANAO. Similarly, there was little or no difference in the number of completed ballot papers included in the fresh scrutiny and the recount for these three polling places.

**Table 3.2: Senate ballot paper counts for sampled polling places in the Division of Forrest**

Polling place	First count at polling place on election night	Extra votes counted/votes missing from fresh scrutiny count	Fresh scrutiny count by Divisional Office	Extra votes counted/votes missing from recount	Votes included in recount
Bunbury Central	1216	+1	1217	+1	1218
Margaret River	2237	+3	2240	-1	2239
Augusta	884	+1	885	Nil	885

Source: ANAO analysis of AEC records.

## Packaging of ballot papers following polling place scrutiny

**3.38** Once counting has finished, the OIC is responsible for packing polling materials (including completed ballot papers) for return to the Divisional Office, either by a transport contractor or an AEC employee (often the OIC). For this purpose, OICs are provided with plastic bags, cardboard boxes, labels and various other packaging materials. Specific materials are required to be packed in each parcel, with the appropriate label to be stuck to the top of the parcel to clearly indicate the contents of each parcel, and the OIC is instructed to ask a scrutineer to sign the label as witness that the content corresponds with the label. A further security measure involves security tape being placed

on the parcel in such a way that the contents cannot be withdrawn without damaging or breaking the seal.

**3.39** The specific packages and labels to be used are as follows:

- Label 1: administration records, including the OIC return and polling place attendance records;
- Label 2: declaration voting materials including envelopes sorted by division, and all completed and cancelled postal votes;
- Label 3: enrolment records including completed enrolment forms and scrutineer appointment forms;
- Label 4: certified lists;
- Label 5: sorted House of Representatives ballot papers and the sorting cards, unused, spoilt and discarded House of Representatives ballot papers and all ballot paper stubs;
- Label 6a: sorted formal and informal Senate ballot papers with the sorting cards;
- Label 6b: unused, spoilt and discarded Senate ballot papers, complete with their sorting cards;
- Label 7: (when applicable): referendum ballot papers with their sorting cards, ballot paper stubs and any spoilt or discarded referendum ballot papers; and
- Label 8: all other materials, such as badges, handbooks, unused enrolment forms, and calculators.

**3.40** To assist with the packaging of materials, and to provide a record that this task has been undertaken in accordance with the documented procedures, a checklist in the OIC return is required to be completed by the OIC. However, for 17 of the sampled polling places (57 per cent) the checklist was not completed in full and signed and dated by the OIC. Of note in this respect was that in:

- four instances, the OIC signed the checklist but did not complete any parts of the checklist. In a further instance, the OIC had signed the checklist form but had only partially completed the checklist; and
- 10 instances, the OIC had not completed any part of the checklist, or signed and dated the form (an example is included at Figure 3.3). In a

further two instances, some elements of the checklist had been completed but other elements had not and the form was neither signed nor dated.

**Figure 3.3: Example of checklist for return and packaging of election materials**

<b>OIC return</b>	
Completed and signed (include this return in parcel with label 1)	<input type="checkbox"/>
<b>Parcelling of material</b>	
See labels for contents of each parcel	
Parcel with label 1	<input type="checkbox"/>
Parcel with label 2	<input type="checkbox"/>
Parcel with label 3	<input type="checkbox"/>
Parcel with label 4	<input type="checkbox"/>
Parcel with label 5	<input type="checkbox"/>
Parcel with label 6a and 6b	<input type="checkbox"/>
Parcel with label 7 (only for referendum)	<input type="checkbox"/>
Parcel with label 8	<input type="checkbox"/>
<b>Final duties</b>	
Check ballot boxes and premises for election material	<input type="checkbox"/>
Dismantle all remaining cardboard equipment and place in agreed position	<input type="checkbox"/>
Leave premises tidy and in agreed condition	<input type="checkbox"/>
Lock premises and activate any security devices	<input type="checkbox"/>
Return keys (if applicable)	<input type="checkbox"/>
Signature of Officer-in-Charge _____ Date _____	
Signature of Polling Place Liaison Officer _____ Date _____	

Source: ANAO analysis of OIC return for a sampled polling place.



**3.41** In addition to the checklist in the OIC return, a checklist form is in place to record the return of the packaged material by OICs to the relevant Divisional Office/fresh scrutiny centre. This form records the time that the material was returned and provides for the Divisional Office to record that an 'initial check' has been undertaken and that each relevant parcel of materials has been returned, as well as making provision for more detailed checks to be subsequently undertaken. The form states that DROs are to be advised immediately of any missing parcels.

**3.42** In respect to the WA Division of Pearce, the AEC advised ANAO that there was no requirement for the retention of these forms once all polling materials are returned and checked in. As a result, the relevant forms for the three sampled polling places in that Division were unable to be provided to ANAO. The AEC was also unable to provide ANAO with the relevant forms for the WA Division of Perth, with the AEC advising that:

- forms for all Divisions of Perth polling places were completed at the offsite scrutiny centre on election night when the OIC checked in their material;
- following the 2013 Election and in anticipation of the 2014 WA Senate election materials from the 2013 Election were packed and dispatched to the WA storage facility; and
- as a result of the WA Senate Election being called the AEC was unable to readily identify these documents in the storage facility and was therefore unable to provide a copy to ANAO.

**3.43** In any event, as a control over the transfer of completed ballot papers the checklist is less than adequate. Specifically, and as illustrated in Figure 5.2 on page 104, it does not require either the employee delivering the election material, or the Divisional Office staff member taking possession of this material, to identify themselves on the form, or to sign and date the form. In April 2014, the AEC advised ANAO that 'this has been addressed by implementation of Keelty recommendations'.



## Conclusion

**3.44** The AEC's election procedure manuals and handbooks, as well as training materials for polling place employees, emphasise the security of ballot papers at polling places. Various controls are intended to be implemented to promote ballot paper security, including:

- the sealing of the cardboard boxes into which voters place completed ballot papers, with the application and removal of these seals to be recorded and witnessed;
- reconciliations of ballot paper forms issued to polling places, to ensure there is accountability over the number of ballot papers used by voters, spoiled or discarded by voters and those not used;
- records of the count of formal and informal House of Representatives and Senate ballot papers; and
- the packaging and return of ballot papers and other election material.

**3.45** Similar to ANAO's earlier audit of the 2007 Election, ANAO found that adherence to ballot paper controls at the 2013 Election for the sampled polling places was mixed. In particular, the frequency with which a record was not made of the breaking of seals on ballot paper boxes, ballot paper reconciliations not being completed and, in a small number of instances, important differences in the number of votes counted at the polling place compared with the fresh scrutiny (and/or, for WA, the Senate recount) reduces confidence in polling place security over completed ballot papers. The incidence and extent of such matters is not currently evident to the AEC at a national level, indicating a lack of organisational focus on identifying improvement opportunities. This is because the AEC does not seek to analyse OIC returns nationally so as to obtain insights as to the extent to which procedures are being complied with, and training is being applied.

## Recommendation No.1

**3.46** To obtain a greater appreciation, at a national level, of the extent to which polling place officials are adhering to important procedures and applying their training, including in relation to the security of completed ballot papers, ANAO recommends that the AEC:

- (a) analyses the information included in returns completed by the Officer in Charge of each polling place; and

- (b) sets, measures and reports against performance standards for differences in the number of ballot papers included in the first count conducted at the polling place, the fresh scrutiny count and any recount.

**AEC response:**

**3.47** Part (a): Agreed. The AEC assigned internal audit resources at the 2013 Election, the 2014 Griffith by-election and the 2014 WA Half-Senate election to obtain baseline data on the extent to which policies and procedures were understood and implemented at the polling place level. Analysis of the results and implementation of internal audit recommendations is continuing and will inform the structure and content of future election-ready assurance exercises, including audit sampling of OIC returns, Divisional Office diaries and post-election evaluations as well as future training programs and staff guidance materials. The AEC notes that this recommendation uses ‘returns’ as a measure of compliance after the event. As the current audit report indicates (at paragraph 3.8 on page 64), there is already a requirement that DROs analyse the OIC returns on the Sunday following polling day to ensure that there are no discrepancies or other issues requiring resolution or review.

**3.48** Part (b): Agreed. The AEC will develop the measures outlined. It should be noted that the ANAO’s own observation at paragraph 10 on page 15 of the current audit report<sup>35</sup> is that there is such confidence in AEC’s indicative election night counts and processes that a new government may be sworn in before the finalisation of the count in many seats. For example, the results for 140 of the 150 House of Representatives seats, and the likelihood of a hung Parliament, were accurately predicted on election night in 2010. A similar number of seats and the likelihood of majority government were accurately predicted in 2013. The AEC’s view is that for as long as the Commonwealth Electoral Act 1918 continues to provide for a fresh scrutiny of all ballot papers — and it is those fresh scrutiny results, rather the election night indicative counts that form the official election results — obtaining a more ‘accurate’ count on election night would require polling staff to be in attendance for longer on what is already an extraordinarily long day, for no actual improvement in electoral outcomes. Additionally, on election night, as matter of course, the AEC runs a range of “data integrity” reports at the national level aimed at identifying at an early stage possible data entry errors or discrepancies in reporting of figures from polling places.

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35 The ANAO observation referred to by the AEC was made in Audit Report No. 28 2009–10.

**3.49** *As a result of the above, the AEC's contends that a high degree of accuracy in allocating votes to the correct candidate or group is at least as important to obtaining an early, reliable indication of the election result as achieving an exact balance of ballot papers, on election night, at every polling place. In electorates that average more than 91,000 voters, small discrepancies in the vote count on election night will not, except in very close seats, impact the election night predictions to a significant extent. The AEC's record in accurately predicting the make-up of the new Parliament on election night supports its approach in this regard.*

## 4. Transport of Completed Ballot Papers by Polling Place Officials

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*This chapter examines the instructions issued by the AEC to polling place officials when they are transporting completed ballot papers in the context of risks previously identified in relation to this activity. The approaches taken by Divisions in the ANAO audit sample to address the practical ballot paper transport challenges presented by remote polling places are also examined.*

### Background

**4.1** For the 30 polling places for the 2013 Election sampled as part of this ANAO follow-up audit, completed ballot papers were predominantly moved by polling place officials from the polling place to the location being used for the fresh scrutiny. There were only three polling places, each remote locations in the NSW Division of Farrer, where this transportation task was undertaken by a contractor. For the remaining 27 sampled polling places across the other nine sampled Divisions, the polling place OIC or relevant PPLO was responsible for the transport of the completed ballot papers to the fresh scrutiny premises.

