LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

STANDING COMMITTEE ON PUBLIC ACCOUNTS
Brendan Smyth MLA (Chair), Mary Porter AM MLA (Deputy Chair), Chris Bourke MLA, Nicole Lawder MLA

STANDING COMMITTEE ON PUBLIC ACCOUNTS

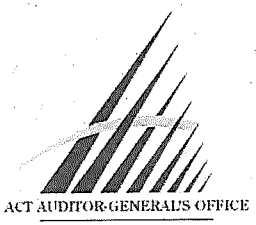
Inquiry into 2012–13 Annual reports

ACT Audit Office

Responses to questions taken on notice at public hearing of 17 December 2013

PAC QTON
17 Dec 13
#1

ACT Audit Office
2013-14 Branch Action Plans
Financial Audit
Performance Audit
Professional Services



Strategic Plan

Financial Audit Action Plan

2013-14

The Financial Audit Action Plan sets out the major actions that will enable the Audit Office to achieve the objectives stated in the Strategic Plan 2012-2015. The Action Plan is prepared annually in consultation with the Financial Audit Management Group.

This Plan covers the period from 1 July 2013 to 30 June 2014.

Bernie Sheville

Director, Financial Audits

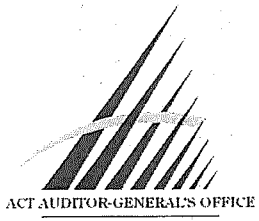
Actions	Strategic Plan Objectives	Responsible Officer(s)	Timing
Complete the annual program of audits of financial statements and reviews of statements of performance.	Accountability and Community Confidence	Director, Financial Audits and Senior Financial Audit Manager Group	In accordance with the required timetable[1].
Complete the audit of the Territory's financial statements.	Accountability and Community Confidence	Director, Financial Audits and Principal, Technical and Quality Assurance and Andrew Webber (Financial Audit Manager)	31 October 2013.
Complete engagement quality control for audits that were assessed to be 'high' risk.	Performance in the Audit Office	Principal, Technical and Quality Assurance	Prior to the issue of the audit report or report of factual findings
Complete audits of financial statements and reviews of statements of performance within the approved budget.	Performance in the Audit Office	Senior Financial Audit Manager Group and Team Leaders	Analysis of budget performance to be performed by engagement leaders by the time the audit file is finalised.
Communicate audit findings to reporting agencies in audit management reports where significant matters are identified during the audit process.	Continuous Improvement in the ACT Public Sector	Director, Financial Audits and Senior Financial Audit Manager Group	Within 30 days of the date of the audit report or report of factual findings.
Complete the annual report summarising the results of the financial audit program.	Continuous Improvement in the ACT Public Sector	Director, Financial Audits and Principal, Technical and Quality Assurance	December 2013
Complete performance appraisals and performance development plans for financial audit staff.	Performance in the Audit Office Supporting Staff	Director, Financial Audits and Senior Financial Audit Manager Group	February 2014
Identify audits that are 'high' risk and therefore subject to an engagement quality control review.	Accountability and Community Confidence Performance in the Audit Office	Senior Financial Audit Manager Group	March 2014
Assess resource requirements for the completion of the annual financial audit program.	Performance in the Audit Office	Director, Financial Audits and Senior Financial Audit Manager Group	March 2014

[1] For most audits this will be the whole-of-government reporting and audit timetable issued by the Chief Minister and Treasury Directorate. For other audits it is the planned timetable as documented in the Audit Strategy.

