



Australian Government
Department of Foreign Affairs and Trade

Secretary

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Ms Elizabeth Alexander AM and Mr David Thodey AO
PGPA Act Review
Attention: Review Secretary
One Canberra Avenue
Forrest ACT 2603

Dear Elizabeth and David

Thank you for the opportunity to comment on the Independent Review of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) Consultation Draft.

As noted in my submission to the Independent Review in November 2017, the Department of Foreign Affairs and Trade (DFAT) continues to benefit from the principles-based approach of the PGPA Act. In addition, the emphasis within the PGPA Act on performance and utility over compliance will be important for driving future improvements in the way entities deliver on performance, planning and risk management

In this respect, DFAT welcomes the Independent Review's focus on strengthening the APS's culture of performance leadership and evaluation. DFAT's ongoing emphasis on performance planning, measuring and reporting is helping to facilitate improvements in how the department measures its work against its objectives. As an example, DFAT is realigning its work unit performance processes to benefit from the enterprise performance framework outlined in the PGPA Act.

DFAT also strongly values the existing information and guidance it receives from the Department of Finance on implementation of the PGPA Act. We therefore welcome the Independent Review's recommendations for additional guidance, and note DFAT is working with Finance and other entities to develop innovative ways to provide further such information and guidance. In order to maximise the benefit of this support, we also see value in ensuring guidance and learning opportunities are made as widely available as possible, including to all members of Audit and Risk Committees (ARC).

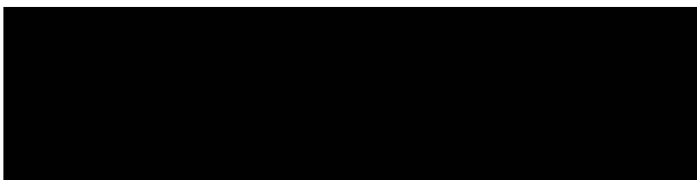
DFAT also welcomes the Consultation Draft's focus on maturing risk management and engagement across the APS. We have in place a program of work, led by our Chief Risk Officer, to strengthen the department's risk culture, including mandatory mechanisms to ensure all staff consider risks to their business objectives. In 2017, I established the DFAT Audit and Risk Committee in line with section 45 of the PGPA Act. The ARC operates on the principle that modern internal audit is a focussed response to risk and is responsible for providing independent advice on DFAT's financial and performance reporting responsibilities, risk oversight and management, internal control and compliance framework and its external accountability responsibilities. The ARC effectively provides oversight of both the audit and risk frameworks and provides significant support to me as the Accountable Authority. This model meets DFAT's business needs at this time.

The department supports the need to maximise the effectiveness of ARCs (or Audit Committees), and believes the current requirement for Chairs and a majority of members to be independent achieves the required outcome for demonstrated and real independence, while also facilitating knowledge transfer and capacity building for APS leaders. As an Accountable Authority, I believe it is important that I retain flexibility over the composition of my committees to achieve the right balance of skills and business insight to meet changing needs.

The department also strongly favours measures that serve to reduce reporting requirements and other related red tape. We are therefore wary of any measures that might expand reporting requirements on consultancies and contracts in annual reports, place additional resourcing pressure on agencies, or duplicate information publically and readily available on AusTender. I note that entities already have a requirement under the Senate Order 192 to publish a bi-annual report on this information on AusTender and entities own websites. DFAT recommends that any additional reporting should be consistent with these requirements.

I trust this information will be of assistance to the Independent Review, and would welcome the opportunity to discuss any of the points outlined above. Mr Joel McGregor, A/g Director Corporate Planning Section, Executive Branch, is available on (02) 6261 3018, or at joel.mcgregor@dfat.gov.au, should you wish to clarify any details of this submission.

Yours sincerely



Frances Adamson