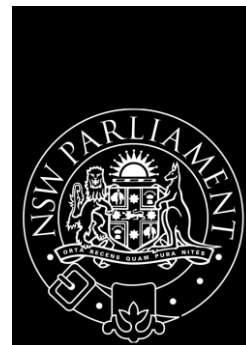


LEGISLATIVE ASSEMBLY



Public Accounts Committee

Annual Review 2009-10

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Membership and Staff

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	Mr Victor Dominello MP, Member for Ryde (from 11 March 2010)
	Mr Anthony Roberts MP, Member for Lane Cove (until 11 March 2010)
	Mr Peter Draper MP, Member for Tamworth
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Chair's Foreword

I am pleased to present to Parliament the Public Accounts Committee's Annual Review for 2009-10.

This year the Committee has completed its Inquiry into Sustainable Procurement, continued its program of following up on all of the Auditor-General's performance audits, and commenced an Inquiry into the Quality and Timeliness of Financial Reporting.

The Committee commenced its inquiry into financial reporting after receiving a briefing from Treasury and the Auditor-General on the financial reports. This briefing was held as part of the Committee's renewed focus on financial accountability. Having bedded down its processes for examining performance audits, the Committee is strengthening its approaches to pursuing the highest standards of financial accountability. I trust that this inquiry and the Committee's ongoing work in this area, together with the cooperation of Treasury, Government agencies and the Auditor-General, will result in improved financial management and better use of taxpayers' money in New South Wales.

The Committee remains grateful for the continued assistance it receives from the Government agencies it examines, and which are responsible for delivering the improvements to services that we all seek. We also extend our gratitude to the Auditor-General and his staff, whose professional expertise and independence is a great aid to the Committee. I also thank my fellow Committee Members for their ongoing commitment and bipartisan approach to ensuring accountability for public expenditure.



Paul Gibson MP
Chair

Chapter One - Functions of the Committee

- 1.1 The Public Accounts Committee has responsibilities under Part 4 of the *Public Finance and Audit Act 1983* (the Act) to inquire into and report on issues connected with the Total State Sector Accounts and the accounts of the State's authorities.
- 1.2 The Committee recommends improvements to the efficiency and effectiveness of government activities. A key part of the Committee's work is following up aspects of the Auditor-General's reports to Parliament. The Committee may also receive referrals from the Legislative Assembly, Ministers or the Auditor-General to undertake inquiries. Evidence is gathered primarily through submissions and public hearings.
- 1.3 The Committee consists of six members appointed from the Legislative Assembly. At present, the Committee comprises Mr Paul Gibson MP (Chair), The Hon Grant McBride MP (Deputy Chair), Mr Victor Dominello MP, Mr Peter Draper MP, Mr Ninos Koshaba MP and Mr John Turner MP. Mr Gibson was appointed to the Committee, and later to the Chair, following the departure of Mr Paul McLeay MP. Mr Dominello joined the Committee following the departure of Mr Anthony Roberts MP.

General Functions

- 1.4 Section 57(1) of the Act sets out the Committee's general functions. These functions are replicated for State owned corporations under section 28 of the *State Owned Corporations Act 1989*. The Committee's main functions are:
 - (1) to examine the Total State Sector Accounts transmitted to the Legislative Assembly by the Treasurer;
 - (2) to examine the accounts of authorities of the State, being accounts that have been audited by the Auditor-General or an auditor appointed under section 47(1) of the Act, or laid before the Legislative Assembly by a Minister of the Crown;
 - (3) to examine the opinion or any report of the Auditor-General transmitted with the Total State Sector Accounts or laid before the Legislative Assembly with the accounts of an authority of the State;
 - (4) to examine any report of the Auditor-General laid before the Legislative Assembly; and
 - (5) to inquire into expenditure by a Minister of the Crown made without Parliamentary sanction which the Committee considers ought to be brought to the notice of the Legislative Assembly.
- 1.5 The Committee is able to report to the Legislative Assembly from time to time upon any of these issues as well as on any alteration that the Committee thinks desirable in the form of accounts or in the method of keeping them or in the method of receipt, expenditure or control of money relating to those accounts.
- 1.6 The Act enables the Committee to investigate any question in connection with those accounts that is referred to it by the Legislative Assembly, a Minister of the Crown or the Auditor-General.

Statutory Bodies

- 1.7 The Act also makes specific provisions in relation to statutory bodies. These largely relate to the Treasurer making references to the Committee and requiring the Committee's comment on amendments to provisions relating to statutory bodies and the form of their financial statements.

Limits on Committee Powers

- 1.8 The Act prevents the Committee from examining any matter of government policy unless the Legislative Assembly or a Minister of the Crown specifically refers an issue to the Committee.
- 1.9 The functions of the Committee do not extend to an examination of, inquiry into or report upon the estimates of any proposed expenditure by the State or by an authority of the State.