**4.2** Against this background, ANAO examined the guidance and support provided by the AEC to polling place officials when undertaking the transport of completed ballot papers.

### Use of private vehicles

**4.3** In relation to the transport of completed ballot papers from polling places to the location being used in the Division for the fresh scrutiny, ANAO Audit Report No. 28 2009–10 observed that the most common approach was for the election material, including ballot papers, to be placed in the boot of the OIC's car. Similarly, the Keelty report observed that:

The process followed in WA was very similar to the practices followed elsewhere. Practical decisions were made regarding the transport of ballot papers in remote areas where staff collect and store ballots in their own vehicles. Colleagues will collect quantities of ballot papers to ensure that the ballots are at the Divisional Office in reasonable time for the second count. It is a system that simply would not work without the support of the temporary

staff to supplement the efforts of permanent staff. Again, it is important to note also that the system is built upon a bedrock of 'trust'.

## AEC guidance

**4.4** The Election Procedures Handbook for PPLOs, OICs and 2ICs includes the following guidance in relation to the transport of election material:

When travelling, ballot papers and certified lists must always be inside the vehicle and out of sight. Never leave polling material in a vehicle overnight.

...You must ensure that your election material is securely transported to the Divisional Office or the designated centre for return of materials. If the material is to be returned by a courier, ensure that all your material is delivered to the courier.

If you are returning the material in person, you will be asked to wait at the delivery point while your material is checked in. **It is important that materials are transported securely, preferably in a locked boot.** [*Emphasis as per Handbook*]

**4.5** The Handbook also reminds polling place officials to follow the specific instructions issued by their DRO for the return of election material. Instructions issued by DROs examined by ANAO in relation to the sampled polling places were focused on the logistics involved in transportation of completed ballot papers. These instructions did not seek to introduce Division-specific security requirements, above and beyond the guidance issued by AEC National Office.

## Matters raised by pre-election risk assessments

**4.6** As outlined in the earlier ANAO audit report, the risk assessment commissioned by the AEC prior to the 2007 Election had recommended that two AEC employees should accompany ballot papers during transportation. The AEC identified that this recommendation had merit, but may not be practical as it would increase pay costs and posed an additional problem of two staff then having to be returned home rather than one. Subsequently, a decision was taken not to implement this recommendation.

**4.7** By way of comparison, two of the transportation contracts examined by ANAO as part of this follow-up audit required that two contractor employees accompany the movement of completed ballot papers (one contract related to the transport of completed ballot papers from Divisional scrutiny centres to the

relevant AEC warehouse and the other involved the transport of completed ballot papers from certain polling places to the Divisional scrutiny centre).

**4.8** Similarly, one of the recommendations made in the report of the vulnerability assessment (which was focussed on super booths used in Brisbane, Sydney and Melbourne) obtained by the AEC prior to the 2013 Election related to the transport of live ballot papers between polling places and counting facilities by polling place officials. It was recommended that:

- unnecessary stops should not be made;
- the vehicle should remain locked during transit;
- at least two AEC officers be involved in the transportation;
- live ballot papers should not be left unattended in vehicles; and
- all AEC officers involved should be able to communicate with the AEC and/or local police in the event of an on-road incident.

**4.9** The action recorded by the AEC as being taken to mitigate the identified risks was that 'the security of live ballot papers during transport has been identified in the Election Procedures Handbook and will be emphasised by the Superbooth Security Observer prior to removal of the ballots off site'. However, the Election Procedures Handbooks had been finalised prior to the AEC receiving the report of the vulnerability assessment. Accordingly, the Election Procedures Handbook for PPLOs, OICs and 2ICs did not address the specific matters recommended by the vulnerability assessment. Rather, they were limited to general statements concerning the importance of secure handling and transport of ballot papers (see paragraph 4.4).

**4.10** As noted at paragraph 1.18, ANAO's audit methodology included observing the conduct of the 2014 Western Australia Senate Election in relation to the counting, transport and storage of completed ballot papers at three polling places in the Division of Forrest. One of those polling places was also used as the central scrutiny centre for the Division. In this respect, ANAO observed that seven boxes of completed ballot papers from another polling place were transported by AEC temporary employees in the back of an uncovered utility, an approach that has been recognised as providing insufficient physical security when employed by contractors (see paragraphs 5.4 to 5.7).

## Relay arrangements for the transport of ballot papers

**4.11** Given the distances involved, there are practical difficulties faced by Divisions with rural and remote polling places in arranging for completed ballot papers to be transported through a single movement on polling night. In this context, an approach that was observed in each of the three sampled states involved the use of relay transport arrangements for the movement of completed ballot papers from polling places to the fresh scrutiny centres.

**4.12** For example, the Divisional Returning Office for the Victorian electorate of Gippsland (a rural electorate of more than 33 000 square kilometres) advised ANAO that:

Due to health, safety and welfare concerns we do not want our election OICs driving long distances at night after working election day. We therefore make arrangements to have vans at several designated locations, a large polling place, to reduce the distance required by the OIC to drive to deliver their election materials and ballot papers. These are vehicles we hire and they are driven by our casual election staff. For 2013, we had a collection in Traralgon, Lakes Entrance and Bairnsdale. Another driver came from Mallacoota to collect the furthest polling place ballot papers on the Sunday morning. These specific OICs are met by the area PPLOs and the van team. All polling place parcels are checked off, ensuring labels and packing are correct prior to the OIC leaving.

**4.13** The challenges involved with distance were also well demonstrated in respect to the advice provided to ANAO on the ballot paper storage and transport arrangements for the Wilcannia polling place in the NSW Division of Farrer. That rural electorate covers more than 247 000 square kilometres. The Wilcannia polling place is located more than 900 kilometres by road from the Divisional Office and fresh scrutiny centre in Albury, and some 600 kilometres in a straight line. ANAO was advised that the steps involved in storing and transporting ballot papers from the Wilcannia polling place to the Albury scrutiny centre were as follows:

Step 1 — Wilcannia OIC required to take ballot papers home on Polling Night for security purposes

Step 2 — Wilcannia OIC delivers ballot papers to contractor at Wilcannia airport on Sunday after Polling Day

Step 3 — Contractor delivers ballot papers to Broken Hill Airport



Step 4 — Contractor accepts ballot papers at Broken Hill Airport and delivers ballot papers by air to Albury Airport

Step 5 — Contractor accepts ballot papers at Albury Airport and delivers ballot papers to Scrutiny Centre in Albury

Step 6 — Scrutiny Centre staff accept ballot papers from contractor (Return of Material checklist completed)

**4.14** The WA Division of Pearce (which consists of the eastern region of outer metropolitan Perth and surrounding rural areas) similarly advised ANAO that it employed relay transport arrangements, as follows:

The OIC of the Beverley Polling Place drove their material to the OIC in York where custody was transferred. The OIC of York then drove to the polling place for York, Beverley and others to Northam.

The materials for Beverley, York, Northam and other polling places were consolidated and the PPLO for the area drove these materials to the Divisional Off site premises on Saturday night.

There are no documents of transfers of custody materials between each transfer.

**4.15** In this context, one of the findings of the Keilty report was that the number of movements of ballot papers and other election materials increased the risk of loss or damage, or the perception of loss, damage or tampering. However, as illustrated by the above examples, in some circumstances, Divisions find it necessary to employ relay transport arrangements for the physical movement of completed ballot papers. This situation, and effective management of the attendant risks, is not specifically addressed in the procedure manuals and handbooks, or training materials, issued by the AEC to Divisional Offices or polling place officials.

## **Keilty report recommendations**

**4.16** The Keilty report recognised that some individuals involved in the movement of ballot papers will not be ‘logistics professionals’. Accordingly, it was recommended that the AEC institute controls around the movement of ballot papers, including guidelines regarding transportation of ballot papers in private vehicles, as well as storage at non-AEC premises. This recommendation reinforces the recommendations made by the security risk



assessments commissioned by the AEC prior to the 2007 and 2013 Elections<sup>36</sup> concerning the transportation of ballot papers in the private vehicles of polling place officials.

**4.17** The Keelty report also recommended that the AEC:

- specifies and defines the role of employees (permanent and temporary) at every stage of ballot handling;
- once roles are specified, allocating them to individuals with instructions provided in writing; and
- review packaging policies, particularly in relation to the cardboard standard for boxes used in the transport and storage of ballot papers.

## Conclusion

**4.18** The procedure manuals, handbooks and training materials issued by the AEC for polling place officials include statements emphasising the importance of completed ballot papers being transported by those officials in a secure manner. However, the way this was to be achieved in the different circumstances faced by Divisions and polling place officials was not addressed at a national level by the AEC, notwithstanding concerns raised in pre-election risk assessments about security arrangements over the transport of completed ballot papers in private vehicles. This situation may now change given that the implementation of a number of the recommendations from the Keelty report will require the AEC to improve the physical security over the transportation of completed ballot papers by polling place officials in private vehicles.

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36 A risk assessment was also commissioned by the AEC prior to the 2010 Election, but it was not examined by ANAO in the context of this follow-up audit.

## 5. Contracting for the Transport of Ballot Papers

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*This chapter analyses the arrangements in place for the transport of ballot papers and other election material by contractors in the three states and 10 Divisions sampled by ANAO as part of this follow-up audit.*

### Introduction

**5.1** Transport contractors play an important role in the delivery of Federal Elections. This includes the transport of election materials such as cardboard and printed ballot papers prior to polling day. They may also play an important role in the transport of completed ballot papers from polling places to Divisional Offices/offsite fresh scrutiny premises, and from Divisional Offices/scrutiny premises to AEC warehouses. In addition, as occurred in respect to the 2013 WA Senate Election, transport contractors may transport completed ballot papers from warehouses to counting centres where a recount is undertaken.

**5.2** Through the Australian Government's Austender website that includes publication of information on contracts that have been entered into, the AEC reported 12 contracts as having been entered into after the 2010 Election and before the 2013 Election that involved the transportation of election materials. The total reported value of the contracts was \$4.17 million. The majority of the contracts (nine) involved three states (three contracts in each of NSW, Victoria and Queensland) with a single contract reported in relation to transportation of election materials in Western Australia and South Australia, and one contract reported for the collection and return of ballot papers and materials from overseas polling places. No election material transportation contracts were reported in relation to Tasmania or the Northern Territory.<sup>37</sup>

**5.3** Against this background, the ANAO:

- examined two reported instances related to the 2010 Election where transport contractors had not appropriately secured election materials;

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37 A contract entered into for the delivery of ballot papers to Divisional Offices, and collection of completed ballot papers and transportation to the relevant AEC warehouse involved NSW and ACT divisions.

