2012

THE LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

GOVERNMENT RESPONSE TO THE STANDING COMMITTEE ON PUBLIC ACCOUNTS

AUDITOR-GENERAL'S REPORT NO. 5 OF 2011: *2010-11 FINANCIAL AUDITS*

Presented by
Mr Andrew Barr MLA
Treasurer

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INTRODUCTION

On 23 August 2012, the Standing Committee on Public Accounts Review of the Auditor-General's Report No. 5 of 2011: *'2010-11 Financial Audits'* (the Report) was tabled in the Legislative Assembly.

Recommendations

The Standing Committee on Public Accounts made four recommendations. A Government Response has been prepared and provided below to address these recommendations.

GOVERNMENT POSITION ON RECOMMENDATIONS/FINDINGS

A Government Response, and position on the four recommendations included in the Auditor-General's Report are outlined below.

Recommendation 1

The Committee recommends that the ACT Government ensure that all directorates and agencies comply with the Treasury Directorate's whole-of-government reporting timetable to ensure that the Territory's financial statements are completed and audited within the timeframe required by the *Financial Management Act 1996*.

<u>Government Position</u>

Agreed.

Agencies have internal processes in place to ensure the Chief Minister and Treasury Directorate's whole of government timetable is met. Agency Chief Finance Officers and Internal Audit Committees will ensure that the Chief Minister and Treasury Directorate's financial timelines are adhered to.

Chief Minister and Treasury will continue to ensure that agencies are aware of the financial reporting timelines as part of the Agency Financial Statements and Consolidated Financial Statements for the Territory memo. Subsequent changes to dates are sent to all Chief Finance Officers to assist agencies in complying with reporting requirements. Chief Minister and Treasury officers will continue to inform agency contacts to changes and provide necessary assistance.

In 2010-11 79 per cent of agencies complied with the Treasury Directorate's whole of government reporting timeframe. This is a decline from 94 per cent complying in 2009-10. The decline can be attributed to implementing Administrative Arrangements No. 1 of 17 May 2011. As a result, various agencies were unable to meet the whole of government timetable.

Recommendation 2

The Committee recommends that, in future, the implementation of major alterations to the responsibilities of directorates and agencies should be aligned with the end of a financial year reporting period in order to minimise the complexity of subsequent reporting arrangements.

Government Position

Not Agreed.

Under the *Australian Capital Territory (Self-Government) Act 1988 (Cwlth)* and the *Public Sector Management Act 1994,* the Chief Minister has the power to make Administrative Arrangements.

In some circumstances changes to Administrative Arrangements can add to the complexity of subsequent reporting arrangements. However, limiting the timing of changes to Administrative Arrangements to align with financial year reporting periods would unreasonably constrain the Chief Minister's ability to configure Government portfolio responsibilities to meet the Government's priorities in a timely manner.

Recommendation 3

The Committee recommends that all ACT Government directorates and agencies should prioritise as a matter of urgency an assessment of the adequacy of controls over their respective IT systems and applications. This should include consideration of the controls that affect the reliability of all IT systems and applications (general controls) and controls that are specific to each application (application controls).

Government Position

Agreed.

Shared Services ICT (SS ICT) has commenced work to identify all ICT systems across Government and categorise them based on criticality. As part of this work, SS ICT is actively working with directorates on a prioritised basis to have in place System Security Plans that will enable the directorates to clearly identify the business outcomes to be derived from the system.

SS ICT is also actively engaged with directorates to identify the controls that have been put in place to protect the confidentiality, integrity, reliability and availability of the system and information being processed.

Recommendation 4

The Committee recommends that all ACT Government directorates and agencies should have effective practices and processes in place to review all reports of the Auditor-General, and to assess the relevance of the findings and recommendations to their agency, regardless of whether the agency was involved in a specific audit.

Government Position

Noted.

Agency Internal Audit Committees have existing mechanisms in place to review reports of the Auditor-General and assess the relevance of findings and recommendations. Consideration will be given to other reports if considered relevant to the individual agency.

Internal Audit Committees will continue to monitor and resolve audit findings in a timely manner.