Appointment of the Auditor-General

- 1.10 The Committee can veto any proposed appointment to the position of Auditor-General; however, it is not involved in selecting potential appointees, unlike equivalent Committees in some jurisdictions. The Treasurer is required to refer a proposal to appoint a person as Auditor-General to the Committee for its consideration. The Committee has 14 days in which to exercise this power of veto. This can be extended to a further 30 days if it provides notice that it requires more time to consider the matter.

Annual Reports

- 1.11 In recognition of the Committee's role in promoting accountability, the legislation confers upon the Committee formal responsibility regarding annual reports for departments and statutory bodies. The Treasurer can refer to the Committee any matter relating to annual reports for examination. Any proposal to amend the relevant legislation and regulations must be referred to the Committee for examination and report to the Treasurer.

Review of the Auditor-General's Office

- 1.12 The *Public Finance and Audit Act 1983* (s 48A) requires that a review of the Auditor-General's Office be conducted at least once every three years. The purpose of the review is to examine the auditing practices and standards of the Auditor-General to determine the level of compliance with recognised professional auditing practices and standards, and any legislative requirements.
- 1.13 The Committee has statutory responsibility for managing reviews of the Audit Office of New South Wales; this is done by appointing a reviewer to conduct the audit and determining the terms and conditions under which the review will be conducted. While the reviewer is independent of the Committee, the reviewer must comply with the Committee's directions. The reviewer's report is not made public until tabled by the Chair of the Committee in the Legislative Assembly.

Chapter Two - Highlights 2009-10

Reports Tabled

- 2.1 In 2009-10, the Committee tabled six reports. These included a report on the self-referred Inquiry into *Environmentally Sustainable Procurement* and three omnibus reports on the Committee's findings on performance audit follow-up inquiries into *Ageing Workforce – Teachers*, *Efficiency of the Office of the Director of Public Prosecutions*, *Working with Hotels and Clubs to Reduce Alcohol-Related Crime*, *Signal Failures on the Metropolitan Rail Network*, *Recycling and Reuse of Waste by the NSW Public Sector*, *Improving Literacy & Numeracy in NSW Public Schools*, *Delivering Healthcare out of Hospitals*, and *Managing Injured Police*. The Committee also tabled the *Review of the Audit Office under s48A of the Public Finance and Audit Act 1983*, and its *Annual Review 2008-09*.
- 2.2 Appendix One lists these reports and their tabling dates. The reports are available online at www.parliament.nsw.gov.au/publicaccounts, or by contacting the secretariat.

Inquiry into Environmentally Sustainable Procurement

- 2.3 In March, the Committee tabled its report into Environmentally Sustainable Procurement. Commenced in December 2008, the report presented the Committee's findings gleaned from submissions and the evidence of witnesses that appeared before the Committee at public hearings. Further information about the report, including the Committee's recommendations, can be found in the next chapter.

Inquiries Commenced

Examination of Performance Audits

- 2.4 In addition to the follow-up of performance audits tabled (above), the Committee has commenced its examination into four further performance audits, including: *Sustaining Native Forest Operations*; *Grants Administration*, *Improving Road Safety - Heavy Vehicles* and *Tackling Cancer with Radiotherapy*.
- 2.5 Appendix Two details the progress of the Committee's inquiries during the reporting period.

Inquiry into Financial Reporting

- 2.6 In Volume Four of his 2009 Financial Audit, the Auditor-General expressed concerns regarding the quality of financial reporting in New South Wales. These concerns arose after 12 of the 24 largest agencies submitted financial reports for auditing that contained significant errors.¹
- 2.7 Accordingly, the Committee commenced an inquiry into Financial Reporting in May 2010.

¹ Twelve of the 24 largest agencies' financial reports submitted for audit contained significant errors in the current year's financial information, while 5 included significant errors in the prior years' financial information.

Inquiry into Premature Release of Draft Auditor-General's Report

- 2.8 The Committee resolved to conduct an inquiry following the premature release of a draft version of one of the Auditor-General's performance audits. The report resulting from this inquiry will be tabled in the 2010-11 financial year.

Meetings and Hearings

- 2.9 Eighteen meetings, including four public hearings, were held during 2009-10. The list of these meetings, including members in attendance, can be found at Appendix Three.

Government Responses to Reports

- 2.10 The Department of Premier & Cabinet provided responses to the Committee's follow-up inquiries into *Responding to Homelessness*, *Connecting with Public Transport*, *Dealing with Household Burglaries* and *Government Advertising*, *Improving Efficiency of Irrigation Water Use on Farms*, *Police Rostering* and *Managing Departmental Amalgamations*.
- 2.11 The number of recommendations accepted by the government is detailed in the table at Appendix 4.
- 2.12 The Committee has not yet received a response to its report on State Plan Reporting (tabled 27 November 2008).