Actions	Strategic Plan Objectives	Responsible Officer(s)	Timing
Complete quality control reviews of a selection of audit files.	Accountability and Community Confidence Performance in the Audit Office	Principal, Technical and Quality Assurance	March 2014
Develop Financial Audit Branch Action Plan.	Performance in the Audit Office	Director, Financial Audits and Senior Financial Audit Manager Group	March 2014
Provide annual training on the financial audit method to financial audit staff. This training will cover the use of method and take into account the views of audit staff in identifying topics to be covered. The training will also address results of quality assurance reviews.	Accountability and Community Confidence Performance in the Audit Office	Malcolm Prentice (Principal) and David O'Toole (Acting Senior Financial Audit Manager)	April 2014
Complete recruitment round to obtain sufficient staff to complete the financial audit program.	Performance in the Audit Office	Tim Larnach (Senior Financial Audit Manager) and Andrew Webber (Audit Manager)	April 2014
Complete procurement activities to obtain resources needed to complete the annual financial audit program. This includes procurement of specialists to assist in the completion of audits (information technology, taxation, actuarial work etc.).	Performance in the Audit Office.	Tim Larnach (Senior Financial Audit Manager) and Sam Mahaarachchi (Audit Manager)	April 2014
Provide annual financial audit seminar to agencies. The seminar will cover matters of relevance to this year's reporting and audit program.	Accountability and Community Confidence. Continuous Improvement in the ACT Public Sector	Tim Larnach (Senior Financial Audit Manager) and Sam Mahaarachchi (Audit Manager)	April 2013

Financial Audit Action Plan 2013-14

Actions	Strategic Plan Objectives	Responsible Officer(s)	Timing
Complete audit planning and issue Audit Strategies to reporting agencies.	Accountability and Community Confidence Continuous Improvement in the ACT Public Sector	Director, Financial Audits and Senior Financial Audit Manager Group	May 2014
Communicate interim audit findings to reporting agencies in interim audit management reports where significant matters are identified during the audit process.	Continuous Improvement in the ACT Public Sector	Director, Financial Audits and Senior Financial Audit Manager Group	June 2014
Performance or assist in the performance of audit support tasks as required.	Performance in the Audit Office	Director, Financial Audits and Senior Financial Audit Manager Group	As required.



Strategic Plan

Performance Audit Branch Action Plan

2013–14

The Performance Audit Branch Action Plan sets out the major actions for the Branch that will enable the Audit Office to achieve the objectives stated in the Strategic Plan 2012–2015. The Action Plan is prepared annually after consultation within the Performance Audit Branch.

David Hughes

Director, Performance Audits and Professional Services

18 September 2013

Performance Audit Branch Action Plan 2013–14

Our vision:

An accountable and highly performing ACT public sector

Our role:

- Providing an independent view to the ACT Legislative Assembly and the community on accountability, efficiency and effectiveness of the public sector
- Fostering accountability in the public administration of the Territory
- Promoting efficiency, effectiveness and value for money expenditure in the Territory's delivery of services and programs

Our values:

- Independence – impartial and evidenced-based reporting is our most powerful influence
- Integrity - we are honest, truthful and fair
- Professionalism - we fulfil our obligations
- Respect - we seek to understand and be trusted by our stakeholders
- Learning and innovation - we strive to realise our full potential

Our objectives, stakeholders and accountability indicators:

Objective	Target Stakeholders	Accountability Indicators
Accountability and Community Confidence	ACT Legislative Assembly ACT community Media	Number of performance audit reports presented to the Legislative Assembly
Continuous Improvement in the ACT Public Sector	ACT Legislative Assembly ACT agencies	Percentage of agencies satisfied with performance audits Percentage of recommendations accepted in performance audits
Performance in the Audit Office	ACT Legislative Assembly ACT Agencies ACT community ACT Auditor-General's Office staff	Average cost per performance audit Average period of completion of performance audits (months) Percentage of performance audits completed within seven months Achieving satisfactory assessment from internal quality reviews of performance audits.

