



Issue number 17
March 2011

PASAI Bulletin

This Bulletin provides Audit Offices in the PASAI region with:

- * updates on issues of interest
- * recent developments affecting SAIs
- * emerging matters
- * general “newsworthy” items.

SAIs and development partners are encouraged to contribute to this publication as it will be beneficial to all as a forum for information exchange and provide an understanding of the issues faced by SAIs in the region. Auditors-General who are members of the INTOSAI committees and working groups should also use this Bulletin to highlight the progress of the work that they are involved in.

Inside this issue

Australian National Audit Office	1
Office of Auditor General Papua New Guinea	2
Queensland Audit Office	3
Victorian Auditor-General's Office	4
Obituary	5

1.0 Australian National Audit Office

A report from the Parliamentary Joint Committee of Public Accounts and Audit has recommended significant new powers for the Auditor-General and his Office.

In its report *Inquiry into the Auditor-General Act 1997*, the Committee proposes the Auditor be free to launch audits of Government business enterprises, review the adequacy of agencies' performance indicators and audit some private companies that receive Commonwealth funding.

Chair of the Committee, Independent MP Rob Oakeshott said the report completed an inquiry into the provisions of the *Auditor-General Act 1997*, which replaced the *Audit Act 1901* and formally recognised the Auditor-General as an “Independent Officer of the Parliament”. Mr Oakeshott said the Act greatly strengthened the independence of Auditor-General and the Australian National Audit Office (ANAO) and reflected many of the recommendations made by the Committee in its October 1996 report *Guarding the Independence of the Auditor-General*, and earlier reports.

According to Mr Oakeshott, in February 2009 the Committee resolved to review whether the provisions of the *Auditor-General Act 1997* remained adequate in the modern public sector environment, noting at the time that eight years had passed since the Committee's last review.

He said the new report contained 13 recommendations, including ensuring that the Auditor-General has sufficient legislative backing for assurance reviews the Parliament may wish him to carry out; removing antiquated restrictions on the Auditor-General's capacity to initiate audits of Commonwealth Government Business Enterprises; enhancing the Auditor-General's role in reviewing the adequacy of agencies' performance indicators; and giving the Auditor-General greater authority to “follow the dollar” where non-Commonwealth bodies are in receipt of Commonwealth funding to deliver agreed outcomes.

Mr Oakeshott said that in its report the Committee acknowledged what the Institute of Public Administration Australia (IPAA) had described as the “glaring gap” in accountability of Commonwealth grants to States and Territories and as such was supportive of the need for changes to the *Auditor-General Act 1997* to enable the Auditor to access information and records relating to the use of Commonwealth funds

He said the Committee also recognised that there was an increasing use of contractors to implement Government programs and services.

Mr Oakeshott said the Committee considered it imperative that the Auditor-General be provided with the statutory authority to address these issues.

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2.0 Office of the Auditor-General Papua New Guinea

2.1 Strongim Gavman Program (Strengthening Governance Program)

The PNG SAI in the last five years have been a partner in the Strongim Gavman Program, an initiative between the Governments of PNG and Australia aimed at improving governance in PNG. Since 2005, the PNG SAI has had three senior staff from the ANAO seconded to work under counterpart arrangements in building capacity. Mr. John Hawley, Senior Adviser, a face most are familiar with in the last three years is ending his term at the end of April. He is to be replaced by Mr. Wayne Jones.

2.2 Strategy for the Completion of 2010 and 2011 Public Accounts

As a move to bring the Government of PNG Public Accounts audit to its currency, a strategy has been worked on to use the substantive testing carried out in the 2009 audit as the basis to scope the 2010 audit. As most of the findings would be similar, the scope would be reduced to areas of significance, materiality and risk. It is intended that the 2010 report on the public accounts will be tabled before June 2011.

2.3 Twinning Program

PNG SAI has been able to again send four of its graduate-trainees this year to participate in the Australian Audit Offices Twinning Program. Two are currently attached to the New South Wales Audit Office, and the other two at the Australian National Audit Office. They will be part-taking in the respective Audit Offices' 2011 Graduate Training Program.

2.3 Diagnostic Study by AUSAID

In the recent arrangements on how the PNG SAI is to continue to receive assistance through the Australian Government Program, a diagnostic study was commissioned by AUSAID and carried out by a Economic & Public Sector Program consultant. The result of this diagnostic study will determine the type of future assistance to be given to PNG SAI.

3.0 Queensland Audit Office

3.1 Key Developments

3.1.1 Auditor-General's Mandate

Following the recommendations in the 2010 Strategic Review of QAO, the Department of the Premier and Cabinet is currently preparing amendments to the Auditor General Act 2009 to allow the conduct of performance audits of government agencies, excluding government owned corporations. It is expected that the amendments will also provide for the audit of government financial transactions with third parties via a 'follow the dollar' approach and allow the easier sharing of audit results with other audit offices when undertaking collaborative audits.

3.1.2 Machinery of Government changes

Following the resignations of three Ministers, the Premier appointed a new Cabinet and announced a number of changes in ministerial responsibilities. Subsequently, a small number of Machinery of Government changes took effect from 21 February 2011. The Auditor General have provided written briefings to the new Ministers on the status of audits within their portfolio responsibilities and QAO will continue to provide advice and assistance to affected agencies.

