Audit Amendment Bill 1989

Date Introduced: 2 March 1989
House: House of Representatives
Presented by: Hon. Peter Duncan, M.P., Minister for Employment and Education Services

Digest of Bill

Purpose
To allow the Minister, where there has been a transfer of functions between Parliamentary departments, to give directions on amounts of moneys to be transferred; to allow the Auditor-General to conduct project performance audits; and to indemnify the Auditor-General and staff of the Australian Audit Office (AAO) for certain actions done in performance of their duties.

Background
The Audit Act 1901 (the Principal Act) provides for the audit of government and Parliamentary Departments, other branches of the Australian Public Service, departmental commercial undertakings, statutory authorities, and companies in which the Government has a controlling interest. The AAO audits 85 departments, 18 departmental commercial undertakings, 112 companies and 108 statutory authorities. At 30 June 1988 these bodies were responsible for spending approximately $122,000 million and employed over half a million people. AAO expenditure in 1987–88 increased by $593,012, or 2.5%, compared with the previous year and revenue increased by $901,458 or 12.1% giving a reduction of $308,446 or 1.9% in net outlays in 1987–88. Audit fees are charged to bodies which the Minister for Finance determines are required to pay the cost of audits carried out by the AAO. Hourly charge rates were increased from an average of $47.74 per hour to $53.76 per hour, a 12.6% increase, from 1 April 1987.¹

The audit program of the AAO involves two sub-programs, regularity audits and performance audits. Regularity audit activity includes financial statement audits and government accounting audits. Performance audit activity involves efficiency audits and project performance audits. An efficiency audit involves the independent evaluation of the effectiveness of administrative actions and decisions taken by management. The emphasis is on auditing of procedures and methods, and or assessing whether the making, or avoidance, of decisions has followed adequate consideration and has been properly documented. A project performance audit is one directed at the evaluation of the economy, efficiency and effectiveness of the management of Commonwealth agencies, including the review of utilisation of human, financial and other resources. Project performance audits also indicate the general direction in which improvements can be made. These are undertaken where it is not cost effective to institute a formal efficiency audit.

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Main Provisions

Clause 7 will provide that the Minister for Finance may direct that moneys appropriated to a Parliamentary Department will, on transfer of functions between Parliamentary Departments, be transferred to the Parliamentary Department receiving those functions. In addition, the Minister may give additional directions, that change the directions already given. The Minister already has such a power in relation to the executive Departments.

Clause 14 will allow the Auditor-General to carry out project performance audits of any of the operations of a body whose accounts and records the Auditor-General is required to audit. This amendment will put beyond legal doubt the power of the Auditor-General to carry out project performance audits.

A new section 70BB, to be inserted into the Principal Act by clause 21, will require the Auditor-General to audit the financial statements of subsidiaries of companies of which the Auditor-General is the auditor. This requirement will not apply where, immediately before the commencement of this provision, the subsidiary had no auditor or an auditor other than the Auditor-General. As well, the Auditor-General may decide that such an audit would not be cost effective.

Clause 22 will indemnify the Auditor-General and staff of the AAO for any act done, or omitted to be done, in the performance of their duties. The indemnity will not apply in relation to an act or omission done in bad faith.

Clause 23 will allow the Governor-General to make regulations for the commitment of public moneys by or on behalf of the Commonwealth, and the procedures to be followed by departments in making their estimates.

The regulations may authorise a Minister to issue guidelines on any matter for which that Minister is responsible, provided they are matters on which regulations may be given (clause 24).

References


For further information, if required, contact the Economics and Commerce Group.

6 March 1989

Bills Digest Service
Legislative Research Service

This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.

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