Other Activities

Briefing Sessions for Members of Parliament

- 2.13 A briefing session is held for each of the Auditor-General's reports tabled during sitting periods. At the initiative of the Committee, all Members of Parliament and their staff are invited to attend these sessions to discuss the details of the reports with the Auditor-General and his auditors.
- 2.14 During 2009-10, six briefing sessions were held on performance audits into *Handback of the M4 Tollway*, *Government Licensing Project*, *Improving Road Safety: School Zones*, *Working With Children Check*, *Managing Forensic Analysis Fingerprints and DNA*, *Government Advertising*, *Improving the Performance of Metropolitan Bus Services*, *Access to Overnight Centre-Based Disability Respite*, *Severance Payments to Special Temporary Employees*, and *Government Investment in V8 Supercar Races at Sydney Olympic Park*. Sessions were also conducted for Financial Audits Volumes 2 to 8.

Discussions with the Auditor-General

- 2.15 The Committee has an ongoing interest in the Auditor-General's work programme on account of its role in examining reports produced by the Audit Office. At the same time, as the Parliament is the Auditor-General's principal client, the Auditor-General seeks input from the Committee (and other Members of Parliament) on potential

topics for audit. Consequently, in addition to the briefing sessions, the Committee meets with the Auditor-General to discuss future audits and related issues.

- 2.16 The Committee was also invited to attend the Audit Office's celebration of the publication of their 200th performance audit.

Annual Reporting Awards

- 2.17 The Public Sector Annual Reporting Awards are jointly run by the Public Accounts Committee and the Public Bodies Review Committee, to recognise excellence in annual reporting by public sector agencies.
- 2.18 The 2010 award was shared by Housing NSW (formerly the Department of Housing) and the Judicial Commission.

Increasing Awareness of the Work of the Committee

- 2.19 Members of the Committee often meet with visiting delegations to explain and discuss the Committee's operations and exchange information about parliamentary practices.
- 2.20 This year, Members of the Committee met with:
- The Hon Magdalene Toroansi, Chair of the Bougainville Public Accounts Committee;
 - Members of the Kiribati Public Accounts Committee;
 - a delegation of the Bangladeshi Parliament led by the Hon Md. Abdul Hamid Advocate, Speaker to the Bangladeshi Parliament, who were visiting Australia under the auspices of the United Nations Development Program (UNDP); and
 - a delegation from the National Assembly of Vietnam.

Chapter Three - Reports, Inquiries & Responses

Reports

Review of the Audit Office Under s48A, *Public Finance and Audit Act 1983*

- 3.1 As described in the previous chapter, the Public Accounts Committee must commission an independent review of the Audit Office of New South Wales every three years, in accordance with s48A of the *Public Finance and Audit Act 1983*.
- 3.2 After a competitive tendering process, Oakton Services Pty Ltd was appointed to conduct the review of the Audit Office. In undertaking the review, Oakton was requested to pay particular regard to the following matters:
1. *Auditing Function*
 - a) Compliance with current professional standards and legal requirements in undertaking auditing of all types;
 2. *Costs and Charges*
 - a) Whether the Audit Office is providing value for money financial audit services in comparison with the services and fees of similar organisations; and
 - b) Whether Performance Audits provide value for money by meeting their objectives and contributing to improved accountability by agencies within New South Wales.
 3. *Planning*
 - a) Whether the process of selecting topics for performance and compliance audits is based on robust methodology including a consideration of whole of government risk management and central agency priorities; and
 - b) Whether the selection of agencies for inclusion in compliance audits is robust and based on a consideration of the particular risks of that agency.
 4. *Management and Resources*
 - a) Whether the Audit Office has adequate resources to conduct its functions; and
 - b) Whether appropriately skilled staff are undertaking performance audits.
 5. *Communication with Clients*
 - a) Effective communication with clients in particular in relation to:
 - b) Establishing a joint understanding of expected audit fees and potential variations;
 - c) The scope of the performance and compliance programmes and of individual audits within these programmes; and
 - d) Provision of adequate notice of draft reports to Parliament for larger agencies to provide informed comment.
 6. *Previous Review*

Assessment of the Audit Office's response to the recommendations of the 2006 Review of the Audit Office.
 7. *General*

Any matter that may be referred to the reviewer by the Committee during the course of the review.

