

EXTERNAL
SCRUTINY

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Parliamentary
Committees and the
Australian National Audit
Office scrutinised the
Department in 2000–01.
Finance provides
evidence and
submissions to inquiries
ranging from whole-of-
government financial
matters to public works.

During 2000–01, outside parties conducted various reviews and inquiries into Finance’s operations. Due to the breadth of Finance’s business and role as a central agency, the Department was mentioned in numerous reports. Finance also gave evidence to a number of whole-of-government inquiries. This chapter concentrates on those reviews and inquiries that focused on Finance.

PARLIAMENTARY COMMITTEE INQUIRIES

Joint Committee of Public Accounts and Audit

Report 376—Review of Auditor-General’s Reports 1999–2000, First Quarter (tabled 7 June 2000).

The Committee’s report made three recommendations aimed at improving the use of financial information by agency managers and putting in place appropriate access rights to Financial Management Information Systems.

Finance responded to this report generally supporting the recommendations.

Report 379—Contract Management in the Australian Public Service (tabled 2 November 2000).

The Committee’s inquiry focused on better practice approaches to contracting fundamentals, such as drafting effective specifications, developing performance measures and monitoring outcomes, developing appropriate payment schedules and resolving contract disputes, the needs of contract management personnel, and the accountability framework.

It contained five recommendations that the Government is considering.

Senate Finance and Public Administration Committee

The Senate Finance and Public Administration References Committee issued reports on:

Inquiry into the Government’s Information Technology Outsourcing Initiative

- *Interim Report—Accountability in a Commercial Environment—Emerging Issues* (tabled April 2001);
- *Accountability Issues—Two Case Studies* (tabled June 2001).

Finance assisted the Committee on areas in its sphere of responsibility, providing three submissions to the inquiry and appearing at two hearings.

The Format of the Portfolio Budget Statements—Third Report (tabled 9 November 2000)

The Committee examined the functionality of the PBS in the context of the 2000–01 Budget estimates hearings. Although the Committee considered the PBS to be, generally speaking, well-crafted and informative, it made three recommendations and a number of suggestions for improvements.

The Government agreed to a recommendation that a contact officer be identified in each PBS and a suggestion for increased use of indexing and cross-referencing. This will improve readers’ navigation around the document. It declined to include forward estimates for administered items or add to current information explaining Budget variations. Its view on these matters is that extensive forward estimates information is already provided in Budget documentation, and the

PBS currently explains the purpose of each item in the Appropriation Bills and Measures.

Senate Standing Committee on Regulations and Ordinances

The Senate Standing Committee on Regulations and Ordinances scrutinises each Remuneration Tribunal determination and each regulation issued by the Minister for Finance and Administration under the *Remuneration and Allowances Act 1990* and the *Remuneration Tribunal Act 1973*. Any matters raised by the Committee are addressed by the Tribunal or the Minister, as appropriate to the circumstances.

Public Works Committee

The Public Works Committee reviews all public works valued above \$6 million. In 2000–01, one Finance project, the proposed Commonwealth Law Courts in Adelaide, was submitted to the Committee for review. In 1987, the Government endorsed a programme to provide clearly identifiable and purpose-designed Commonwealth law court buildings in each capital city of Australia to accommodate the courts and their associated staff and facilities. Adelaide is now the only State capital without such a building. The Committee recommended that the project proceed and tabled its report on 19 June 2001.

AUSTRALIAN NATIONAL AUDIT OFFICE (ANAO) REPORTS

As a central agency, Finance was referred to in a large number of ANAO reports for 2000–01. The following list includes reports in which Finance was directly involved or where recommendations were directed specifically at Finance:

Audit Report No. 3: *Environmental Management of Commonwealth Land—Follow-up Audit* (tabled 31 July 2000).

Audit Report No. 13: *Certified Agreements in the Australian Public Service* (tabled 4 October 2000).

Audit Report No. 19: *Management of Public Sector Travel Arrangements—Follow-up Audit* (tabled 4 December 2000).

Audit Report No. 46: *ATO Performance Reporting under the Outcomes and Outputs Framework* (tabled 6 June 2001).

Audit Report No. 9: *Implementation of Whole-of-Government Information Technology and Infrastructure Consolidation and Outsourcing Initiative* (tabled 6 September 2000).

This audit reviewed the implementation of the Whole-of-Government Information Technology Infrastructure Consolidation and Outsourcing Initiative (IT Initiative). The objectives of the audit were to examine the administrative and financial effectiveness of the implementation of the IT Initiative, focusing on the first four tenders conducted. Finance coordinated a whole-of-government response to the ANAO report.

Audit Report No. 15: *Agencies' Performance Monitoring of Commonwealth Government Business Enterprises* (tabled 9 November 2000).

This audit examined the monitoring by the Department of Finance and Administration and relevant Portfolio Departments of GBEs since 1 July 1997, against the requirements of the Governance Arrangements for Commonwealth GBEs and relevant legislation.

The audit report reflects positively on the administration of the current Governance Arrangements with no material issues of non-compliance. The report notes that the current GBE governance framework represents a marked improvement on previous systems.

Audit Report No. 38: *The Use of Confidentiality Provisions in Commonwealth Contracts* (tabled 24 May 2001).

This audit assessed, amongst other subjects, agencies' use of confidentiality clauses in contracts and the effectiveness of existing accountability and disclosure arrangements for the transparency of Commonwealth contracts.

Finance was interviewed as part of the audit, but did not formally respond to the ANAO's final report, noting that the Department would provide a formal response to the Senate Finance and Public Administration References Committee report on *Accountability to the Senate in Relation to Government Contracts*.

LEGAL ACTION

In 1998, approximately \$8.7 million was defrauded from the Commonwealth.

R v Muir

On 5 June 2001 David John Muir was found guilty by a jury in the ACT Supreme Court of defrauding the Commonwealth in 1998 of approximately \$8.7 million. Sentencing occurred in September 2001.

The frauds were discovered by the Department of Finance and Administration. The Department reported the matter to the Australian Federal

Police and provided assistance in the investigation and prosecution of the crimes.

Commonwealth of Australia v Davis Samuel Pty Ltd & Ors

Civil proceedings are being conducted by the Department of Finance and Administration in the Supreme Court of the Australian Capital Territory for recovery of approximately \$8.7 million from recipients of the funds defrauded by David Muir. The action was commenced in January 1999 and is expected to be heard on completion of all criminal proceedings.