LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

REVIEW OF AUDITOR-GENERAL'S REPORT NUMBER 7, 1994

Various Agencies
- Overseas Travel Executives and Others
- Implementation of Major IT Projects

STANDING COMMITTEE ON PUBLIC ACCOUNTS
Report Number 2

May 1995

RESOLUTION OF APPOINTMENT

The Standing Committee on Public Accounts was appointed by the Legislative Assembly on 9 March 1995 with the following terms of reference:

(a) examine -

(i) the accounts of the receipts and expenditure of the Australian Capital Territory;

(ii) the financial affairs of authorities of the Australian Capital Territory; and

(iii) all reports of the Auditor-General which have been laid before the Assembly;

(b) report to the Assembly, with such comments as it thinks fit, any items or matters in those accounts, statements and reports, or any circumstances connected with them, to which the committee is of the opinion that the attention of the Assembly should be directed;

(c) inquire into any question in connection with the public accounts which is referred to it by the Assembly and to report to the Assembly on that question; and

(d) inquire into and report on the implementation of the *Public Sector Management Act 1994* with particular reference to:

(i) the public interest; and

(ii) any other related matter.

MEMBERSHIP OF THE COMMITTEE

Ms Rosemary Follett MLA (Committee Chair)
Mr Trevor Kaine MLA (Deputy Committee Chair)
Ms Lucy Horodny MLA

Secretary: Bill Symington

1. INTRODUCTION

1.1 Auditor-General's Report no 7, 1994 was presented to the Assembly on 21 September 1994. It encompasses two audits - one dealing with overseas travel by executives and the other dealing with the implementation of major information technology projects. This report deals with the two issues separately.

1.2 By resolution of the Assembly on 9 March 1995 the committee was authorised to consider and make use of the evidence and records of the Standing Committee on Public Accounts appointed during the previous Assembly.

2. OVERSEAS TRAVEL

2.1 The objectives of the audit were to provide an opinion on whether overseas travel by persons potentially able to override internal control procedures was in the interests of the ACT Government and the community and whether the allowances and other costs were in accordance with Government policy and guidelines.

2.2 The audit took a sample of overseas travel undertaken in 1993 by 16 senior members of the ACT public sector and included a Member of the Legislative Assembly, Ministers, a judge, a holder of public office and several senior executive service officers.[1]

Audit Findings

2.3 The audit concluded that, in general, travel was in the interests of the Government service and the community, but that the degree of compliance with legislation, guidelines and Government policies was less than would be reasonably expected. The audit found many errors in calculation of allowances resulting in both over and underpayments. These errors arose from complexities in the guidelines and the calculations necessary rather than from intentional misuse of seniority or authority.[2]

2.4 There were no instances where Ministers or Members of the Legislative Assembly had received incorrect payments relating to overseas travel.[3]

2.5 However, the audit found that an amount of approximately $1070, which was refunded by a traveller to the Treasury following an overseas trip had been lost or stolen.[4]

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[1] Audit Report, p4
[2] Ibid,
[3] Ibid, p5
[4] Ibid

Audit Recommendations

2.6 The principal recommendations were that:

(i) the Department of Public Administration Services and the Treasury review and simplify the Finance Regulations, Treasury Directions and the Public Sector Management Standards relating to overseas travel to ensure that they are consistent, easily understood and appropriate for ACT conditions;

(ii) a central reference on overseas travel provisions be established;

(iii) provision be made for guidelines for travel by the judiciary, the magistracy ; and non-Government holders of public office.

(iv) there be a determination for travelling allowances for Members of the Legislative Assembly.[5]

(v) agencies ensure that acquittals are supported by appropriate documentation, that they are reviewed against travel advances and that all documentation is reviewed carefully to ensure that personal expenses are not paid as official expenditure.[6]

(vi) Treasury review its procedures and controls for the receipt of moneys.[7]

Committee's Approach to the Inquiry

2.7 This audit report was given preliminary consideration by the public accounts committee in the previous Assembly. The audit gave rise to three particular matters of concern within that committee, namely, the audit comment about the use of an ACT Government credit card by a senior executive service officer to obtain a cash advance to purchase traveller's cheques,[8] the loss or theft of the amount of approximately $1070 and how frequent flyer points are accounted for in respect of travel by ACT Government warrant.

2.8 The previous committee wrote to the previous Chief Minister about these matters and replies were received both prior to and subsequent to the ACT general election in February 1995.

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[5] Ibid,p9
[6] Ibid, p12
[7] Ibid, p13
[8] Ibid,p 12

2.9 With the agreement of the Chief Minister and Treasurer, this committee met with senior Treasury officers on 10 April 1995 to discuss the theft or loss of the approximately $1070.