- examined the extent to which contractors were used to transport completed ballot papers for the 2013 Election in the sampled Divisions and polling places;
- analysed the nature of the transport services that were contracted to be provided in relation to completed ballot papers; and
- assessed the extent and nature of any ballot paper security provisions included in contracts for the transport of ballot papers for the 2013 Election.

## Issues concerning the transport of polling material by contractors in the 2010 Election

**5.4** The AEC's submission to JSCEM's inquiry into the 2010 Election identified three instances of issues arising in relation to polling material after polling day. Two of these instances related to transport services provided by a contractor.<sup>38</sup> Specifically:

- in Darwin a box of pre-poll vote declaration forms were found to have fallen off the transport vehicle of a private contractor after this material was discovered on the roadside near Darwin Airport with over 730 forms recovered by the AEC but 'around' another 100 missing forms not recovered; and
- after it was reported to the AEC that an employee of the Perth Transit Authority had been collecting completed Senate ballot papers from the railway track which runs between Mitchell freeway lanes to the north of Perth city, the AEC recovered those ballot papers that had been collected and established that the situation arose after a box of WA Senate ballot papers had 'dropped off' an open utility in transit from the Moore Divisional Office to storage.

**5.5** The AEC's JSCEM submission outlined that the incident that occurred in Darwin involved a contractor breaching contractual requirements that included a requirement to use 'fully enclosed, locked and secured vehicles'.

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38 The third reported instance related to 115 House of Representatives ballot papers for the NSW Division of Macquarie that had 'gone missing' after they had been counted on polling night. The AEC advised JSCEM that, because the results could not be verified through the fresh scrutiny process, the polling night results were removed from the official results and that, as the final margin in the seat on a two party preferred basis was 2197, the missing ballot papers had no impact on the result.

**5.6** By way of comparison, the AEC's JSCEM submission in relation to the incident involving WA Senate ballot papers noted that the contract required the AEC material be kept secure during retrieval and transport but did not state that transport must be via covered vehicles, notwithstanding that the AEC had an 'expectation' that any vehicle used to carry AEC materials would be an enclosed truck or van.

**5.7** In an organisation with a focus on continuous improvement, it would be reasonable to expect that incidents of this nature would be drawn upon as signs (in addition to the 2007 security risk assessment and 2010 ANAO recommendation) of the need to improve contracting arrangements for the transport of completed ballot papers. However:

- steps were not taken to amend the WA transport contract to require that the contractor give effect to the AEC's 'expectation' that an open top truck not be used to transport completed ballot papers. As a result, the use of an open top truck to transport completed ballot papers in WA occurred again in the 2013 Election<sup>39</sup>; and
- more broadly, inconsistent practices in contractual arrangements for the transport of ballot papers remained evident for the 2013 Election (see paragraphs 5.30 to 5.41).

## **Extent to which contractors were used for the 2013 Election**

### **Transport of 'clean' ballot papers prior to polling day**

**5.8** Similar to the situation observed at the time of ANAO's audit of the 2007 Election, each of four state-wide transport contracts in ANAO's sample of three states involved the movement of printed ballot papers to Divisional Offices (either from the State Office or the printer). Distribution of printed ballot papers from Divisional Offices to polling places was undertaken at Divisional Office level by AEC employees. Typically this involved the OIC of each polling place collecting the printed ballot papers and other election material from the Divisional Office.

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<sup>39</sup> In this respect, the Keelty Report commented (at page 16) that 'the limited use of an open top truck had not impacted on the missing ballots as the pallet concerned was fully enshrouded in plastic and had additional strapping'.

## Transport of completed ballot papers

**5.9** Approaches to the transport of completed ballot papers from polling places to Divisional Offices/offsite fresh scrutiny centres, and from fresh scrutiny centres to AEC warehouses varied according to the approach considered the most appropriate at Divisional Office and/or State Office levels.

**5.10** In the rural NSW Division of Farrer, two contractors engaged by the Division were involved in the transport of completed ballot papers from remote polling places to the fresh scrutiny centre, and a state-wide contract was similarly relied upon for the transport of completed ballot papers to the AEC warehouse at Hume in the ACT. For the two sampled metropolitan NSW divisions, the transport of completed ballot papers from polling places to the fresh scrutiny premises was undertaken by the OIC of each polling place. The state-wide contractor was responsible for the later transport of the completed ballot papers for these two divisions to the Hume warehouse.

**5.11** In Western Australia, none of the sampled Divisions used transport contractors to move completed ballot papers from polling places to fresh scrutiny centres. Similar to the NSW approach, a contracted firm was involved in the transport of completed ballot papers from scrutiny centres to the AEC warehouse at Welshpool, with the Keelty report noting that AEC employees also played a role in the transport of some completed ballot papers to the warehouse.

**5.12** By way of comparison, transport contractors were not the preferred approach in Victoria. Specifically for the:

- rural Division of Gippsland, the approach that the Division has found to serve it well involves hiring a number of casual employees with relevant experience to return completed ballot papers to the warehouse in vehicles the Division hires for this particular purpose; and
- other two sampled divisions (Casey and Chisholm), in accordance with a State Office instruction, completed ballot papers (apart from informal House of Representatives ballot papers and declaration votes<sup>40</sup>) from the Ringwood scrutiny centre (which was used for these two and a further two Divisions) were transported to the AEC warehouse by AEC

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40 The one contractor that was used by these two Divisions involved a courier for the movement of declaration votes for the exchange process, but without a written contract being in place.

temporary employees engaged specifically for this task using an AEC-hired truck.

**5.13** A transport contractor was also not used in Victoria to move completed ballot papers to the AEC warehouse in that state.<sup>41</sup> In this respect, advice to ANAO from the Victorian State Office was that:

Victoria has found that it is more efficient and effective to use its resources (a hired 4-tonne truck, our own large delivery van, an experienced Warehouse Manager and a contracted team of experienced casuals) to transport completed ballot papers to central storage after the completion of counting within Divisional Offices and/or Scrutiny centres. By using these resources, rather than a contracted firm, we believe that we have control over the transport process involving sensitive material such as ballot papers. We have briefed the staff in relation to their roles and responsibilities, can provide daily supervision and oversight and in turn, these staff are fully accountable to the AEC, rather than an external employer. This approach has worked successfully for Victoria for many years.

**5.14** In implementing ANAO's earlier recommendation that it identify and assess options that would provide greater physical security over the transport and storage of completed ballot papers, there would have been benefits in the AEC, at a national level, examining the relative merits of potentially wider adoption of the approach that Victoria has found to be more efficient and effective in moving completed ballot papers from scrutiny centres to warehouses.

**5.15** The different approach adopted in Victoria (and, possibly, other states) to that adopted in WA also has implications for the AEC in responding to the findings and recommendations of the Keelty report. In particular, the Keelty report made a number of recommendations concerning the transport of completed ballot papers by contractors, but achieving a consistently high standard of ballot paper security will require different approaches to be taken when the transport of completed ballot papers is undertaken by AEC employees.

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41 A contract was in place for the provision of general courier services, including in relation to the collection and delivery of locked satchels, parcels, cartons and other AEC products and materials throughout Victoria on an ongoing basis.

## Procurement approach and signing of contracts

**5.16** As outlined in an ANAO performance audit of direct source procurement<sup>42</sup> (now referred to as a limited tender), procurement approaches that do not involve an open approach to the market are not conducive to open and effective competition and it is generally more difficult to demonstrate value for money. Procurement approaches other than an open approach to the market also inhibit the ability of agencies to identify innovative or improved approaches to the delivery of contracted services.

**5.17** Based on the AEC's Austender reporting, it was quite common for contracts involving the transportation of election materials to be let following a limited<sup>43</sup> tender (42 per cent of those reported). It was also relatively common for the contracts to be amended, including extending the provision of transportation over a longer period of time.

**5.18** For example, the firm contracted to provide courier and freight services in WA (including the delivery of general election materials and ballot papers, and the retrieval of general election materials) was procured through a tender released on 13 November 2009. The tender evaluation report was approved by the then Deputy Electoral Commissioner on 8 January 2010, but a contract was not signed until 27 July 2010, less than one month prior to polling day. The term of the contract was three years, with an option to extend for a further three year period, but this could be further extended for an additional period of up to 12 months.

**5.19** The Keelty report observed that the contract for transport services had 'technically expired', and that options to extend the contract beyond its expiry date 'had been enacted without any formal correspondence between the parties'. In March 2014, the AEC advised ANAO that it was finalising a deed of variation to the contract and that:

At this point, *[the contractor]* need to attach their Risk Management Plan otherwise the parties have agreed to the terms in the Deed of Variation. It is reasonable to expect the Deed of Variation will be signed prior to the WA polling day.

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42 ANAO Audit Report No. 11 2010–11, *Direct Source Procurement*, 30 September 2010.

43 For those contracts examined by ANAO for the sampled states and divisions, contracts let through a limited tender involved one potential supplier being approached (who had provided the transportation service at the prior election).



**5.20** The deed of variation to the WA transport contract was signed by the contractor on 2 April 2014 and by the AEC on 4 April 2014 (the day before polling day). It stated that the effective date of the variation was 28 February 2014.

**5.21** Other examples of delays with finalising transportation contracts were evident in relation to Victoria, as follows:

- the printing and delivery of Senate ballot papers to Victorian Divisional Offices and the AEC store. This contract was originally entered into for the 2010 Election but was not signed (by the AEC's then acting First Assistant Commissioner) on 15 October 2010, nearly two months after polling day, although the contract stated that it commenced on 21 June 2010. The initial term was to expire on 30 December 2011, but the AEC had an option to extend the contract for a period that included the next Federal Election to occur after 2011. On 5 August 2011, the AEC wrote to the contractor advising that it was exercising its option to extend the contract until 31 December 2015, taking the reported value of the contract from \$300 000 to \$658 000;
- the printing and delivery of House of Representatives ballot papers to Victorian Divisional Offices and the AEC store. The contract was signed (by the AEC's then acting First Assistant Commissioner) on 3 December 2010, more than three months after polling day, with a commencement date of 21 June 2010. The AEC has reported that the contract end date was later extended from 30 December 2011 to 31 December 2015 and the value increased from \$550 000 to \$1.147 million; and
- on 29 August 2012, a contract for secure courier services in Victoria was entered into, with this contractor used for the delivery of ballot papers from the AEC store to Victorian Divisions for early voting. The contract had a term of three years, with a one year extension option. A deed of variation was signed by the AEC on 18 November 2013 (over two months after the 7 September 2013 Election) to vary the fees payable, with this variation taking effect from 2 September 2013 (the value of this contract reported by the AEC remained at \$245 300).