3.3 The review found that the Audit Office had successfully implemented recent changes to both Accounting and Auditing Standards and the Committee was pleased to note that the overall conclusion of the reviewers was positive:

Evidence gathered from our fieldwork demonstrated that the Auditor-General and the Audit Office has in place robust and professional frameworks to effectively and efficiently deal with its core business and to interact with its clients.²

3.4 Several recommendations were made to further improve the operations of the Audit Office. The recommendations revolved around:

- sourcing appropriate financial audit methodology and enabling software;
- strengthening quality control processes;
- standardising work practices;
- improving client feedback mechanisms;
- updating practice manuals;
- strengthening processes for identifying 'issues' throughout the audit process;
- continuing references to the Office's risk management strategy;
- feeding the findings of PAC follow-up examinations back into planning processes;
- committing to a rolling three-year planning cycle, and providing an explanation for pursuing audits outside of plan;
- securing separate funding for compliance audit program; and
- finalising recommendations arising from the 2006 review of the Audit Office and the recent internal review.

Report on Environmentally Sustainable Procurement

3.5 In December 2008, the Committee commenced an inquiry into environmentally sustainable procurement within the public sector. The Committee sought to determine the extent to which procurement practices of government departments and agencies comply with existing policies and guidelines relating to environmental management.

3.6 In total, 18 submissions were received and 27 witnesses from 15 public and private sector organisations appeared as witnesses at public hearings.

3.7 The Committee handed down 10 recommendations aimed at improving procurement practices in the NSW public sector. These included:

- improvements to training provided to procurement officers;
- better information sharing among procurement and purchasing staff across the public sector to consolidate 'best practice';
- improved explanations for the determination of 'value for money';
- enhanced departmental and whole of government leadership to promote environmentally sustainable procurement;
- evaluation of current practices and conformity with stated commitments;
- establishment of better relationships and communication with suppliers;

² Oakton, *NSW Audit Office 2009 Triennial Review on behalf of the Public Accounts Committee*, p. 4.

- the introduction of annual assessments against a framework modelled on that of the UK Sustainable Procurement Task Force; and
- improved intergovernmental cooperation, as well as with other stakeholders to harmonise sustainable procurement practices, standards and reporting processes.

Examination of the Auditor-General's Performance Audits

- 3.8 In 2007, the Committee resolved to follow-up all performance audits conducted by the Auditor-General. Twelve months after the tabling of a performance audit the Committee writes to the relevant Chief Executive Officer requesting a submission that sets out the action taken in response to the Auditor-General's recommendations. The Committee then seeks comment from the Auditor-General and may conduct a public hearing to take evidence from the agency, the Auditor-General, and any other interested bodies. A compendium report is then produced detailing the issues raised in the course of the inquiry, and any recommendations.³
- 3.9 The Committee tabled its fourth, fifth and sixth compendium reports during the period.

Fourth Report on the Examination of the Auditor-General's Performance Audits

Ageing Workforce – Teachers

- 3.10 The Committee was pleased to secure the Director-General's commitment to implement all four of the Auditor-General's recommendations that were initially rejected by the Department of Education & Training. The acceptance of these recommendations will assist the Department in better managing the impact of the ageing workforce on the delivery of educational services. This will be achieved through improved information on teachers' retirement intentions; more detailed information at localised level; the conduct of exit interviews; and improved reporting of TAFE shortages.

Efficiency of the Office of the Director of Public Prosecutions

- 3.11 The submission from the Office of the Director of Public Prosecutions stated that all of the Auditor-General's recommendations were accepted by the agency. However, the response from the Executive Director (a position which itself was created as a result of the audit) indicated that the implementation of many of the recommendations were still in their infancy. The Committee thus requested the Executive Director provide a more detailed account of the progress in implementing the recommendations early in 2010, for the Committee's examination. This was examined in the Committee's Sixth Report, discussed below.

Working with Hotels and Clubs to reduce alcohol-related crime

- 3.12 The NSW Police Force and the Officer of Liquor, Gaming & Racing, both of which have responsibility for enforcing the responsible service of alcohol, accepted all of the Auditor-General's recommendations and had implemented a range of initiatives

³ Depending on the information contained within the submission, a public hearing may not be required. In these cases, the Committee's assessment will be found in the compendium report.

aimed at improving co-ordination between the two organisations, the guidance offered to officers, and the monitoring and review of activities to determine their effectiveness. The Committee is satisfied that the agencies' responses will assist in the continuation of their recent success in reducing alcohol-related crime.

Fifth Report on the Examination of the Auditor-General's Performance Audits

Signal Failures on the Metropolitan Rail Network

- 3.13 Although the audit of RailCorp revealed that the agency had significantly improved its management of signal failures, the Committee expressed concern that RailCorp had yet to identify the type of signalling system required to meet the State Plan targets regarding patronage levels. This was only remedied in the final stages of the inquiry process. The Committee reinforced the Auditor-General's recommendation that RailCorp publish industry averages of the reliability of signalling assets in order to benchmark RailCorp's performance in this area.