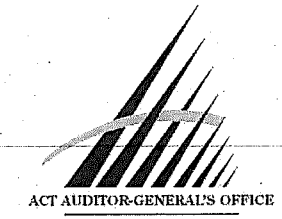
Objective	Target Stakeholders	Accountability Indicators
Supporting Staff	ACT Auditor-General's Office staff	Percentage of staff that are satisfied with the way performance reviews are conducted (from staff survey) Percentage of staff that advise they received training and development that meets their current job needs (from staff survey). Percentage of staff that advise they are aware of and understand the Office's goals and values (from staff survey) Percentage of staff that advise that they are overall, satisfied with their job (from staff survey)

Performance Audit Branch Action Plan 2013–14

Actions	Strategic Plan Objectives	Responsible Officer(s)	Timing
Develop the Performance Audit Program 2013–14	Accountability and Community Confidence	Director and PA staff as required	21 Aug 2013
Conduct the Performance Audit Seminar 2013–14	Continuous Improvement in the ACT Public Sector	Director and PA staff as required	21 Aug 2013
Provide Performance Audit training to agencies	Performance in the Audit Office Continuous Improvement in the ACT Public Sector	Director and PA staff as required	30 Nov 2013
Brief Legislative Assembly committees	Accountability and Community Confidence Continuous Improvement in the ACT Public Sector	Director and PA staff as required	All year
Liaise with directorate audit committees	Performance in the Audit Office Continuous Improvement in the ACT Public Sector	Director and PA staff as required	All year
Co-ordinate and investigate PIDs	Performance in the Audit Office Accountability and Community Confidence	Director	All year
Deliver the Performance Audit Program 2013–14 • Engage experts and consultants to complete the Performance Audit Program • Complete quality control reviews of high risk audits and other audits where appropriate	Accountability and Community Confidence Continuous Improvement in the ACT Public Sector Performance in the Audit Office Supporting staff	Director Principal Senior Manager Managers Senior Auditors	30 June 2014
Develop the Performance Audit Program 2014–15	Accountability and Community Confidence	Director and PA staff as required	30 June 2014
Quality			
Develop Branch Action Plan 2013–14	Performance in the Audit Office	Director	30 Sept 2013
Finalise external QA review by QAO	Performance in the Audit Office	Director and Principal, Professional Services	30 Sept 2013
Review and improve Performance Audit report template	Accountability and Community Confidence Continuous Improvement in the ACT Public Sector	Director and PA staff	30 Nov 2013
Conduct team building activities	Performance in the Audit Office Support Staff	Director and PA staff	28 Feb 2014
Assess Branch resources	Performance in the Audit Office	Director Principal Senior Manager	15 Dec 2013
Update Branch Action Plan 2013–14	Performance in the Audit Office	Director	31 Jan 2014
Review PAMPr and other methods	Performance in the Audit Office	Director and PA staff	28 Feb 2014

Performance Audit Branch Action Plan 2013–14

Review ASPIRE	Performance in the Audit Office	Director and PA staff	28 Feb 2014
Conduct method training	Performance in the Audit Office	Director and PA staff	28 Feb 2014
Complete staff performance appraisals and development plans	Performance in the Audit Office Supporting Staff	Director and supervisors	28 Feb 2014
Recruit and induct staff to conduct the Performance Audit Program	Performance in the Audit Office	Director and PA staff as required	As required
Provide performance feedback to PA staff	Performance in the Audit Office Supporting Staff	Director and PA staff	All year
Hold team meetings	Performance in the Audit Office	Director and PA staff	Monthly
Participate in ACAG activities	Performance in the Audit Office	Director and PA staff as required	All year
Develop Branch Action Plan 2014–15	Performance in the Audit Office	Director	30 June 2014
Corporate Functions			
Direct Professional Services (PS)	Accountability and Community Confidence Performance in the Audit Office Supporting Staff	Director	See PS Action Plan
Conduct external QA review	Accountability and Community Confidence Performance in the Audit Office	Director and Principal, Professional Services	28 Feb 2014
Provide a member for the Office's Audit and Review Committee	Performance in the Audit Office	Principal	All year
Prepare Annual Report	Accountability and Community Confidence	Principal	17 Sept 2013
Prepare Statement of Performance for 2013–14	Accountability and Community Confidence	Principal	30 June 2014
Co-ordinate Risk Management	Performance in the Audit Office	Senior Manager	All year
Manage Business Continuity	Performance in the Audit Office	Senior Manager	All year
Review implementation of internal audits recommendations	Performance in the Audit Office	Senior Manager	15 Dec 2013
Review legislative compliance	Performance in the Audit Office	Senior Manager	15 Dec 2013



Strategic Plan

Professional Services Action Plan

2013-14

The Professional Services Action Plan sets out the major actions that will enable the Audit Office to achieve the objectives stated in the Strategic Plan 2012-2015. The Action Plan is prepared annually in consultation with the Professional Services Team.