**5.22** Similarly, there was also a delay in finalising contractual arrangements for the transport in NSW of bulk ballot papers from the printer to Divisional Office sites and collection of completed ballot papers from Divisions and



transport to the AEC warehouse. The tender for this contract was issued on 13 November 2012, and the successful tender was lodged on 10 December 2012 but the contract was not signed until 16 August 2013. The contract commenced on the date it was signed, which was some three weeks prior to the 2013 Federal Election polling day, although the contract required the contractor to start providing services before that date.<sup>44</sup>

## Scope of contracted services

**5.23** None of the four state-wide transport contracts examined in this ANAO follow-up audit covered the transport of completed ballot papers from polling places to Divisional Offices or fresh scrutiny premises. Arrangements for this transport task involved either Divisional-level transport contractors or AEC temporary employees (mainly polling place OICs).

**5.24** As noted at paragraph 5.13, contractors are also not used in Victoria to transport completed ballot papers from scrutiny centres to the AEC warehouse. By way of comparison, a different approach was evident in NSW and WA.

**5.25** In respect to NSW, the state-wide transport contract required that, 'several weeks' after the election, the contractor was to collect completed ballot papers from the 30 Divisional Offices and the NSW Alexandria Store and securely freight them to the AEC's warehouse in Hume, ACT. The locations of the Divisional Offices and Alexandria Store were specified in the contract. The contract also outlined particular requirements to be adhered to when transporting completed ballot papers, including in relation to:

- separately palletising ballot papers collected from separate Divisional sites; and
- the use of shrink-wrapping or a similar secure packing method when securing ballot paper cartons on pallets.

**5.26** The Keelty report outlined that the WA State Office had used a contracted firm to transport completed ballot papers to the Welshpool

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<sup>44</sup> The contract stated that it was 'time critical' that the contractor deliver empty standard size pallets to the AEC's printing contractor ready for the delivery of ballot papers during the 10 day period following the announcement of the election (which occurred on 4 August 2013).

warehouse. In respect to the transport of completed ballot papers by this firm, the AEC advised ANAO in March 2014 that the contractor was:

used to transport completed ballot papers with two exceptions. Firstly, in the Division of Pearce where this was transported partially by a *[contracted firm]* driver and partially by the AEC Materials Planning Officer. Secondly, Cowan was returned by AEC Materials Planning Officer and an AEC Officer. There were no other firms involved.

**5.27** However, the contracted services did not cover the transport of completed ballot papers from Divisional Offices and fresh scrutiny centres to the Welshpool warehouse.<sup>45</sup> Rather, the contracted services involved the delivery of:

- general election materials (including cardboard equipment);
- ballot papers, candidate and group voting ticket booklets;
- certified lists ;
- priority election postal vote applications; and
- ad-hoc services, as required.

**5.28** The WA contract also provided for the collection of general election materials (not including completed ballot papers) starting on the Monday after polling day to be completed by the Friday of that week. In addition, the contractor was to provide ongoing storage of general election materials comprising voting screens, ballot boxes, litter bins, tables and queuing packs.

**5.29** As noted at paragraphs 5.19 and 5.20, a deed of variation to this contract was finalised on 4 April 2014, with an effective date of 28 February 2014. The terms of the deed of variation mean that the contract explicitly covers the transportation of completed ballot papers.

## Security provisions in contracts

**5.30** Each of the four transport contracts entered into for state-wide transport of election material examined by ANAO included a number of ballot

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<sup>45</sup> The only service specified in the contract that related to completed ballot papers was for the delivery of declaration votes from Declaration Exchange sites within the Perth metropolitan area to interstate capital city locations.

paper security requirements. Three of these contracts<sup>46</sup> had been signed off at a senior level by AEC National Office within a four month period in late 2010 but there was no consistent approach evident to addressing the secure transport of completed ballot papers. For example:

- two of the three contracts required that a consignment tracking system be used, but the third was silent on this matter;
- only one contract explicitly required that the ballot papers or the vehicles being used not be left unattended at any time;
- only one contract required that the vehicles used be fully enclosed, notwithstanding previous AEC advice to JSCEM that there was an expectation that contractors use fully enclosed vehicles (see paragraph 5.6).

**5.31** This situation highlights a missed opportunity for the AEC to have taken early steps to implement the ANAO recommendation that it improve the secure transport of ballot papers by developing a consistent approach to the security requirements to be included in transport contracts.

**5.32** By way of comparison, the contract for state-wide transport services that was signed off at NSW State Office level adopted a more robust approach to ballot paper security than those signed off by the AEC National Office for Victoria and WA. In particular, the contract referred to the Australian Government's Protective Security Policy Framework, included a general requirement for secure freight services as well as a further nine specific security clauses covering matters such as:

- neither the vehicles nor the ballot papers being left unattended;
- the use of a consignment tracking system;
- fully enclosed vehicles to be used; and
- no mixed loads of AEC materials being combined with loads from other clients.

**5.33** However, the more robust approach to security reflected in the state-wide contract that covered the transport of completed ballot papers in

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46 With current contract value ranging from \$413 600 to \$1.147 million, covering services over periods from June or July 2010 through to either December 2015 or July 2016.

NSW from Divisional Offices to the Hume warehouse was not supported by similarly robust contracts within the NSW Division of Farrer. Specifically:

- neither of the two contracts was signed by the AEC, and one of the contracts was also not signed by the contractor; and
- one contract did not include any clauses specific to ballot paper security. The other contract included only two such clauses –requiring fully enclosed trucks to be used and a driver plus escort for each truck that was used.

**5.34** In addition, while a courier was used to transport declaration votes in respect to the Victorian Divisions of Casey and Chisholm, no written contract was in place.

**5.35** In this context, it would have been consistent with ANAO's earlier recommendation, and reflective of a stronger organisational emphasis on continuous improvement, for the AEC to have developed a standard or proforma contract to be employed when contracting for the secure movement of completed ballot papers and other election material.

**5.36** The Deed of Variation to the WA transport contract requires the contractor to maintain all election materials (including completed ballot papers) under strict security at all times whilst they are in the contractor's control. It further provides that, amongst other things, this security requires the use of:

- heavy duty plastic wrapping on pallets prior to the contractor taking possession of the material for freight purposes;
- lockable pallet cages, which allow personnel to use wire cable ties to secure the cage (see Figure 5.1);
- fully enclosed, locked and secured vehicles; and
- secure areas in the contractor's transport depots which can store and monitor via CCTV the lockable pallet cages at all times.

**5.37** These specific security provisions included are similar to some of those included in the ballot paper transport contract for NSW (see paragraph 5.32). Other matters explicitly addressed in the NSW contract that were not included in the Deed of Variation for the WA transport contract were requirements that

- ballot papers not be left unattended at any time;

- trucks used be solely for AEC purposes (no mixed loads);
- ballot papers for different divisions must be on different pallets;
- there be a driver plus escort (2 persons) for each load; and
- vehicles are not to be left unattended.

**5.38** A copy of the Deed of Variation that had been provided by the AEC to the contractor was provided to ANAO on 26 March 2014 and, on this same day, ANAO drew to the AEC's attention that there were ballot paper security requirements in the NSW contract that had not been included in the Deed of Variation for the WA contract. The Deed of Variation was signed by the contractor one week later and the AEC nine days later without any changes being made.

**Figure 5.1: Ballot paper boxes in pallet cages**



Source: ANAO polling place observation, 5 April 2014.

### *Tracking of consignments*

**5.39** One matter raised by the Keelty report was that the contracted transport supplier offered the WA AEC office the opportunity to use their tracking system for boxes of ballots but that the offer was not taken up such that the transport contractor's tracking system for parcels was not implemented. This was described in the Keelty report as 'a significant lost opportunity to improve the accountability of those systems that were eventually used for the 2013 WA election.' The Deed of Variation to the WA transport contract signed the day before the 5 April 2014 WA Senate Election (see paragraphs 5.19 and 5.20) requires the contractor to ensure that the AEC is able to track the entire progress of freight using the contractor's tracking system.

**5.40** Another matter raised by the Keelty report in relation to the movement of completed ballot papers by contractors was that:

Consignment notes identified during this inquiry rarely went to any level of detail such as the number of boxes in a consignment. Instead, the majority of consignment notes simply accounted for pallet loads and the number of pallets.

**5.41** Similarly, consignment notes provided to ANAO in respect to the sampled Divisions accounted for completed ballot papers in terms of the number of pallets. In respect to the Division of Farrer, the documentation provided to ANAO regarding the movement of completed ballot papers by the contractors did not include any consignment notes or similar records. Indeed, the contractual arrangements adopted by the AEC in the Division of Farrer did not require that either the road transport contractor or the air transport contractor use a consignment tracking system. The only record made of transport of the relevant ballot papers was an internal form (referred to as an EF028) relating to OICs recording the return of election material (discussed at paragraphs 3.41 to 3.43 and illustrated in Figure 5.2).

**5.42** The Deed of Variation to the WA transport contract (see paragraphs 5.19 and 5.20) did not specify that the tracking of ballot papers was to occur at the ballot paper box, rather than pallet level. This matter was raised with the AEC by ANAO on 26 March 2014 (see paragraph 5.38) and, in this respect, the AEC advised ANAO in April 2014 that:

All ballot papers being transported by [*the contractor*] will, as a minimum, be tracked at the box level (whether transported in tamper-evident cardboard

boxes or ballot boxes). All ballot papers being moved via *[the contractor]* must only be transported if a consignment note is attached.


In the case of ballot papers moving from the printer to the AEC site, each box is labelled with address information and consignment note details (bar coded). These boxes are placed in cages which are also linked to the consignment. Despatch locations are not mixed within the cage. In addition to the *[contractor]* consignment process the AEC use an EF124(a) form to track box quantities at each stage of the process (printer to courier to AEC address).

Prior to polling day where OICs do not collect their ballot papers from the divisional site, *[the contractor]* is used to move the ballot papers. All boxes must have a consignment note and all boxes are labelled using an AEC label designed to identify the polling place and the number of packages. This labelling is in addition to the *[contractor]* consignment labelling.

In the case of return of materials the AEC labels the outside of the box to identify the contents. For senate ballot papers the AEC labelling will identify the parcels that are inside the box it will also identify the number of packages. Again all consignments are tracked at the box level.