Recycling and Reuse of Waste by the NSW Public Sector

- 3.14 The Waste Reduction and Purchasing Policy (WRAPP) administered by the Department of Environment, Climate Change & Water (DECCW) has resulted in an increase in the amount of waste reused and recycled within the public sector. It is hoped that continued improvements will be realised through the implementation of the Committee's recommendations, which encouraged the Department to continue working with the high waste-generating agencies that are exempt from reporting obligations regarding the provision of performance data.

Improving Literacy & Numeracy in NSW Public Schools

- 3.15 The Department of Education & Training accepted all of the Auditor-General's recommendations and had taken measures to implement them. The Committee reiterated the Auditor-General's recommendation that all schools ought to set literacy and numeracy targets and monitor the effectiveness of strategies for achieving these. This will help focus the energies of schools toward meeting the State Plan target for literacy and numeracy, and hopefully deliver improvements in students' achievements that reflect the significant investment in literacy and numeracy programmes.

Sixth Report on the Examination of the Auditor-General's Performance Audits

Delivering Healthcare out of Hospitals

- 3.16 A range of health care services are delivered by NSW Health out of hospitals. The delivery of services to patients in the home provides a range of benefits including: fewer, and reduced, hospital admissions; better health outcomes; and reduced expenditure. The Committee recommended that NSW Health communicate the benefits of home care to the public and healthcare professionals and facilitate equitable access to such services across New South Wales. Such a strategy will assist in overcoming negative perceptions and increase the utilisation of this type of health care, thereby reducing the burden on the hospital system.

Managing Injured Police

3.17 The Committee was pleased that the NSW Police Force accepted all but one of the Auditor-General's recommendations related to the management of injured police. Their continued effort in the implementation of these recommendations should assist the organisation in reducing the impact of injuries sustained by police officers and facilitate improved return to work measures, thereby reducing the very high rate of medical discharges and consequently the cost of the Death and Disability Scheme liability. The Committee recommended that the Force develop a new compensation scheme to form the basis of its negotiations with the Police Association in June 2011.

Efficiency of the Office of the Director of Public Prosecutions

3.18 The Committee was pleased with the actions taken by the Office of the Director of Public Prosecutions since the Auditor-General's performance audit and the Committee's initial report in October 2009. The actions of the Office in giving effect to the Auditor-General's recommendations will improve information management and management practices within the organisation.

Inquiries

Inquiry into Financial Reporting

3.19 The Committee held a briefing with the Auditor-General and representatives from NSW Treasury in May 2010. This briefing provided the Committee with an opportunity to discuss concerns raised by the Auditor-General in relation to the financial reporting timetable, the quality of financial reporting and consistent significant budget overruns of some large agencies.⁴

3.20 The briefing raised a number of issues the Committee considered should be followed-up, such as the need for processes to be in place within agencies to identify and correct errors in accounts in a timely manner.

3.21 Accordingly, the Committee commenced an inquiry into Financial Reporting in May 2010. The Committee resolved to inquire into the adequacy of current processes to identify and correct errors in a timely manner, best practice procedures for financial reporting and impediments to their application in the public sector.

Inquiry into the Premature Release of a Draft Auditor-General's Report

3.22 One of the primary functions of the Auditor-General is to undertake performance audits to determine and make recommendations in regard to the efficiency, economy and legislative compliance of government agencies. The Auditor-General is required, under section 38C of the *Public Finance and Audit Act 1983*, to provide a copy of the draft report to the Head of the relevant authorities, the responsible Ministers and the Treasurer at least 28 days prior to the publication of the report.

3.23 In May, a draft copy of the Auditor-General's report on *Government Investment in V8 Supercar Races at Sydney Olympic Park* was leaked to the media prior to the

⁴ See Volume Four of the 2009 Financial Audits.

expiration of the 28-day period. The Committee resolved to conduct an inquiry into the premature release of the draft report and the adequacy of provisions of the *Public Finance and Audit Act 1983* and other legislative instruments.

Government Responses

- 3.24 During the reporting period, new standing orders requiring government responses came into effect. Previously, as per Premier's Memoranda 96-9 and 98-11, the Government undertook to respond to Committee reports within six months of tabling. Under the new arrangements, the requirement that the Government respond to Committee reports is introduced by the House Standing Orders (the six-month timeframe remains the same).⁵
- 3.25 The first examination of performance audits requiring a government response this financial year was the *Report on Examination of the Auditor-General's Performance Audits Tabled March to August 2007 - Responding to Homelessness, Connecting with Public Transport, Dealing with Household Burglaries and Government Advertising*.
- 3.26 The essence of several of the Committee's recommendations in relation to *Connecting with Public Transport* were supported by the Government, including:
- The Ministry of Transport use its new responsibilities and powers under the *Transport Administration Amendment (Rail and Ferry Transport Authorities) Act 2008* to ensure greater coordination and oversight of interchanges;
 - That indicators of the Ministry's achievements in improving the integration and efficiency on interchanges be included in its Annual Report;
 - That the Ministry of Transport have sufficient authority within the planning and budget processes to coordinate interchange development rather than merely provide advice;
 - That the Government publish a review by March 2011 of whether the current interchange governance arrangements enable commuters to interchange in a fast, reliable, safe and convenient manner, and whether they support the development of an integrated and efficient transport network;
 - That a clear system of accountability for the performance of interchanges, that provides ongoing incentives for interchanges to be managed and developed to best service commuter needs, be established;
 - That performance objectives for interchanges such as demand levels, connectivity offered and cost effectiveness achieved be established;
 - That responsibility for emergency readiness at each interchange be clearly assigned;
 - That all of Sydney's interchanges have an adequate response strategy in place;
 - That interchange funding objectives and options, including public private partnerships (where appropriate) are clearly identified; and