This Plan covers the period from 1 July 2013 to 30 June 2014.

David Hughes

Dr David Hughes

Director Performance Audits and Professional Services

7 August 2013

Our vision:

An accountable and highly performing ACT public sector

Our role:

- Providing an independent view to the ACT Legislative Assembly and the community on accountability, efficiency and effectiveness of the public sector
- Fostering accountability in the public administration of the Territory
- Promoting efficiency, effectiveness and value for money expenditure in the Territory's delivery of services and programs

Our values:

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Our objectives, stakeholders and accountability indicators:

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Accountability and Community Confidence	ACT Legislative Assembly ACT community Media	Number of performance audit reports presented to the Legislative Assembly
Continuous Improvement in the ACT Public Sector	ACT Legislative Assembly ACT agencies	Percentage of agencies satisfied with performance audits Percentage of recommendations accepted in performance audits
Performance in the Audit Office	*ACT Legislative Assembly* *ACT Agencies* *ACT community* *ACT Auditor-General's Office staff*	Average cost per performance audit Average period of completion of performance audits (months) Percentage of performance audits completed within eight months Achieving satisfactory assessment from internal quality reviews of performance audits.

Objective	Target Stakeholders	Accountability Indicators
Supporting Staff	*ACT Auditor-General's Office staff*	Percentage of staff that are satisfied with the way performance reviews are conducted (from staff survey) Percentage of staff that advise they received training and development that meets their current job needs (from staff survey). Percentage of staff that advise they are aware of and understand the Office's goals and values (from staff survey) Percentage of staff that advise that they are overall, satisfied with their job (from staff survey)

Professional Services Action Plan 2013-14

Actions	Strategic Plan Objectives	Responsible Officer(s)	Timing
Quality Assurance			
Maintain compliance with the Quality Control Standards, APES 320 and ASQC 1.	Continuous Improvement in the ACT Public Sector	Director, Performance Audits and Professional Services and Principal, Professional Services	30 September 2013
Undertake quality assurance reviews of audit files for Financial Audit Group and Performance Audit Group.	Continuous Improvement in the ACT Public Sector	Principal, Professional Services	31 March 2014
Undertake the annual Macro-benchmarking survey with ORIMA.	Continuous Improvement in the ACT Public Sector	Principal, Professional Services	31 August 2014
Provide Secretariat support to the Internal Audit and Review Committee	Continuous Improvement in the ACT Public Sector	Finance Officer	4 meetings
Provide technical advice to Financial Audit Group and Performance Audit Group.	Continuous Improvement in the ACT Public Sector	Principal, Professional Services	As requested
Financial Services			
Complete the Office's annual financial statements and statement of performance.	Accountability and Community Confidence	CFO and Finance Officer	In accordance with the required timetable[1]
Complete the Office's workbook for June and JFA periods	Accountability and Community Confidence	Finance Officer and Professional Services Officer	In accordance with the required timetable[2]
Complete the Office's consolidation pack and functional expenditure report.	Accountability and Community Confidence	Finance Officer	In accordance with the required timetable[3]
Complete the Office's Annual Report.	Accountability and Community Confidence	Director, Performance Audits and Professional Services and Principal, Professional Services	In accordance with the required timetable[4]

[1] In accordance with the whole-of-government reporting and audit timetable issued by the Chief Minister and Treasury Directorate.
[2] In accordance with the whole-of-government reporting and audit timetable issued by the Chief Minister and Treasury Directorate.
[3] In accordance with the whole-of-government reporting and audit timetable issued by the Chief Minister and Treasury Directorate.