**Figure 5.2: Wilcannia polling place return of election materials**



**AEC**  
Australian Electoral Commission

Polling Place Name / Other  
*Wilcannia*

OIC's name	Time returned
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## RECORD OF RETURN OF MATERIAL

*Complete 'INITIAL CHECK' as material is received.*

INITIAL CHECK		REMARKS
Parcel - Label No. 1	<input checked="" type="checkbox"/> ADMINISTRATION RECORDS - OIC Return (Signed)	DROs are to be advised of missing parcels immediately
Parcel - Label No. 2	<input checked="" type="checkbox"/> DECLARATION VOTES	
Parcel - Label No. 3	<input checked="" type="checkbox"/> ENROLMENT FORMS	
Parcel - Label No. 4	<input checked="" type="checkbox"/> CERTIFIED LISTS	
Parcel - Label No. 5	<input checked="" type="checkbox"/> HOUSE OF REPRESENTATIVES – Ballot Papers	
Parcel - Label No. 6A	<input checked="" type="checkbox"/> SENATE – Formal & Informal Ballot Papers	
Parcel - Label No. 6B	<input checked="" type="checkbox"/> SENATE – Unused, Spoilt & Discarded Ballot Papers	
Parcel - Label No. 7	<input type="checkbox"/> REFERENDUM – Ballot Papers	
Parcel - Label No. 8	<input checked="" type="checkbox"/> MATERIALS – Unused and Reusable	

SUBSEQUENT DETAILED CHECK		REMARKS
Label No. 1	<input type="checkbox"/> OIC Return - Signed <input type="checkbox"/> Polling Place Attendance Record (YPAR) - Signed <input type="checkbox"/> Accounts for expenses Incurred by OIC (if any) - Signed	
Label No. 2	<input type="checkbox"/> Completed Absent and Provisional Vote Envelopes (EF012) <input type="checkbox"/> Declaration Folder(s) containing counterfoils <input type="checkbox"/> Completed Postal Vote Certificates (EF049) <input type="checkbox"/> Cancelled Postal Vote Certificates (EF049)	
Label No. 3	<input type="checkbox"/> Elector Information Reports (EF016) <input type="checkbox"/> Envelope Containing Completed Enrolment Forms (EF093) <input type="checkbox"/> Completed Scrutineer Appointment Forms (EF107)	
Label No. 4	<input type="checkbox"/> Certified Lists <input type="checkbox"/> Reference Rolls (if issued)	
Label No. 5 (Do not open)	<input type="checkbox"/> House of Representatives ballot papers (formal, informal, unused, spoilt & discarded, and ballot paper stubs)	
Label No. 6A (Do not open)	<input type="checkbox"/> Senate ballot papers (formal ATL, formal BTL, informal)	
Label No. 6B (Do not open)	<input type="checkbox"/> Senate ballot papers (unused, spoilt and discarded)	
Label No. 7 (Do not open)	<input type="checkbox"/> Referendum ballot papers (formal, informal, spoilt, discarded and unused)	
Label No. 8	<input type="checkbox"/> Handbook, OIC/ZIC/PPLO <input type="checkbox"/> Division Finders <input type="checkbox"/> List of Candidates <input type="checkbox"/> Unused envelopes <input type="checkbox"/> Unused enrolment forms (ER016) <input type="checkbox"/> Polling Official & Scrutineer badges <input type="checkbox"/> Pens <input type="checkbox"/> Signs and posters (including yellow caution signs) <input type="checkbox"/> Unused security seals <input type="checkbox"/> All other polling place forms and equipment, mobile phone, keys	

EF028 -- 06/2011

Source: ANAO analysis of AEC records for a sampled polling place.

ANAO Audit Report No.31 2013–14

The Australian Electoral Commission's Storage and Transport of Completed Ballot Papers at the September 2013 Federal General Election



## Conclusion

**5.43** The actions taken by the AEC to implement ANAO's April 2010 recommendation that it identify and assess options to improve the physical security over the storage and transport of completed ballot papers did not address the use of contractors to move election material. This remained the case after the August 2010 Federal Election, notwithstanding that two incidents arose during that election in relation to insufficient security over the transport of polling material by contractors. In an organisation with a stronger emphasis on continuous improvement, it would be reasonable to expect that incidents of this nature would be drawn upon as signs (in addition to the 2007 security risk assessment and 2010 ANAO recommendation) of the need to improve contracting arrangements for the transport of completed ballot papers, but this did not occur.

**5.44** There are significant variations in practice across the AEC in relation to the use of contractors to transport ballot papers and other election material. In this context, the AEC has not:

- examined, at a national level, the experiences of different states and divisions so as to identify whether there are particular ballot paper transportation approaches that should be preferred, and in what circumstances. For example, in Victoria it is considered more efficient and effective to have completed ballot papers moved to long-term storage by AEC employees in vehicles hired by the AEC, whereas contractors play a significant role in this work in both NSW and WA; and
- promoted a consistent, high standard of contracting for the transportation of election materials. In particular, existing arrangements do not ensure that:
  - where possible, open approaches to the market are adopted in procuring transport contractors;
  - written contracts are signed in advance of contractors commencing work;

- contracts address the full scope of transportation services that are to be provided; and
- contracts include appropriate provisions promoting secure handling and movement of election material.

## Recommendation No.2

**5.45** To promote a consistent, high standard approach to contracting for the transport of ballot papers and other election material, ANAO recommends that the AEC:

- investigates, at a national level, the extent to which transport contractors are used in each State and Territory, and the relative merits of the different approaches, so as to provide guidance to State and Divisional Offices on the circumstances in which the use of contractors is to be preferred as well as those where AEC employees are considered better placed to perform this work; and
- develops a stronger contracting framework that promotes open and effective competition in the procurement approach, written contracts being in place prior to contractors providing services and the terms of each written contract including the full scope of services to be provided as well as appropriate security requirements for ballot papers and other election material.

### AEC response:

**5.46** Part (a): *Agreed. The establishment of the National Contracts and Procurement Unit in 2012 and more recently the implementation of the recommendations contained in the 2013 Keelty report will be further enhanced in line with the ANAO recommendation. A national contracts register is now in place and has been designed to form a component of election-ready reporting. The contracts register covers AEC election and non-election responsibilities more comprehensively than those only impacting on ballot paper transport arrangements. More national visibility, control, and standardisation, of state and division-specific local arrangements is required, including guidance about the circumstances in which contractors should be used (as this recommendation indicates). This will be built into the election-ready assurance program. As part of the Keelty implementation project, a logistics provider was engaged to observe processes relating to the movement of ballot papers at the WA Senate election in 2014*

*with a view to assisting the AEC with the development of a Request for Tender to the AEC to engage specialist services at future events.*

**5.47** Part (b): *Agreed. The AEC complies with Commonwealth purchasing guidelines and has developed standard-form contracts for a number of service provider requirements. Although the standard-form contracts provide the AEC's preferred contract conditions, in negotiations with successful tenderers it is inevitable that some delays may be experienced while detailed contractual requirements are understood and agreed: it is also inevitable that some, approved, variations to suit local circumstances will be agreed for individual contracts. However, as indicated in the AEC's response to ANAO Recommendation 2(a) above, more national visibility, control, and standardisation, of state and division-specific local arrangements is required.*

## 6. Storage of Completed Ballot Papers on Polling Night

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*This chapter assesses the arrangements employed for the storage of completed ballot papers on polling night (7 September 2013) in relation to the polling places sampled by ANAO as part of this follow-up audit.*

### Introduction

**6.1** The first count of completed ballot papers, undertaken at polling places, is often completed quite late on election-night. Depending upon the time at which the first counts are completed, and other considerations such as the distance from the polling place to the location that is to be used for the fresh scrutiny counts, completed ballot papers may be stored on election-night at the:

- premises that will be used by the AEC for scrutiny or vote sorting purposes (which could have earlier in the day have been used as a polling place); or
- private accommodation (such as that of polling place officials).

**6.2** Against this background, ANAO examined the security arrangements for the polling night storage of completed ballot papers for the sampled polling places.

### Storage at scrutiny centres and overnight sorting centres

**6.3** The AEC's scrutiny policy outlines that DROs are responsible for determining when and where a scrutiny will be conducted, as well as for deciding on the number and types of scrutines to be conducted. In addition, the Election Procedures Manual for Divisional Offices outlines that, in preparing for an election, the DRO needs to consider whether the Divisional Office premises is a suitable venue for a range of election tasks including conducting pre-poll voting and the fresh scrutiny of ballot papers.

## **Election 2007 security risk assessment**

**6.4** The 2007 risk assessment referenced in ANAO Audit Report No. 28 2009–10 stated that:

After the initial count at some polling locations and prior to transportation, ballot papers are stored overnight in a variety of locations including private residences and at the polling locations themselves. Standardising a more secure storage solution in these cases may reduce the risk of loss and or compromise of ballot papers. It is recommended that the AEC investigate the feasibility of storing ballot papers at the business premises of other organisations which may provide a higher level of physical security. Locations could include police stations or postal offices.

**6.5** In responding to this recommendation, the AEC observed that:

- most polling place officials generally arrange some sort of secure storage for their live ballot material but that the location of many polling places meant that a higher level of secure storage is not, or may not, be available. In these cases, the AEC observed that the OIC is advised to keep their live ballot papers with them at all times;
- each location would have to be individually assessed to determine vulnerabilities/risk before the security risk advisor could provide any further advice; and
- in the absence of an appropriate storage facility, a local Police station was the AEC's preferred option to temporarily house live electoral material, and that this advice formed part of the AEC's 2007 Election security plan as well as being included in a minute sent to the seven state and territory Australian Electoral Officers.

**6.6** In response to the recommendations of the 2007 security risk assessment, guidance was promulgated by AEC National Office prior to that election to the States and Territories in relation to the storage of completed ballot papers at pre-poll and outposted scrutiny centres. The guidance was that any buildings that only have one level of protective security should not be used to store or hold any 'live' electoral material. Rather, buildings used to store or hold completed ballot papers should have a minimum of two levels of protective security/access control, involving locked perimeter doors and at least one of the following:

- back to base security monitoring (fire and/or intruder);

- locked internal storage room/secure office;
- papers stored above the ground floor in a building that has access control and no night access by the general public; and
- lockable storage cupboards/containers.

