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Our Reference [REDACTED]

21 June 2018

Review Secretariat
PGPA Act and Rule Independent Review
Department of Finance
PGPAActReview@finance.gov.au

Dear Review Secretariat,

Thank you for the opportunity to provide comments on the Consultation Draft report and recommendations into the Independent Review of the *Public Governance, Performance and Accountability Act 2013* (the Act) and Rule.

Broadly, the AFP agrees in principle with the recommendations proposed and believe they will further strengthen the Act, Rule and relevant policy and guidance. Please find attached the AFP's response.

The AFP is available to discuss our response further if required. Please contact Annette Douch, Manager Strategic Policy and Performance at annette.douch@afp.gov.au if you require further information.

Yours sincerely

[REDACTED]
Sue Bird
Chief Operating Officer

AFP response to the Independent Review of the PGPA Act and Rule – Consultation Draft report

Driving Change through Leadership

Recommendation 1

The AFP supports Recommendation 1.

Performance Framework

Recommendations 2-9

The AFP supports Recommendations 2 to 7 and 9.

The AFP supports in principle Recommendation 8. The current principles based non-financial performance measurement approach developed by the PGPA Act, rules and associated guidelines are sufficient and necessary for the development of high quality performance measures. An accounting or control based approach is not appropriate for the development and analysis of performance measures in complex entities. A prescriptive approach places too much emphasis on compliance, requires more resources to control and monitor and most importantly insufficiently focusses on performance assessment for learning and improvement. However, some guidance to assist auditors is warranted.

Managing and Engaging with Risk

Recommendations 10-14

The AFP supports Recommendations 10 to 12.

The AFP supports in principle Recommendations 13 and 14. The AFP believes the intention of recommendations 13 and 14 is to provide greater focus on and attention to the oversight of risk management, improving the risk practice and culture of an organisation, and supporting senior management in managing risk. An increased focus on oversight of risk management and engagement would permit a greater assurance to the accountable authority as to the soundness of the AFP's system of risk oversight and management. However, the mechanism to achieve this should be a matter determined by the accountable authority rather than a prescribed requirement.

Audit Committees

Recommendations 15-22

The AFP supports Recommendations 17 to 21.

The AFP does not support Recommendation 15. The AFP appreciates the value independent members can bring to the Audit Committee. However, as an operational agency with complex and sensitive functions, the value of senior internal members of the organisation on the Audit Committee should not be underestimated. To further strengthen the AFP's Audit Committee, the Commissioner has recently appointed the AFP's first independent Chair.

The AFP supports in principle Recommendation 22, noting that remuneration of Audit Committee members is a commercial-in-confidence matter.

Clarifying Reporting Requirements and Reducing the Reporting Burden

Recommendations 23-28

The AFP supports Recommendations 23-28.

Annual Report Timing and Parliamentary Scrutiny

Recommendations 29-31

The AFP agrees in principle to Recommendations 29 to 31, noting that the compressed timeframe will have resource implications for agencies. The 30 September deadline and digital reporting should be phased to allow agencies time to meet the required deadlines.

Cross-government Cooperation

Recommendations 32-33

The AFP supports Recommendations 32-33, noting that any alternative planning, resourcing, governance and reporting arrangements for the key priorities needs to be cost-effective and not diminish the responsibilities of the accountable authority.

Reporting of Executive Remuneration

Recommendations 34-35

The AFP supports Recommendations 34 to 35, subject to any privacy requirements.

Reporting of Contracts and Consultancies

Recommendations 36-37

The AFP supports Recommendations 36 to 37, noting that clear definitions to distinguish between contractors and consultants will need to be established and adhered to.

Finance Support

Recommendation 38

The FP supports Recommendation 38.

Technical Support

Recommendations 39-46

The AFP supports Recommendations 39 to 46. Regarding Recommendation 45, the AFP supports the reduction of red tape through the devolving of waiver of debts. This would be subject to clear guidelines for the consistent application of waivers.