Actions	Strategic Plan Objectives	Responsible Officer(s)	Timing
Prepare Office's Budget Papers and submissions to the Public Accounts Committee	Performance in the Audit Office	CFO and Finance Officer	In accordance with the required timetable[5]
Prepare Budget & Estimates papers for the Public Accounts Committee	Continuous Improvement in the ACT Public Sector	CFO and Finance Officer	In accordance with the required timetable[3]
Perform a cost allocation against financial audit fees and appropriation.	Performance in the Audit Office	Finance Officer	31 August 2013
Prepare six monthly financial statements and statement of performance for reporting to the Public Accounts Committee	Accountability and Community Confidence. Continuous Improvement in the ACT Public Sector	CFO and Finance Officer	31 January 2014
Complete and submit Annual Fringe Benefits Tax Return to the Australian Taxation Office	Performance in the Audit Office	Finance Officer and Corporate Officer	28 May 2014
Internal Budget Allocation	Continuous Improvement in the ACT Public Sector	CFO and Finance Officer	31 August 2013
Prepare Monthly Financial Statements	Continuous Improvement in the ACT Public Sector	CFO and Finance Officer	Monthly
Prepare Quarterly BAS Statements	Continuous Improvement in the ACT Public Sector	Finance Officer and Corporate Officer	Quarterly
Annual Assets Audit	Continuous Improvement in the ACT Public Sector	Corporate Officer	30 April 2014
HR and IT functions			
Implement the new Time Recording System	Performance in the Audit Office Supporting Staff	Professional Services Officer	4 July 2013
Complete performance appraisals and performance development plans for staff.	Performance in the Audit Office Supporting Staff	Director, Performance Audits and Professional Services and Principal, Professional Services	28 February 2014

[4] In accordance with the Annual Reports Directions issued by the Chief Minister and Treasury Directorate.
[5] In accordance with the Budget timetable issued by the Chief Minister and Treasury Directorate.

Professional Services Action Plan 2013-14

Actions	Strategic Plan Objectives	Responsible Officer(s)	Timing
Organise Office Planning Day	Performance in the Audit Office	Executive Officer	November 2013
Provide Induction to new staff	Performance in the Audit Office	Corporate Officer	30 April 2014 or as needed
Undertake the annual staff and MLA survey.	Continuous Improvement in the ACT Public Sector	Director, Performance Audits and Professional Services and Principal, Professional Services	30 June 2014
Provide support to recruitment activities as required	Supporting staff	Executive Officer	Ongoing
Prepare Office's 2014-15 Learning and Development Program	Performance in the Audit Office Supporting Staff	Principal, Professional Services	30 June 2014
Enterprise Bargaining Agreement		Director, Performance Audits and Professional Services	In accordance with the required timetable[6]
Records management, electronic files clean up	Continuous Improvement in the ACT Public Sector	Professional Services Officer	20 December 2013
Maintain the Office's Website	Continuous Improvement in the ACT Public Sector	Executive Officer	Ongoing
Maintain Office's Policies and Procedures	Continuous Improvement in the ACT Public Sector	Executive Officer	Ongoing
Maintain the Time Recording System	Performance in the Audit Office Supporting Staff	Corporate Officer	Ongoing
Other Corporate Functions			
Annual electricity testing	Supporting Staff	Executive Officer and Corporate Officer	December 2013
Annual Office clean up (including kitchen)	Supporting Staff	Corporate Officer	December 2013
Develop 2014-15 Corporate Services Action Plan.	Performance in the Audit Office	Principal, Professional Services	31 March 2014

[6] In accordance with the whole-of-government enterprise bargaining process.