⁵ Standing Order 303A.

- That the Ministry of Transport, in identifying funding options, assess the adequacy of current and future funding sources and, if necessary, consider a range of alternative funding sources.
- 3.27 The recommendation that a systematic evaluation process for existing and new interchanges be established that enables it to analyse the critical aspects of the performance of the services provided, the security attributes of the site and design, and the maintenance costs was partially accepted.
- 3.28 In relation to *Responding to Homelessness*, the Government agreed to the recommendation that the Area Health Services and Local Courts review the extent to which homeless people access their services, develop new ways of delivering services to the homeless, and consider homeless people when planning new services.
- 3.29 The recommendations made by the Committee with respect to *Dealing with Household Burglaries* and *Government Advertising* were rejected.
- 3.30 The second report to which the Government responded was the report on examination of audits into *Improving Efficiency of Irrigation Water Use on Farms, Police Rostering and Managing Departmental Amalgamations*.⁶ The Committee was pleased to note that the Government had accepted its recommendations to implement best practice rosters throughout the NSW Police Force.
- 3.31 The Government did not accept, however, the Committee's recommendation to undertake formal evaluations of departmental amalgamations and to table the results in Parliament.

⁶ Report on Examination of the Auditor-General's Performance Audits Tabled November 2007 to March 2008

Chapter Four - 2010-11 Work Plan

4.1 The Committee has outlined below its objective, functions and planned activities for the coming year.

Objective

The objective of the Public Accounts Committee is to ensure accountability for public expenditure and thereby promote its economy, efficiency, effectiveness and probity.

Functions

The primary functions of the Public Accounts Committee are set out in section 57 of the *Public Finance and Audit Act 1983*. These may be summarised as being to:

- Examine State accounts;
- Examine Auditor-General's reports;
- Recommend improvements to financial reporting and the control of money; and
- Inquire into any expenditure not authorised by Parliament.

2010-11 Work Plan

The planned activities of the Public Accounts Committee to fulfil its functions for 2010-11 are set out in the table below. The table also lists the Committee's achievements for the 2009-10 reporting period.

Actions	Achievements 2009-10	Targets 2010-11	Outcomes
Inquire into significant issues identified through the examination of State accounts or audit reports.	<ul style="list-style-type: none"> • Completed Inquiry into Environmentally Sustainable Procurement. 	<ul style="list-style-type: none"> • Complete Inquiry into Financial Reporting. 	<ul style="list-style-type: none"> • Increased accountability, and incentives and recommendations for change.
Follow-up all performance audits.	<ul style="list-style-type: none"> • Reported on nine performance audits. 	<ul style="list-style-type: none"> • Examine and report on the response to all performance audits 12 months after tabling. 	<ul style="list-style-type: none"> • Increased accountability to elected representatives for agencies' response to the Auditor-General's recommendations. • Improved responses to Auditor-General's recommendations that stand up to public scrutiny. • Test the Auditor-General's recommendations and agency responses in a public forum.