**6.7** For the 2013 Election, these standards were not incorporated into the AEC's pre-poll voting centre policy or the scrutiny policy. Rather:

- the AEC's scrutiny policy stated that each DRO was to make arrangements to hire 'suitable' premises (if required), but did not establish any minimum standards or provide any guidance as to the characteristics scrutiny premises must exhibit to have been considered 'suitable' from a ballot paper security perspective; and
- the pre-poll voting centre policy stated that DROs needed to establish whether the premises had 'suitable secure storage', sealed ballot boxes were to be secured overnight and, if there was no access to a secure lockable cabinet or similar 'secure storage overnight' for the ballot boxes and ballot papers, they were to be taken to and from 'secure overnight storage' each day.

**6.8** In turn, the Election Procedures Manual for Divisional Offices included guidance on the stationery items needed for scrutiny purposes, the number of scrutiny staff required and the training and briefing of those staff. Guidance was also provided in relation to the secure management of ballot papers, including:

- polling place ballot paper parcels should be stored in a secured area declared as 'out of bounds' to all but the scrutiny supervisor and the DRO;
- whenever ballot papers are transported they must be in ballot boxes and sealed with serial numbers recorded;
- all ballot paper parcels are to be recorded and accounted for continuously; and
- the minimum standard for overnight storage was a secure locked room.

**6.9** The section of the Manual relating to polling weekend activities similarly advised that DROs 'must ensure that all used and unused ballot

papers are placed under security either by storage in security rooms/cabinets or other security arrangements as approved by the State Manager’.

**6.10** No section of the Manual reflected the approach decided upon in response to the 2007 risk assessment (see paragraph 6.6) that pre-poll and outposted scrutiny centres should have a minimum of two levels of protective security/access control. This situation indicates a lack of follow-through by the AEC in embedding improvements to ballot paper security that had previously been identified as necessary and appropriate.

### **Election 2013 vulnerability assessment**

**6.11** A further security assessment was commissioned by the AEC prior to the 2010 and 2013 Elections. The assessment for the 2013 Election comprised:

- a visit and detailed assessment of the Brisbane Super Booth<sup>47</sup> with recommendations on how to address the identified vulnerabilities at that site and at the other super booths in Sydney and Melbourne; and
- some generic functional recommendations in areas such as the physical security of AEC offices, and transportation and storage of live ballot papers.

**6.12** The 2013 assessment was commissioned on 8 July 2013 with a report provided to the AEC on 4 September 2013, three days before polling day. In this context, for three of the recommendations, the AEC commented that it was not practical at the late stage of election planning to take each of the recommended actions.<sup>48</sup> This situation indicates that the assessment was

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47 The term ‘Super Booth’ refers to the situation where a number of normal polling booths for different Divisions are located in the one polling place.

48 In March 2014, the AEC advised ANAO in respect of two of these recommendations that: ‘It is recognised that the commentary stated that it was impractical to implement due to the late stage of the planning. This is an error in editing the report. The comment should reflect the broader reason for not implementing the recommendations which is that the recommendation is impractical due to prohibitive cost and significant disruption to the public. An election with such an obvious security presence would not be appropriate within the Australian cultural setting or in alignment with the expectations of the public’. In relation to the third such recommendation, the AEC advised ANAO in March 2014 that it ‘seriously considered’ the recommendation but that, ‘given the timing of it and associated logistic/co-ordination issues it was not fully implemented as suggested’ but other actions were instead taken.

commissioned too late in the election preparation cycle to be of full value to the AEC.<sup>49</sup> In this respect, in March 2014 the AEC advised ANAO that:

- this is not a service that can be readily sourced from various providers;
- consultations with the provider started on 6 November 2012 with the necessary AEC financial authorisations to facilitate the engagement obtained on 26 February 2013 and 19 March 2013;
- the timing of the assessment was dependent upon the actual date of the election and security environment at the time and the provider could not commit resources to developing a product based upon 'speculations and assumptions' but, rather, the actual threat environment needed to be established to 'ensure appropriate mitigation strategies were put in place';
- after a 'relatively prolonged' negotiation process the revised terms of reference were agreed upon and accepted on 28 August 2013. While the negotiations were going on the AEC continued to liaise with the assigned officer and conducted the Brisbane Super Booth assessment;
- a draft report and ongoing advice was provided up until the delivery of the final product.

**6.13** The report provided to the AEC included:

protective security advice and recommendations to treat vulnerabilities in the existing protective security arrangements for a nominated super booth polling place in Brisbane.

**6.14** It also provided:

functional security advice ... for the transportation of, and facilities that produce and store, live ballot papers for the 2013 Federal Election.

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49 The record of the AEC's consideration of the vulnerability assessment did not include a record that the Commissioner had approved of the recommendations put to him. In this respect, in March 2014, the AEC advised ANAO that the Minute was received and registered at the time and that the current Acting Electoral Commissioner and Acting Deputy Electoral Commissioner both recall the Minute being discussed at an Executive meeting and the recommendations being supported.



**6.15** In respect to the overnight storage of ballot papers, it was recommended that the AEC ensure that venues meet the security zone and storage requirements outlined in the *Australian Government Protective Security Policy Framework*, and that the following issues also be considered:

- access control to the area (such as keys);
- security of keys (storage, number of copies and who can access them);
- clearance and vetting of contracted security officers;
- overnight response arrangements to security alarms and incidents; and
- procedures for the transfer of custody of live ballot papers to AEC staff on collection (including identification checks by the security officer).

**6.16** The AEC's response to this recommendation focused on ballot paper security arrangements at the super booth locations whereas a stronger emphasis on continuous improvement should have led the organisation to consider the wider applicability of these matters. In this respect, more than 35 000 ordinary House of Representatives and Senate votes were taken at the three super booth locations. However, considerably greater numbers of completed ballot papers were stored at offsite scrutiny centres for those Divisions in the audit sample. For example, the number of ordinary votes received at polling places for subsequent transport to the scrutiny centre was<sup>50</sup>:

- more than 69 000 House of Representatives in the WA Division of Pearce;
- in the WA Division of Perth, more than 66 000 House of Representatives votes, and these ballot papers were stored at the same location as five other Perth metropolitan divisions (see paragraph 6.28); and
- more than 310 000 House of Representatives votes across the four divisions making up the Haymarket Larger Work Unit (Grayndler, Sydney, Kingsford Smith and Wentworth).

**6.17** However, as the assessment was provided to the AEC only three days prior to polling day, there was no opportunity to reflect the recommendation relating to overnight storage of ballot papers in the relevant AEC election policy

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50 These figures exclude absent, pre-poll, postal and provisional votes.

documents or the Election Procedures Manual for Divisional Offices, or for Divisional Offices to otherwise take action to implement the recommendation. In this context, one of the findings of the Keelty report was that:

There was inadequate segregation of used ballots, unused ballots, non-election material and rubbish at various stages in the process (in particular at the recount centre and Pearce Fresh Scrutiny Centre).

**6.18** The Keelty report recommended that the AEC:

- Institutes a concept of 'ballot secure zones' at all premises where 'live' ballot papers are handled or stored (including fresh scrutiny centres and non-AEC premises).
- Ensures all ballot secure zones are cleared before the arrival of 'live' ballot papers, and that they remain secured and 'sterile' at all times when ballots are present.

## **Practices adopted for the 2013 Election**

**6.19** The most common approach for polling night storage of ballot papers for the 30 polling places in the audit sample involved premises secured specifically for the purposes of the fresh scrutiny. Such centres were used to store votes from 20 of the sampled polling places (67 per cent), involving nine of the 10 sampled Divisions across each of the three sampled states.

**6.20** In addition, ANAO was advised that all OICs in the Victorian Division of Chisholm (including those for the three polling places in the ANAO sample) transported their completed ballot papers to an AEC overnight ballot paper sorting team<sup>51</sup> (meaning the papers were not left unattended), who were using the premises of one of the polling places in the Division (the Tally Ho polling place). The relevant polling place used had been the subject of a polling place inspection sometime in 2012<sup>52</sup> and had been assessed as having an operational security keypad system and as suitable for scrutiny purposes with adequate security. The ballot papers were transported the next day to the central scrutiny centre for the Ringwood Larger Work Unit.

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51 The Election Procedures Manual for Divisional Offices advises that 'consideration should be given to the use of an overnight sort team if materials are returned on polling night to perform all or part of the detailed check of materials. By completing this process on polling night it provides an excellent platform to commence declaration exchange and scrutiny tasks scheduled for Sunday.'

52 The inspection report provided to ANAO by the AEC was unsigned and undated but was a 2012 form.

**6.21** Reflecting the absence of prescribed national minimum standards for security at premises used for the storage of ballot papers, different levels of security were implemented in the divisions sampled by ANAO. For example, the NSW Divisions of Grayndler and Sydney outlined to ANAO that a series of security measures were in place at the offsite scrutiny centre used by the Haymarket Larger Work Unit, as follows:

Completed ballot papers were stored at outsourced/fresh scrutiny centre, which was a secured warehouse. Additional security measures were taken by the AEC at the centre; all locks were changed, walls were built to further secure tenancy and a back to base alarm system installed.

**6.22** Offsite scrutiny premises were also used in each of the four WA Divisions sampled by ANAO. One of these premises (the Old Silo Markets building) had been used as the Bunbury Central polling place within the Division of Forrest. This polling place (see Figure 6.1) had been the subject of a polling place inspection sometime in 2012.<sup>53</sup> While this inspection identified that the polling place had adequate security for scrutiny purposes (when the premises would be occupied for the purposes of the scrutiny) it also identified that the premises did not have an operational security keypad system (for use when the premises were not occupied).<sup>54</sup>

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53 Again, the inspection report provided to ANAO by the AEC was unsigned and undated but was a 2012 form.

54 By way of comparison, instructions issued to OICs in the Victorian Division of Gippsland was to 'NEVER leave ballot papers overnight in the polling place' (emphasis as per instructions).

**Figure 6.1: Bunbury Central polling place: voting area showing exit door**



Source: AEC.

**6.23** In response to an ANAO request for reports of the inspection of the scrutiny premises used by the other three sampled WA divisions premises, the AEC advised ANAO that:

Inspection reports are done for polling places not offsite premises. Risk assessment for this premise is provided instead.

**6.24** In this context, the AEC has a polling place inspection program, with AEC records evidencing that 28 of the 30 polling places sampled by ANAO had been physically inspected either in 2012 or 2013. The national form to be used to record polling place inspections includes a small number of questions related to physical security, typically relating to whether:

- there is an operational security keypad system;
- the premises are suitable to be used for scrutiny purposes and provide adequate security; and
- for pre-poll voting centres, whether the premises provides for secure storage of ballot materials.

