Audit Amendment Bill 1988

Date Introduced: 28 April 1988
House: House of Representatives
Presented by: Hon. Peter Walsh, M.P., Minister for Finance

Digest of Bill

Purpose

To amend the Audit Act 1901 (the Principal Act). In particular, to enhance the reporting of Commonwealth Financial Statements; to give the Auditor-General a discretion as to reporting a legislative breach; and to revise the existing penalty provisions.

Background

The Principal Act provides for the audit of the Government’s accounts and lays down controls fundamental to the accounting for receipts and payments under the control of Government Departments, Parliamentary Departments and instrumentalities.

The Bill proposes to amend a number of key provisions of the Principal Act. These provisions currently provide:

The Minister for Finance is required to publish a monthly Statement of Financial Transactions, containing financial information, among other matters, with respect to outlays and receipts of the Commonwealth for each month and the manner in which surpluses and deficits were applied or financed (section 49). The Act as it stands, sets the format for the monthly Statement of Financial Transactions and cannot be varied without the prior approval of both Houses of the Parliament. Under the proposed amendments (Clause 6), the format of the monthly Financial Statement is to be set by regulation. Parliament’s right of scrutiny is retained.

The Minister for Finance is required to prepare, at the end of each financial year, a statement of receipts and expenditure of the Consolidated Revenue Fund, the Loan Fund, and the Trust Fund in respect of each Department (section 50). The Secretary of each Department is required to
provide annually certain information with respect to receipts and expenditure. The content of each Department's report is fixed under Section 50 (3) of the Principal Act and cannot be varied without the prior approval of both Houses of the Parliament. Under the proposed amendments (Clause 7), the Minister for Finance will be required to provide an aggregate financial statement for audit. In addition, Departmental Secretaries are to prepare financial statements in accordance with guidelines determined by the Minister for Finance, with such financial statements being transmitted for audit to the Auditor-General. The Minister for Finance may set guidelines as to the inclusion of particulars of receipts and expenditures of the Consolidated Revenue Fund, Loan Fund, and other information.

The Auditor-General is currently required to examine and report on each of the financial statements transmitted to him (Section 51). The content of the Auditor-General's report, with respect to every financial statement received, is fixed by the provisions of Section 51. In the existing Section 51, the Auditor-General is required in his report to set out every case, where in his opinion, there has been a breach of the law. One of the proposed amendments to section 51 provides for the Auditor-General in his report only to set out those breaches of the law which in his opinion are sufficiently important to justify reporting (Clause 9). Another amendment is to require the Auditor-General to report whether in his opinion the financial statement was prepared in accordance with the regulatory guidelines (Clause 9).

In respect of Statutory Authorities, this Bill gives the Auditor-General a discretion, as to whether to include in his report inconsequential breaches of legislation (Clause 15).

Part XII of the Principal Act provides for penalties on breaches of the Act. The proposed amendments provide, among other matters, for penalties to be imposed for the misuse of Commonwealth credit cards, which Department's may issue to officers whose duties involve the purchase or payment for goods or services (Clause 16).

Main Provisions

Clause 6 amends section 49 of the Principal Act to provide that the format of the monthly Statement of Financial Transactions published by the Minister for Finance be set by regulation.

Clause 7 inserts a new section 50 to the Principal Act to provide that the Minister for Finance, after the end of each financial year, submit to the Auditor-General a financial statement with respect to aggregate receipts of the Consolidated Revenue Fund, Loan Fund, Trust Fund and other information.
The Secretary of each Department is to submit to the Auditor-General a financial statement for the Department, in accordance with guidelines determined by the Minister for Finance.

The Minister for Finance may set guidelines as to the inclusion of particulars of receipts and expenditures of the Consolidated Revenue Fund, Loan Fund, Trust Fund and other information in a Department's financial statement.

Clause 8 provides that amendments made by Clause 7 apply to the financial year commencing on 1 July 1988.

Clause 9 inserts a new section 51 to the Principal Act to provide for the continuation of the Section for the new financial statements required under Clause 7. In addition, Clause 9 proposes that the Auditor-General include in his report a statement as to whether a Department's financial statement is in accordance with guidelines established under proposed Clause 7.

Clause 15 inserts a new Section 63R to the Principal Act. The Auditor-General is given a discretion as to reporting a breach, with respect to receipt, expenditure, investment or acquisition or disposal of assets, by a statutory body which was not in accordance with the enactment under which it was produced.

Clause 16 inserts a new section 64A to the Principal Act to provide a penalty for the misuse of Commonwealth credit cards.

Clauses 19–21 substitute and amend the Schedules of the Principal Act to provide new penalties.

For further information, if required, contact the Law and Government Group.

14 June 1988

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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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