Actions	Achievements 2009-10	Targets 2010-11	Outcomes
Monitor financial and compliance audits for issues requiring follow-up or full inquiry.	<ul style="list-style-type: none"> • Commenced Inquiry into Financial Reporting in response to issues raised in financial audits. • The Committee continued its practice of hosting briefings with the Auditor-General for all MPs. 	<ul style="list-style-type: none"> • Host briefings with Auditor-General for MPs on all audits tabled while the House is sitting. 	<ul style="list-style-type: none"> • Continuing issues of significant concern in audit reports are examined and brought to the attention of Parliament. • MPs feed their concerns back to the Auditor-General.
Monitor and, where needed, report on the form of financial and annual reports. ⁷	<ul style="list-style-type: none"> • Held a briefing with the Auditor-General and Treasury on the effectiveness of the form of financial reporting. Resolved to conduct an inquiry into Financial Reporting. 	<ul style="list-style-type: none"> • Hold an annual briefing with the Auditor-General and Treasury on the effectiveness of the form of financial reporting. 	<ul style="list-style-type: none"> • Parliament's attention is brought to any significant issues regarding financial reporting.
Promote the activities and findings of the PAC and issues of financial accountability generally.	<ul style="list-style-type: none"> • Debated tabled Committee reports in the House. • The Committee's activities were advertised on the Parliament's website, through the issue of media releases, and in newspaper advertisements. 	<ul style="list-style-type: none"> • Debate reports in the House. • Publicise activities through website, media releases and advertisements. • Contribute to seminars and conferences. 	<ul style="list-style-type: none"> • Improved awareness of the Committee's work and findings and issues of financial accountability.
Strengthen the Parliament's relationship with the Auditor-General and fulfil related statutory functions (commission triennial review and consider proposed appointments).	<ul style="list-style-type: none"> • Engaged in several discussions with the Auditor-General regarding the Audit Office's program. • Completed the review of the Audit Office. 	<ul style="list-style-type: none"> • Discuss audit program with Auditor-General. 	<ul style="list-style-type: none"> • Increased awareness of and communication between the Auditor-General and Members of Parliament.

⁷ The Treasurer must refer any proposed changes to annual reporting legislation to the Public Accounts Committee (s 19, *Annual Report (Departments) Act 1985*)

Appendix One – Committee Reports

Report No.	Title	Tabling Date
	Review of the Audit Office Under s48A, <i>Public Finance and Audit Act 1983</i>	03/08/2009
7/54 (170)	Fourth Report on the Examination of the Auditor-General's Performance Audits <i>Ageing Workforce – Teachers</i> <i>Efficiency of the Office of the of the Director of Public Prosecutions</i> <i>Working with Hotels and Clubs to reduce alcohol-related crime</i>	29/10/2009
8/54 (171)	Annual Review 2008-09	29/10/2009
9/54 (172)	Report on Environmentally Sustainable Procurement	25/03/2010
10/54 (173)	Fifth Report on the Examination of the Auditor-General's Performance Audits <i>Signal Failures on the Metropolitan Rail Network</i> <i>Recycling and Reuse of Waste by the NSW Public Sector</i> <i>Improving Literacy & Numeracy in NSW Public Schools</i>	09/06/2010
11/54 (174)	Sixth Report on the Examination of the Auditor-General's Performance Audits <i>Delivering Health Care out of Hospitals</i> <i>Managing Injured Police</i> <i>Efficiency of the Office of the Director of Public Prosecutions</i>	24/06/2010

Appendix Two – Inquiry Progress

INQUIRY	COMMENCED	SUBMISSION DUE	SUBMISSION RECEIVED	A-G's RESPONSE	HEARING	REPORT TABLED
Signal Failures	20 Aug 08	29 Sep 08	29 Sep 08 5 Feb 09 7 May 09	23 Oct 08	12 Aug 09	9 Jun 10
Sustainable Procurement	9 Dec 08	13 Mar 09	Various	N/A	12 Aug 09 13 Aug 09	25 Mar 10
Ageing Workforce – Teachers	9 Dec 08	13 Mar 09	20 Mar 09	2 Apr 09	12 Aug 09	29 Oct 09
Office of DPP	11 Mar 09	27 Apr 09	30 Apr 09	14 May 09	N/A	29 Oct 09 24 Jun 10
Alcohol-related crime	6 May 09	9 Jun 09	12 Jun 09 24 Jun 09	10 Jul 09	N/A	29 Oct 09
Waste Recycling & Reuse	17 Jun 09	17 Jul 09	24 Jul 09	10 Aug 09	30 Oct 09	9 Jun 10
Health Care out of Hospitals	23 Sep 09	26 Oct 09	29 Oct 09 5 May 10	13 Nov 09	5 May 10	24 Jun 10
Literacy & Numeracy	11 Nov 09	11 Dec 09	16 Dec 09 14 Apr 10	21 Dec 09	N/A	9 Jun 10
Injured Police	11 Nov 09	18 Jan 10	29 Jan 10	16 Feb 10	5 May 10	24 Jun 10
Native Forests	17 Mar 09	31 May 10	10 Jun 10	29 Jun 10	-	-
Grants Administration	17 Mar 10	7 Jun 10	4 Jun 10	24 Jun 10	-	-
Heavy Vehicles	17 Mar 10	14 Jun 10	24 June 10	-	-	-
Cancer & Radiotherapy	2 Jun 10	23 Jul 10	-	-	-	-
Aboriginal Defendants & MERIT	2 Jun 10	5 Sep 10	-	-	-	-
Environmental Grants	2 Jun 10	26 Sep 10	-	-	-	-

n.b. The grey text indicates activities that were undertaken outside of the 2009-10 financial year.