Professional Services Action Plan 2013-14

Actions	Strategic Plan Objectives	Responsible Officer(s)	Timing
ACAG correspondence including surveys	Continuous Improvement in the ACT Public Sector	Principal, Professional Services	Ongoing
Manage Office's accommodation needs	Supporting Staff	Director, Performance Audits and Professional Services and Principal, Professional Services	Ongoing

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STANDING COMMITTEE ON PUBLIC ACCOUNTS

RECEIVED
30 JAN 2014
ACT LA
COMMITTEE SUPPORT

(Reference: Annual and financial reports 2012-2013)

QUESTION ON NOTICE

The Chair, Mr Brendan Smyth MLA, asked the Auditor-General on 17 December 2013 the following questions in relation to public interest disclosures.

Question 1

Mr Smyth asked why the letter about a public interest disclosure forwarded by Mr Shane Rattenbury MLA to the Auditor-General on 13 February 2013 was not included in 'Table C.3.1: Public Interest Disclosures' of the Auditor-General's Annual Report.

Answer

The letter from Mr Rattenbury stated the following:

> '... I understand that the investigation must be undertaken by the Commissioner unless it is referred to another entity.'
>
> '... given the nature of the disclosure it is appropriate that the Auditor-General also be made aware that the concern exists.'

Given the above statements, it was considered that the matter was going to be investigated by the Commissioner for Public Administration and was provided to the Auditor-General for information only.

As the public interest disclosure was made to Mr Rattenbury and was subsequently provided to the Auditor-General for information purposes only, this public interest disclosure was not considered to be one made to the Auditor-General. For this reason, this public interest disclosure was not included in Table C.3.1.

RECEIVED
30 JAN 2014
ACT LA
COMMITTEE SUPPORT

Question 2

THE CHAIR: In this case, just to complete it, the letter continues:

> Mr Rattenbury has subsequently received correspondence from Mr Gary Byles, Acting Director-General of Chief Minister and Treasury Directorate, which states in part:
>
> "I can confirm that the matter has been attended to in accordance with the Public Interest Disclosure Act 2012".

If it was Treasury and Chief Minister's that was responsible for, in theory, leaking this material about the tax paid by the gaming machine operators to cabinet then they have investigated themselves. Would it not be far more appropriate for somebody like you to investigate that?

Answer

As noted in the answer to Question 1, the Audit Office was satisfied that the Commissioner for Public Administration was the appropriate entity to receive this public interest disclosure given the current legislation.

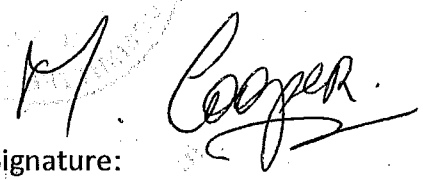
After the Annual Report hearing of 17 December 2013, the Commissioner for Public Administration was contacted and provided information to the Auditor-General. In this communication an apology was given for not advising the Audit Office earlier of the final decision to not investigate the PID as there is no disclosable conduct under the PID. The provided information stated that:

> '... GSO advise that the matter does not warrant investigation under the PID Act. Their determination was that the matter fell under Part 4, section 20(d) of the Act:
>
> *An investigation entity may decide not to investigate a public interest disclosure, or may end the investigation of the disclosure, if –*
>
> *(d) the investigation entity is reasonably satisfied that the disclosed information is wrong in a material way and investigation of the disclosure is not warranted.*
>
> Essentially the view is that the matter does not constitute disclosable conduct for investigation under the Act, as the information is based on incorrect determinations of the *Tax Administration Act.'*

The Audit Office has been given a full copy of the GSO advice, which I understand was based on the disclosure information submitted to Mr Rattenbury MLA.

Given the legal advice and the fact that this matter was not raised directly with the Audit Office, no further action will be taken by the Audit Office. However, the Audit Office will monitor agencies' responses to PID matters that we are made aware of, or are referred directly to us, to inform the Performance Audit program.

Approved for circulation to the Standing Committee on Public Accounts 2012-2013



Signature: Date: 30 January 2014

By the Auditor-General, Dr Maxine Cooper