**6.25** By way of comparison, the risk assessments provided to ANAO in respect to the offsite scrutiny premises used in three of the sampled WA Divisions did not address physical security of ballot papers at the scrutiny premises. Rather, the risks considered related to:

- Are the public or staff open to abuse and physical harm by aggressive and offensive persons?
- Is there a risk the public or staff could suffer an injury due to faulty equipment or furniture?
- Is there a chance the public or staff could be injured due to the nature of the property?
- Is there a chance the public or staff could be injured when arriving or leaving the hire premises?
- Is there a chance the hired premises could be damaged during the AEC's use of the site?
- Is there a chance that serious injury or death could occur at the hired premises?

**6.26** Accordingly, ANAO separately sought advice from the AEC as to the protective security/access controls that were in place at the offsite scrutiny centres used in those three sampled WA Divisions. In none of the three Divisions was the approach advised to ANAO consistent with the Election Procedures Manual requirement that the minimum standard for overnight storage be a secure locked room (see paragraph 6.8).

**6.27** In this respect, the premises used by the Divisions of Freemantle and Pearce each had lockable internal storage room/secure offices. However, ANAO was advised that those rooms were not large enough to hold all completed ballot papers and so lockable storage cupboards and ballot boxes (for declaration votes still in envelopes) were also used to secure ballot papers.

**6.28** The Division of Perth used premises at the Ascot Racecourse for scrutiny purposes. The Keilty report had noted that, in total, six of the city Divisions in the Perth metropolitan area were combined and completed ballot papers were processed at a central location in Ascot. In respect to the Ascot location, ANAO was advised by the AEC that:

- security guards were provided as part of the lease agreement, onsite from 6pm until AEC staff attended next day;

- there was a perimeter fence that was locked at the end of each day by security guards; and
- ballot papers were on the ground floor sectioned off and signed by the Division but there was only one lockable room that was not large enough for the quantity of ballot papers.

## Storage at private accommodation

**6.29** Storage of completed ballot papers on polling night at the fresh scrutiny centres, the Divisional Office<sup>55</sup> or a central polling place being used by an overnight ballot paper sorting team occurred for 17 of the 18 sampled polling places in a metropolitan Division (94 per cent). The only instance where completed ballot papers for a metropolitan division were stored on polling night in a different location related to the Rottnest Island polling place in the Division of Fremantle. For that polling place, the ballot papers were stored in the bedroom of the villa on the island where the OIC was staying on election night.

**6.30** The use of offsite scrutiny centres to store completed ballot papers on polling night was adopted for only seven of the 12 sampled polling places in a rural Division (50 per cent). Three of the seven such instances, related to the Division of Casey, classified by the AEC as rural but which begins in the outer eastern suburbs of Melbourne and extends into the Yarra Valley and Dandenong Ranges. This Division is part of the Ringwood Larger Work Unit (together with three Divisions classified as metropolitan). The relevant ballot papers were transported to the Ringwood offsite scrutiny centre on polling night, using relay transport arrangements organised in advance by the Divisional Office.

**6.31** Similarly, completed ballot papers for the Lakes Entrance polling place in the rural division of Gippsland, and other polling places in the Lakes Entrance area, were transported by truck to the Gippsland scrutiny centre at Sale where they were sorted and secured into their assigned office on the second floor of the building.

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55 For one of the sampled polling places, the completed ballot papers were stored on polling night at the AEC Divisional Office.

**6.32** The seventh instance in the audit sample where ballot papers from a rural division were stored on polling night at an offsite scrutiny centre related to the Bunbury Central polling place where the polling premises were also used as the Division's offsite scrutiny centre (see paragraph 6.22).

### **Approach where ballot papers are not able to be transported to central scrutiny or sorting centres**

**6.33** There were six polling places in the audit sample (20 per cent) where factors such as the distances involved in late night transportation of completed ballot papers meant that it was not practical for completed ballot papers to be transported on polling night to a central scrutiny or sorting centre.

**6.34** In circumstances where it was not practical to transport ballot papers on polling night to a central scrutiny or sorting centre, it was common for polling place officials to store the election materials at their residence. For example, while completed ballot papers for one of the three sampled polling places in the Division of Gippsland were able to be moved to the central scrutiny centre in Sale (see paragraph 6.31), this was not possible for the other two sampled Gippsland polling places at Orbost and Mallacoota. In respect to these two polling places, advice from the Division was that:

As both these static polling places are a considerable distance from the Divisional Office in Sale it is not practical to have these returned until the next morning. Both of these OICs once they had checked, balanced and completed all counts and calls to the Division they too must package and label all the materials, including ballot papers. On election night, the OIC for Orbost secured the ballot papers at his own home. However, the Mallacoota OIC was able to take the ballot papers for Mallacoota to the PPLO's home to secure them overnight. The next morning, the PPLO picked up the Orbost ballot papers and drove them through to the Gippsland scrutiny centre in Sale to deliver all the ballot papers and other materials.

**6.35** Across the Division of Gippsland, there were 12 polling places where completed ballot papers and other election materials were collected from the relevant OIC on the Sunday morning for transport to the scrutiny centre at Sale. This involved 3863 completed House of Representatives ballot papers and 3860 completed Senate ballot papers, or nearly five per cent of all ordinary votes cast in the Division.

**6.36** For the 2007 Election, the AEC's preferred approach was for completed ballot papers to be stored at local police stations in preference to the homes of



polling place officials. However, advice from the Division of Gippsland to ANAO was that:

The police stations in the Mallacoota and Orbost areas do not operate on 24 hour basis. They are open only between the hours of 9am to 5pm. Any calls after those times are directed to their central dispatch. Knowing this we did not contact them.

**6.37** Rather than storing completed ballot papers at a police station:

- Mallacoota polling place ballot papers were locked in back of the PPLO's vehicle and this was then locked overnight in the garage which forms part of her domestic dwelling<sup>56</sup>; and
- ballot papers from Orbost were taken home and locked in the OIC's study overnight until the PPLO from Mallacoota arrived the next morning to collect them and transport them back to the Scrutiny Centre in Sale.

**6.38** Similarly, the OIC for the Wilcannia polling place in the NSW Division of Farrer as well as the OICs for the Margaret River and Augusta polling places in the WA Division of Forrest completed ballot papers were stored by OICs at their residences on polling night, before being transported on the Sunday to the premises being used for the fresh scrutiny.

**6.39** Although storing completed ballot papers in private residences or similar locations remains a reasonably common occurrence (20 per cent of the sampled polling places), the AEC has not developed and promulgated national procedures that specifically address the security arrangements to be employed in circumstances where completed ballot papers are unable to be safely and securely transported on polling night to scrutiny premises or Divisional Offices.

**6.40** The approach taken in the AEC's guidance and training material has been to emphasise to polling officials their responsibility for keeping all polling materials secure at all times. Such an approach alone does not provide practical support to Divisions and polling officials in effecting appropriate physical security over completed ballot papers. For example, polling officials are not provided with lockable storage containers in which to secure the

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56 The Election Procedures Handbook states that 'Never leave polling material in a vehicle overnight'.



completed ballot papers. In addition, there is no national guidance in place to outline any AEC expectations as to security arrangements to be employed when live electoral material is stored at private residences.

## Conclusion

### Storage at offsite scrutiny premises

**6.41** For the majority of the polling places included in ANAO's sample, completed ballot papers were stored on polling night at premises leased by the AEC, or an AEC Divisional Office.

**6.42** Prior to the 2007 Election, in response to a security risk assessment, the AEC issued national guidance that offsite scrutiny premises used to store or hold completed ballot papers should have a minimum of two levels of protective security/access control. This approach was not reflected in the AEC's 2013 Election handbooks and policies, a situation that indicates a lack of follow-through by the AEC in embedding improvements to ballot paper security that had previously been identified as necessary and appropriate.

**6.43** A further security assessment was commissioned by the AEC prior to the 2013 Election. The results of this assessment were not available until just before polling day, meaning some of the recommendations could not be implemented in the time available into election preparations. This included one recommendation relating to the overnight storage of ballot papers, with the recommended approach not reflected in the AEC's 2013 Election handbooks and policies. Rather DROs were advised that they 'must ensure that all used and unused ballot papers are placed under security either by storage in security rooms/cabinets or other security arrangements as approved by the State Manager' and that the minimum standard for overnight storage was a secure locked room.

**6.44** Ballot paper security arrangements at offsite scrutiny centres used by some of the Divisions examined by ANAO varied. For example, the Haymarket Larger Work Unit in NSW (which comprises four Divisions) outlined that a series of security measures were in place at its offsite scrutiny centre. The arrangements adopted were consistent with the advice promulgated following the 2007 security risk assessment, as well as in accord with more general guidance included in the 2013 Election Procedures Manual. By way of comparison:

- three of the sampled WA Divisions also used offsite scrutiny centres. In each instance, notwithstanding that a secure locked room was the minimum standard for overnight storage, the locked rooms available at the three leased premises were not large enough to hold all completed ballot papers; and
- for the fourth sampled WA Division, completed ballot papers were stored overnight in an unoccupied polling place, which was also used as that Division's offsite scrutiny premises. The AEC's pre-election inspection of this polling place had not identified that there was sufficient security measures in place for the overnight storage of ballot papers.

### **Storage at private residences**

**6.45** It was relatively common for completed ballot papers to be stored overnight at the residences of polling place officials, prior to being transported on the Sunday to the relevant fresh scrutiny centre. This situation reflects the distances involved in transporting completed ballot papers from more remote polling places (particularly in rural electorates) to the location to be used for the fresh scrutiny. No improved physical security arrangements to better support Divisions and polling officials in these circumstances were developed or promulgated by the AEC in light of ANAO's earlier recommendation. Accordingly, such situations remain a point of greater risk in the life cycle of completed ballot papers.

## **Recommendation No.3**

**6.46** To improve the security over the storage of completed ballot papers, ANAO recommends that the AEC:

- includes in election policy documents and manuals, minimum security arrangements that are to be implemented for the storage of completed ballot papers at offsite scrutiny centres, polling places and private residences respectively;
- provides Divisional Offices and polling place officials with sufficient resources and other support to implement the prescribed minimum security arrangements for overnight storage of completed ballot papers; and

- (c) takes appropriate steps to be assured, at a national level, that the prescribed minimum security arrangements for overnight storage of completed ballot papers are adhered to.