Committee Comment

2.10 The committee supports the audit recommendations as set out in paragraph 2.6 (i) to (vi) above.

Loss or Theft of Currency

2.11 With regard to the loss or theft of the $1070, the committee notes that an internal Treasury inquiry and an investigation by the Fraud Prevention Unit determined that a deficiency in security procedures in the Accounting Practices area of Treasury made it difficult to determine whether the missing currency had been misplaced, lost or accidentally destroyed or stolen. Neither inquiry was able to conclude that any criminal act had taken place.[9]

2.12 The committee expresses its concern that the currency loss was due, in part, to the officer concerned apparently depositing all the relevant documentation, including the currency, with the Treasury Accounting Practices area and leaving it to the Treasury to reconcile the advances made in relation to the overseas visit.

2.13 The committee is strongly of the view that those who are advanced funds to cover official travel should be solely responsible for reconciling those advances when the travel is completed. The Treasury officers advised the committee that the relevant Treasury staff have since reviewed and now thoroughly understand the legislative provisions relating to the receipting and banking of public moneys and security procedures.[10]

2.14 The committee was also advised that a circular had since been issued to all agencies concerning arrangements for the acquittal of advances for official travel.

Use of Government Credit Card

2.15 With regard to the use of an ACT Government credit card to obtain a cash advance to purchase traveller's cheques, the committee was advised by the Treasury that approval was provided by Treasury in accordance with the Guidelines for Holders of ACT Government credit cards and their Supervisors. The approval was based on the need to obtain traveller's cheques quickly and to facilitate the most appropriate method of purchase in the circumstances. The

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[9] Under Treasurer, letter to the committee dated 9 March 1995.
[10] ibid

approval was consistent with policy on cash advances and Treasury advised that no officer is permitted to access cash advances on an ongoing basis.[11]

2.16 The committee was further advised that Treasury is reviewing the current guidelines with a view to providing more comprehensive and practical assistance to agencies in the day to day operations of the Corporate Credit Card.[12]

Frequent Flyer Points

2.17 The former Chief Minister advised the previous committee that Government employees may not derive any personal benefit from frequent flyer schemes as a result of official travel and that the Public Sector Management Standards (Part C:7.1 of the Guidelines - Taking Improper Advantage of Position) make this clear.[13]

2.18 However, the committee was advised that under the guidelines the advantages offered by airlines to customers should be used by agencies and that Chief Executives should negotiate with airlines to use bonus points from official travel for other official travel, or to be converted to a discount on official travel costs. The former Chief Minister advised the previous committee that the issue of frequent flyer points was being addressed in the new ACT Government Travel Contract which was being finalised.[14]

Committee Recommendations

2.19 The committee recommends that the Government:

(i) advise what steps have been taken to implement the audit recommendations set out in paragraph 2.6 (i) to (vi) above;

(ii) ensure that all members and officers of the public sector be made fully aware of their personal responsibility to acquit funds advanced to cover official travel as early as practicable when the travel is completed;

(iii) provide to the Assembly the revised Guidelines for Holders of ACT Government credit cards; and

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[11] ibid
[12] ibid
[13] Chief Minister, letter to the committe, dated 21 November 1994
[14] ibid

(iv) **provide to the Assembly details of the ACT Government Travel Contract with the airlines with particular reference to arrangements for official use of frequent flyer points earned by Government agencies.**

3. IMPLEMENTATION OF MAJOR IT PROJECTS

3.1 The objective of the audit was to assess whether the implementation of major IT projects has been managed effectively, has achieved expected outcomes within budgets and timetables, and whether the projects have been justified.[15]

3.2 The audit concluded that implementation of IT projects has generally been managed effectively within budgets and timetables and that the capabilities created by major IT projects has justified the investment.

3.3 The audit focussed upon progress and post implementation reviews and matters associated with the management of IT projects and, in relation to those matters, made certain recommendations which are summarised as follows:

(i) the Major Information Technology Projects Committee (an interdepartmental committee responsible for reviewing major IT projects before final approvals are sought) require that it has adequate progress reporting on projects and post implementation reviews within six months of completion of a project;

(ii) there be a framework for estimating and recording all implementation costs; and

(iii) guidance be given to project managers related to risk identification, planning and system security.[16]

Committee Recommendation

3.4 The committee recommends that the Government advise the steps taken to implement the audit recommendations set out in paragraph 3.3 above.

Rosemary Follett

Rosemary Follett MLA
Chair

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[15] Audit Report, p8
[16] ibid, p7