

Industry Research and Development Board

Presentation to Industry Research and Development Board

30 May 2002

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Presentation to IR & D Board

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Overview of Presentation

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

Doctrine of Separation of Powers

- Three different powers of government:
 - legislative
 - executive
 - judicial
- Auditor-General reports to the legislature

Auditor-General Act

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

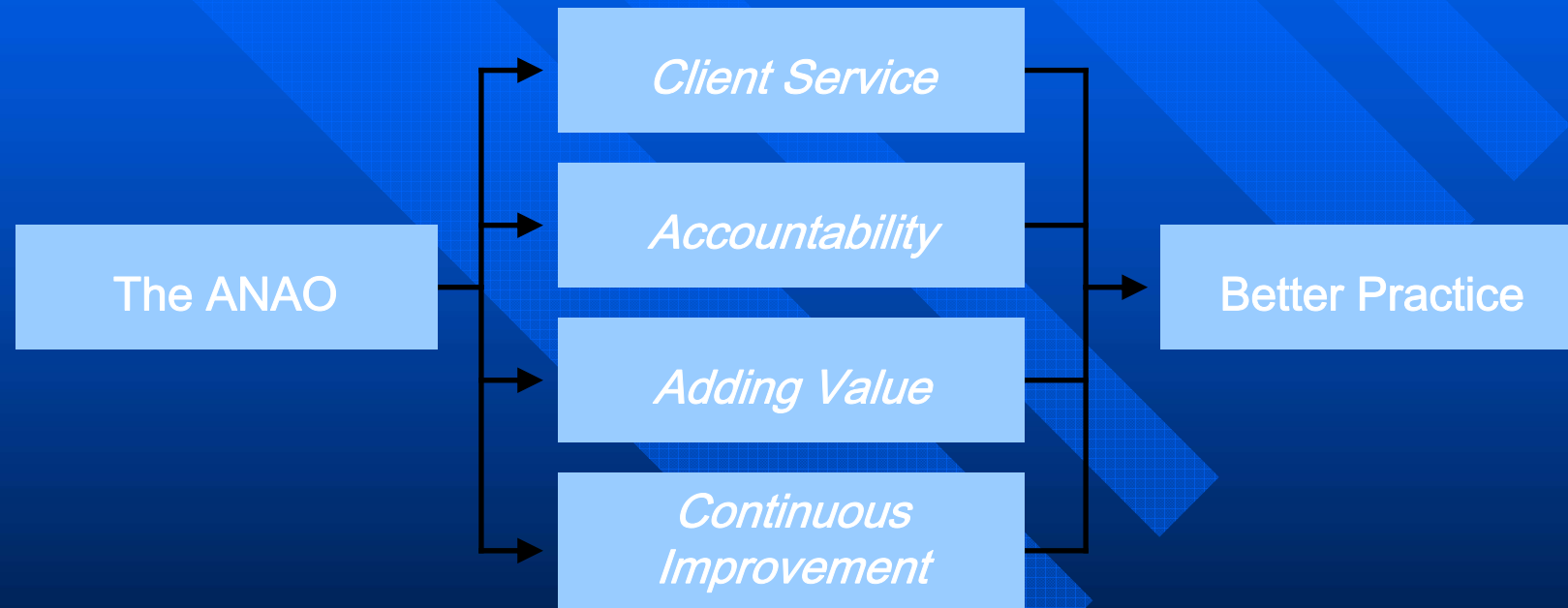
About the ANAO

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

ANAO aims to deliver

- Improvement in public administration
- Assurance

The Accountability Framework

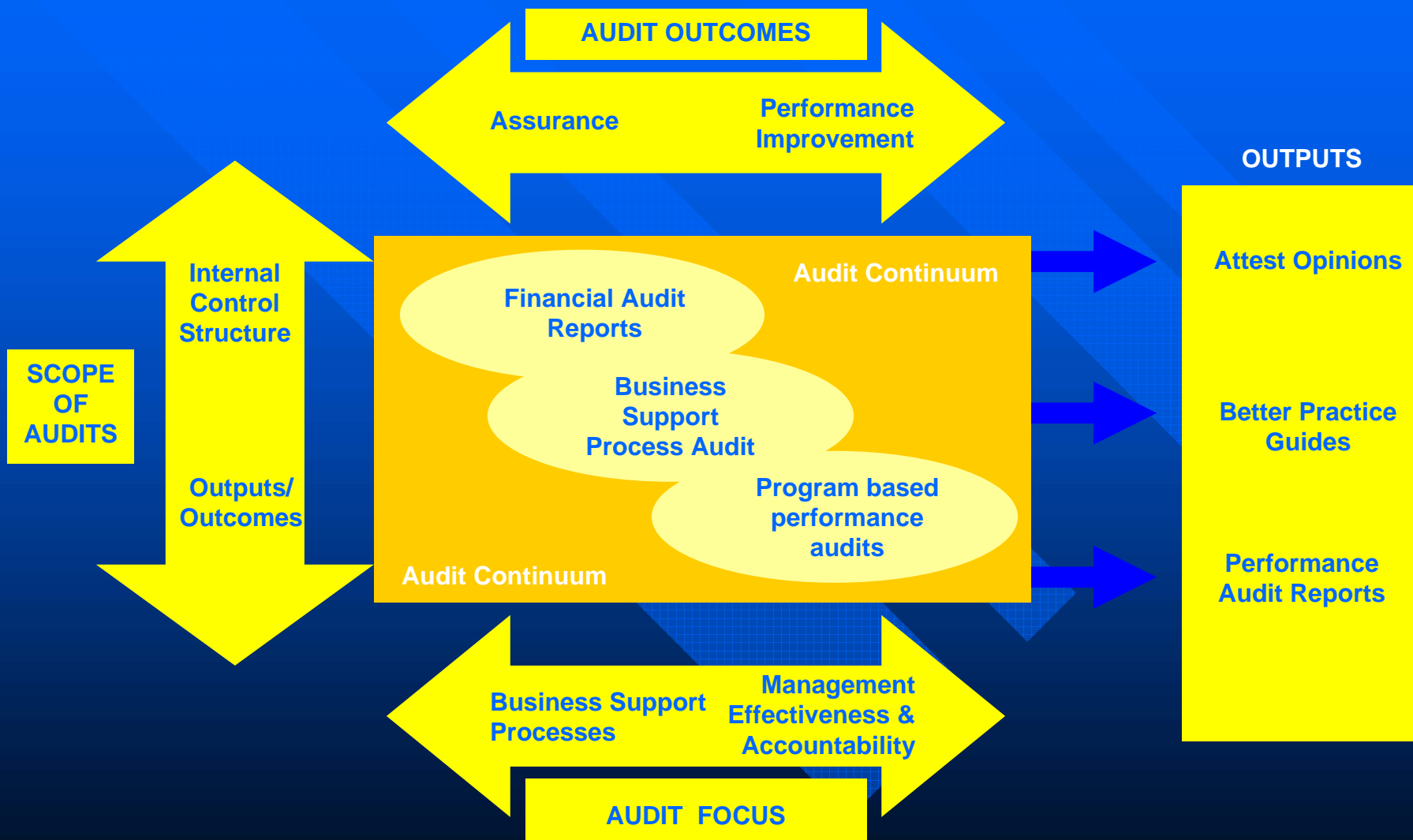


Our Clients

- Parliament
- Agencies

Relationship with the JCPAA

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



Current & Prospective Audits

- IIF
- R&D Tax Concessions
- Automobile Competitiveness Investment Scheme
- TCF SIP
- R&D Start

Establishing the Audit Program

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

Key selection criteria

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

Themes

- Governance – HR Management
- Governance – Financial Management
- Governance – Performance Information
- Procurement & Contract Management
- Information Technology
- Service Delivery

Establishing the Audit Program

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Audit Methodology

- Objectives
- Criteria
- Testing and Analysis

Innovation Investment Fund Program

Licence agreements

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

Tendering process

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

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

Program administrative structures

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

Program performance

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

Performance audit of Administration of the Research & Development Tax Concession

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

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

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

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

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

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

Key:

Items shaded yellow relate to DITR (including AusIndustry)

Items shaded blue relate to ATO

Items shaded green cover both agencies (although may predominantly relate to one agency)

Audit Methodology

- Objectives
- Criteria
- Testing and Analysis

Audit Criteria

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

Audit Methodology

- Objectives
- Criteria
- Testing and Analysis

Relationship Management with Agencies

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

Audit output

- Report tabled in Parliament

- conclusion against objectives

- findings

- recommendations

- Parliamentary Committee Review

- Follow up?

Discussion

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