**AEC response:**

**6.47** Part (a): *Agreed. Without taking away from this recommendation, implementation has already commenced. This matter was also the subject of consideration during the Keelty Inquiry. Accordingly, measures are already being implemented, and will now be checked to ensure that they also fulfil the standard outlined in this recommendation.*

**6.48** Part (b): *Agreed in Principle. Noting that the costs of implementing additional security measures will be quantified and funding will be sought within the existing annual appropriations process or election budget as appropriate.*

**6.49** Part (c): *Agreed. Without taking away from this recommendation, implementation has already commenced. This matter was also the subject of consideration during the Keelty Inquiry. Accordingly, measures are already being implemented, and will now be checked to ensure that they also fulfil the standard outlined in this recommendation.*

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Ian McPhee

Auditor-General

Canberra ACT

8 May 2014



# Appendices



## Appendix 1: Agency Response



**Electoral Commissioner**



Mr Ian McPhee PSM  
Auditor-General  
Australian National Audit Office  
PO Box 707  
CANBERRA ACT 2601

Dear Mr McPhee

**Re: Proposed audit report on the adequacy of the Australian Electoral Commission's implementation of Audit Report 28 2009-10**

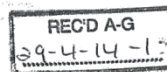
Thank you for your letter of 8 April 2014 providing the AEC with a copy of the proposed audit report, *The Australian Electoral Commission's (AEC's) storage and transport of ballot papers at the 2013 September Federal General Election* (the current audit report).

The AEC notes the current audit report and provides the following response.

The AEC has publicly acknowledged, and apologised for, the events surrounding the 2013 WA Senate election that disenfranchised affected voters, damaged the organisation's reputation, and revealed that certain processes relating to the transport and storage of ballot papers were not as robust as had been thought. The agency has already embarked on a comprehensive program to address the issues identified, and is committed to continuing the implementation of the Keelty report (*Inquiry into the 2013 WA Senate election*): a process that has already fundamentally changed the way that the AEC handles the transport and storage of ballot papers.

The AEC also agrees with the recommendations in the current audit report, and will now operationalise and implement them. The continued implementation of the Keelty report, and the addition of the ANAO recommendations will assist the AEC to enhance processes and prevent a repeat of the issues which occurred in 2013.

The full AEC response to this audit acknowledges the identified deficiencies, and provides contextual information regarding the exigencies of the AEC's unique operating environment that may not be obvious to external readers, and that guided this agency's response to that earlier report.



West Block Offices  
Queen Victoria Terrace  
Parkes ACT 2600

PO Box 6172  
Kingston ACT 2604

Tel 02 6271 4780  
Fax 02 6271 4554

[www.aec.gov.au](http://www.aec.gov.au)  
ABN 21 133 285 851

In the overall conclusion of ANAO Audit Report No. 28 2009-10 *The Australian Electoral Commission's Preparation for and Conduct of the 2007 Federal General Election* (the previous audit report) ANAO stated (at p15) that **"the most significant long-term issue facing the AEC remains the state of the electoral roll"**.

In recognition of this finding and in response to the priority accorded by the previous Government and the ANAO to matters relating to the electoral roll, significant AEC resources were dedicated to electoral roll improvement activities, both operational and administrative, in the intervening period since the tabling of the previous audit report.

Also of relevance, in the context of prioritising the implementation of this particular recommendation, is that the AEC had been tasked with the implementation of 11 new pieces of electoral legislation since the 2007 Federal Election across a highly networked agency involving some of the most significant changes to AEC business practice since the agency's inception.

In this period the AEC was the major contributor to an unprecedented number of JSCEM inquiries, nine in total, and was involved to varying degrees in eight other Parliamentary inquiries that touched on electoral matters in some way. During the last term of Parliament it was also necessary to maintain a constant state of election readiness, as well as prepare for the possibility of additional significant legislative change and one or more referenda, either as standalone events or concurrent with the federal election.

The current audit report, at paragraph 2.4 on page 41, acknowledges that "once agreed, audit recommendations become a management responsibility". Accordingly, AEC management accorded a priority which was considered appropriate, at the time, to the implementation of audit recommendation 8 (b) of audit report 28 2009-10, based upon the AEC's perception of the focus of ANAO commentary in that audit report when set against other priorities in the broader operating environment.

The issues arising in the 2013 WA Senate election were serious, and plainly indicated that certain AEC processes were inadequate. Given that outcome, and the gaps in procedure uncovered during the 2013 event, the AEC would have preferred, with the benefit of hindsight, to have focussed on the issue in a different way: including adopting a more fulsome agency response to the ANAO recommendation. At the time, however, the AEC delivered its consideration and response to the recommendation in the context described in this letter, including the context of the ANAO commentary in the original audit report.

As has been stated publicly, and in this report, the AEC accepts, fully, its responsibility for the outcomes of the 2013 election. Furthermore, the AEC understands and acknowledges that the events of 2013 could be seen as tacit support for the ANAO's assessment at paragraph 2.49 on page 59 that, in relation to recommendation 8(b) "the AEC adopted a narrow implementation of the scope of action required to implement this recommendation." However, at the time of the previous report, the AEC had a different perspective. That perspective held that recommendation 8 (b) was, in itself, narrowly cast. For example, paragraph 5.99 states that "ANAO fieldwork did not identify any serious security issues or accidents arising from the practice of OICs transporting ballot papers to counting facilities for



the 2007 general election.” There were of course other, less sanguine observations in that report. However, the AEC’s perception (at that time) of the context, and the focus of the ANAO report on the roll, were some of the factors that guided the AEC’s development of implementation strategies and agency focus in operationalising recommendation 8(b).

The ANAO report notes that there was no status report provided to the AEC’s Business Assurance Committee (BAC) in the four month period between the tabling of the ANAO report and the 2010 Federal Election. This is acknowledged. However, at that late point in the election cycle the AEC seeks to finalise all policy, procedures, publications and training documentation so that the information is available to staff and stakeholders in sufficient time before the election.

This fact in the paragraph above is not an insignificant point – election management is complex, the scale of each election is vast and planning and preparation must be finalised well before the event. As a result, changes to operations and procedures in the period close to elections are generally limited to those required as a result of passage of legislation late in the electoral cycle. Accordingly, in 2010, priority was given to finalising election arrangements in line with existing processes rather than introducing a new level of risk by implementing late and inadequately tested changes to election arrangements.

Priority directly after election-day was still strongly focussed on completing on all aspects of the 2010 election. The election writs were returned on 17 September; the Court of Disputed Returns period ran until 27 October and, by law, the first non-voter notices had to be in the post before 21 November. Initial multiple voter investigations were underway, as were a significant post-implementation review of AEC support systems and post-election evaluation meetings across all states and territories.

It should also be noted that the BAC was revamped in 2011 by the then Commissioner and that body, led by an independent Chair, has been demonstrably instrumental in assisting the AEC in improving scrutiny of all audit recommendations (internal and ANAO), increasing the scope of coverage of audit activities, and achieving more timely consideration and closure of audit recommendations. This improvement process is ongoing. The Committee also meets the requirements of the ANAO better practice guide with respect to Audit Committees.

The AEC notes the inclusion of information relating to its implementation of ANAO recommendations relating to the integrity of the electoral roll dating back a decade. In response to this previous assessment by the ANAO, the AEC explained in its published response to the specific ANAO follow-up audit report that the delay in implementation was a direct result of the AEC requiring additional funding, in some areas, to implement the ANAO recommendations and subsequent related JSCEM recommendations.

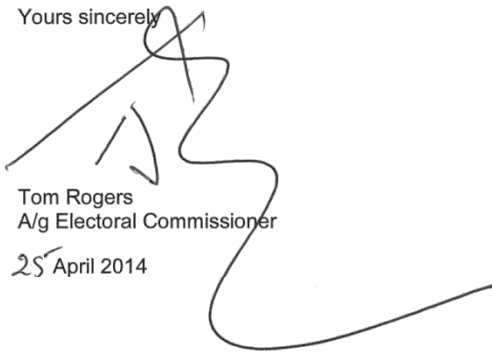
The AEC agrees with the specific recommendations made in the current audit report, and will now operationalise and implement those recommendations. The AEC also notes that the organisation’s operating model is already being significantly amended through the implementation of the recommendations of Mr Mick Keilty’s report at

both the Griffith by-election on 8 February 2014 and the WA Half-Senate election on 5 April 2014, and all future electoral events.

The ANAO report refers to the Keelty report, and it is the opinion of the AEC that the implementation of the Keelty recommendations has already fundamentally changed the way that the AEC handles the transport and storage of ballot papers. The extent of progress, including what was proposed to be in place for the WA Half-Senate election, was explained in detail by the Acting Electoral Commissioner at the 12 March 2014 JSCEM public hearing in Canberra.

The continuation of the AEC's focus on the Keelty measures, in addition to the implementation of the ANAO recommendations outlined in this report, are seen as positive and necessary steps in strengthening Australia's electoral processes.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Tom Rogers', written over the 'Yours sincerely' line and extending down towards the date.

Tom Rogers  
A/g Electoral Commissioner

25 April 2014

## Appendix 2: ANAO Sample

State	Division	Polling Place
Western Australia	Forrest	Bunbury Central (Bunbury CBD)
		Margaret River (Margaret River Senior High School)
		Augusta (Augusta Community Resource Centre)
	Fremantle	Coogee Beach (Coogee Primary School)
		Palmyra North (Anglican Church Hall)
		Rottnest (Kingston Barracks)
	Pearce	Beverley (Beverley Lesser Hall)
		Yanchep (Yanchep District High School)
		York (York District High School)
	Perth	Bayswater (Bayswater Senior Citizens Centre)
		Bayswater North (Hillcrest Primary School)
		West Perth (Greek Orthodox Church Hall)
New South Wales	Farrer	Hay (Hay High School)
		Moama (Moama Public School)
		Wilcannia (Central Darling Council Hall)
	Grayndler	Ashfield (Ashfield Town Hall)
		Dulwich Hill (Dulwich Hill High School)
		The Warren (Marrickville Uniting Church)
	Sydney	Erskineville (Erskineville Primary School)
		Hyde Park (Unitarian Church Hall)
		Pymont (Pymont Community Centre)
Victoria	Casey	Birmingham (Mount Evelyn Reformed Church Hall)
		Healesville (Healesville Senior Citizens Hall)
		Warburton (Warburton Primary School)
	Chisholm	Ashwood (Ashwood College)
		Mont Albert (Strabane Chapel)
		Tyne (Tyne Street Scout Hall)
	Gippsland	Orbost (St James Anglican Hall)
		Lakes Entrance (Lakes Entrance Mechanics Institute)
		Mallacoota (Miva Miva Health Centre)

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