3.1.3 Inform

The February 2011 edition of INFORM Journal features articles on the natural disasters that have affected Queensland over the past few months – our experiences and our contribution to the recovery efforts, the impact of natural disasters on 2010-11 financial statements audits and accounting for grants and other assistance. It is available on QAO's website – http://www.qao.qld.gov.au/pages/publications/pub_inform.html.

3.2 Auditor-General reports to parliament

The following reports were tabled or are proposed to be tabled during the first half of 2011:

- Report No. 1 for 2011 - Managing offenders subject to supervision in the community. Tabled on 25 February 2011;
- Report No. 2 for 2011 - Results of local government audits. To be tabled in March 2011;
- Report No. 3 for 2011 - Follow-up Administration of Grants & Funding to Community Organisations by Local Governments in Queensland. To be tabled in June 2011;
- Report No. 4 for 2011 - Information systems governance and control. To be tabled in June 2011; and
- Report No. 5 for 2011 - Results of audits at 31 May 2011. To be tabled in June 2011.

These reports are made available on the QAO website after they have been tabled - http://www.qao.qld.gov.au/pages/publications/pub_ag.html

If you would like further information please contact Queensland Audit Office: by email; enquiries@qao.qld.gov.au or phone +617 3149-6011; or fax +617 3149-6000.

4.0 Victorian Auditor-General's Office

4.1 Victorian Auditor-General's Office (VAGO) Annual Plan

The Victorian Auditor-General's Office (VAGO) 2011-12 Annual Plan is due to be tabled in May 2011 following consultation with the Public Accounts and Estimates Committee (PAEC), public sector and selected community groups. The plan will outline the audit program and resource requirements of the Office for the coming year and will include a prospective program of areas of financial and performance audit interest for the period 2012-13 to 2014-15. This initiative allows agencies to better coordinate activities and prepare for the audit program.

4.2 Recent reports to Parliament

Four audit reports were tabled in Parliament in February 2011 – one on the results of financial audits and three on the results of performance audits. Two audit reports on the results of performance audits have so far been tabled in March 2011. 24 financial and performance audit reports have been tabled so far since 1 July 2010, with a further 14 due for tabling before 30 June 2011.

All VAGO reports are available at http://www.audit.vic.gov.au/reports_publications/reports_by_year.aspx

4.3 Recent and upcoming international secondments, delegations and presentations

- Office of the Comptroller and Auditor-General of Bangladesh – 24 February 2011, 12 delegates were accompanied by Cowater International, a not-for-profit organisation funded to assist the CAG's development.
- Ugandan Ministry of Treasury/Finance – Study tour of senior officials, April 2011
- Commonwealth Parliamentary Association 2011 Summer Residency Program for Public Accounts Committees – Auditor-General addressed the Program in Melbourne (7 February 2011). The program is supported by the World Bank Institute, AusAID and the Centre for Democratic Institutions and is attended by Auditors-General, Clerks of Parliament and members of Public Accounts Committees from several PASAI member countries.

4.4 Public Accounts and Estimates Committee (PAEC) report on the *Audit Act 1994*

Over the last 20 years, Victoria has seen an increase in 'arm's-length' delivery of public services through the private and community sectors. This has resulted in the steady erosion of accountability to Parliament, as these services and the public monies that fund them fall outside existing accountability frameworks. VAGO has raised concerns with Parliament on the need for reforms to Victoria's public sector audit legislation to address these issues, with a submission underpinned by INTOSAI Independence Principles. In October 2010, PAEC reported on its inquiry into potential reforms to the Audit Act 1994, recommending wide-ranging changes to close the gaps that leave some public sector entities outside the audit mandate and to redress the erosion of accountability arising from greater use of commercial contracts to deliver public services. The Auditor-General looks forward to the Government's response to the Committee's report by April 2011.

4.5 Parliamentary and community engagement

VAGO has designed a number of new education/liaison activities to engage with parliamentarians in Victoria's 57th Parliament, which commenced in December 2010. These include:

- The Auditor-General has provided or scheduled portfolio-related briefings to 13 new Ministers (including the Premier) with high levels of audit activity in their portfolio areas. Some have sought ongoing meetings with the Auditor-General. Written briefings have also been provided to Shadow Ministers.
- A page on VAGO's website has been developed for Members of Parliament (MPs) and their staff to provide them with practical information and material of particular interest to them. The Auditor-General wrote to all MPs to congratulate them on their election and advise them of the site: http://www.audit.vic.gov.au/about_us/57th_parliament.aspx.
- VAGO will participate in Parliament's Open Day in March 2011.

If you would like further information please contact Victorian Auditor-General's Office : phone +613 8601 7000; or fax +613 8601 7010.

5.0 Obituary



PASAI is deeply saddened by the passing away of a dear colleague, Ms Sepiuta Moala of the Tonga Audit Office on 19 January 2011. Sepi as she is fondly known is a member of the working group developing the PASAI's Performance Audit Manual. The manual is nearing completion and is expected to be tabled in the PASAI Congress in Tonga in August 2011.

Sepi participated in PASAI's cooperative performance audits on solid waste management (completed in 2010) and access to safe drinking water (to be completed by July 2011). Her contribution to PASAI will not be forgotten and was much liked by her colleagues and associates. She will be dearly missed . May she rest in peace.

For any clarification of any of the items in this Bulletin, please do not hesitate to contact the PASAI Secretariat by

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