Appendix Three – Meeting Attendance

DATE	McCLEAY (Chair)	McBRIDE (Deputy Chair)	DRAPER	KHOSHABA	ROBERTS	TURNER
03/08/2009	✓	✓	Apology	✓	✓	✓
12/08/2009	✓	✓	✓	✓	✓	✓
13/08/2009**	✓	✓	✓	✓	✓	✓
02/09/2009	✓	✓	✓	✓	✓	✓
23/09/2009	✓	✓	Apology	✓	✓	✓
21/10/2009	✓	✓	✓	Apology	✓	✓
30/10/2009	✓	Apology	✓	✓	Apology	✓
11/11/2009	✓	✓	✓	✓	✓	✓
24/02/2010	N/A*	✓	✓	✓	✓	✓
DATE	GIBSON (Chair)	McBRIDE (Deputy Chair)	DRAPER	KHOSHABA	ROBERTS	TURNER
10/03/2010	✓	✓	✓	✓	✓	✓
DATE	GIBSON (Chair)	McBRIDE (Deputy Chair)	DRAPER	KHOSHABA	DOMINELLO	TURNER
17/03/2010	✓	Apology	✓	✓	✓	✓
21/04/2010	✓	Apology	✓	✓	✓	✓
05/05/2010	✓	Apology	✓	✓	✓	✓
12/05/2010	✓	✓	✓	✓	✓	✓
19/05/2010	✓	Apology	✓	✓	✓	✓
02/06/2010	✓	Apology	✓	✓	✓	✓
09/06/2010	✓	✓	✓	✓	✓	✓
23/06/2010	✓	✓	✓	✓	✓	✓

* Mr Paul McLeay MP became a Minister of the Crown on 17 November 2009, upon which he ceased to be a member of the Public Accounts Committee pursuant to section 54(5)(b) of the *Public Finance and Audit Act 1983*.

Appendix Four – Government Responses

No.	Title	Tabled	Response Due	Response Received	Rec's Accepted
4/54 (167)	Report on State Plan Reporting	27 Nov 08	27 May 09		
5/54 (168)	Report on Examination of the Auditor-General's Performance Audits Tabled March to August 2007 <i>Responding to Homelessness</i> <i>Connecting with Public Transport</i> <i>Dealing with Household Burglaries</i> <i>Government Advertising</i>	25 Mar 09	25 Sep 09	25 Sep 09	10/15
6/54 (169)	Report on Examination of the Auditor-General's Performance Audits Tabled November 2007 to March 2008 <i>Improving Efficiency of Irrigation Water Use on Farms</i> <i>Police Rostering</i> <i>Managing Departmental Amalgamations</i>	24 Jun 09	24 Dec 09 (An extension was granted until 7 June 2010).	7 Jun 10	1/2
7/54 (170)	Fourth Report on the Examination of the Auditor-General's Performance Audits <i>Ageing Workforce – Teachers</i> <i>Efficiency of the Office of the Director of Public Prosecutions</i> <i>Working with Hotels & Clubs to reduce alcohol-related crime</i>	29 Oct 09	N/A*	N/A	N/A
9/54 (172)	Report on Environmentally Sustainable Procurement	25 Mar 10	25 Aug 10	-	-
10/54 (173)	Fifth Report on the Examination of the Auditor-General's Performance Audits <i>Signal Failures on the Metropolitan Rail Network</i> <i>Recycling & Reuse of Waste by the NSW Public Sector</i> <i>Improving Literacy & Numeracy in NSW Public Schools</i>	9 Jun 10	9 Dec 10	-	-
11/54 (174)	Sixth Report on the Examination of the Auditor-General's Performance Audits <i>Delivering Health Care out of Hospitals</i> <i>Managing Injured Police</i> <i>Efficiency of the Office of the Director of Public Prosecutions</i>	23 Jun 10	23 Dec 10	-	-

* No recommendations were made in this report.

n.b. The grey text indicates activities that were (or are to be) undertaken outside of the 2008-09 financial year.

Appendix Five – Committee Expenses

Members of the Public Accounts Committee receive an allowance from the Legislature for their service. The amount is determined by the Parliamentary Remuneration Tribunal, under the *Parliamentary Remuneration Act 1989*.

The Chair of the Committee is entitled to an annual salary of office that is equivalent to seven per cent of his/her annual salary as a Member of Parliament, and an expense allowance of a further seven per cent in recognition of the responsibilities of the position. In 2009-10, the Committee Members, other than Committee Chairs,⁸ received as allowance of \$4,010 per annum in recognition of the statutory nature of the Committee, and the scope and importance of its activities.

⁸ This includes the Chair of the Public Accounts Committee, and members of the Public Accounts Committee who are also Chairpersons of other Committees, and in receipt of a salary of office.