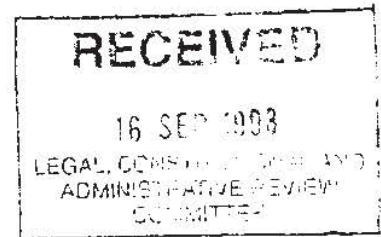




QUEENSLAND AUDIT OFFICE



Your ref:

Our ref:

00-2820 PAJ

Michael Morris 3405 1102

Spec 14-1

Submission No 7

15 September 1998

Mr Gary Fenlon MLA  
Chair  
Legal, Constitutional and Administrative Review Committee  
Legislative Assembly of Queensland  
Parliament House  
George Street  
BRISBANE QLD 4000

Dear Mr Fenlon

I refer to your letter of 13 August 1998 seeking comment on the recommendations made in the Report of the Strategic Review of the Queensland Ombudsman which was tabled in the Legislative Assembly on 6 May 1998 and offer the following comments.

The Report states (page 21) that "... one of the most fundamental aspects of an Ombudsman is that the Office is an office of Parliament and not the Executive. In this it is very similar to the Auditor-General." The issue of "independence" is crucial to the effective operation of the Ombudsman and Auditor-General and this point, which I strongly support, has been clearly articulated in the Report of the Ombudsman as it was in Strategic Review of the Queensland Audit Office.

Recommendation 4 of the Report considers the process for handling the estimates of the Office of the Ombudsman and recommends the following process -

- (a) "The Ombudsman submit the estimates of the Office to the PLCAR for each financial year.
- (b) The PLCAR review with the Ombudsman the performance of the Office for the current year and the resource requirements for the year in prospect.
- (c) The PLCAR to retain its powers to call upon Treasury for advise and analysis, to assist the Committee where necessary in its assessment of the performance of the Office, or to seek clarification of viewpoints and to provide a forum for exchange of such viewpoints between the Ombudsman and the Treasury.
- (d) The PLCAR, on behalf of the Parliament, to recommend to the government, specifically the Cabinet Budget Committee, the level of resources to be made available to the Office of the Ombudsman for the year in prospect by means of endorsing or amending the estimates supplied to the Committee by the Ombudsman, and taking in to account the Committee's reflections on the circumstances of public administration in Queensland, as reflected in the Ombudsman's reports.

- (e) The Cabinet Budget Committee to take account of the PLCAR recommendations in its personal deliberations with the Ombudsman in the normal manner each year, as part of the review of budget estimates.”

Similar recommendations to (a), (b) and (d) above were made in the July 1997 Report of the Strategic Review of the Queensland Audit Office. The Public Accounts Committee Review of this Report (Report No. 44, April 1998) did not support the PAC’s involvement as recommended as the Committee did not consider that resource independence for the Auditor-General would be better served by giving the PAC a budgetary review role.

This view confirmed a similar view of the New South Wales PAC in 1996 and is consistent with my view that the current application of section 68 of the *Financial Administration and Audit Act 1977*, which requires the Treasurer to consult with the PAC in developing the proposed budget of the Audit Office for each financial year, is considered acceptable subject to the following comments.

Although it is difficult to refute the Report’s recommendation on a conceptual basis of principle in order to emphasise the independence of such institutions as the Ombudsman or Auditor-General, the primary consideration is adequacy of ongoing funding in order to independently discharge the legislative mandates of such office holders.

In relation to the Office of the Ombudsman section 31 of the *Parliamentary Commissioner Act 1974* states that –

- (1) The Commissioner must prepare, for each financial year, estimates of proposed receipts and expenditure relating to the Commissioner.
- (2) The Commissioner must give the estimates to the Minister responsible for the administration of the *Financial Administration and Audit Act 1977*, part 2.
- (3) The Minister mentioned in subsection (2) must consult with the parliamentary committee in developing the proposed budget of the Commissioner each financial year.

As I have indicated above, and on a similar basis to the current arrangements which apply to the Audit Office, I believe that the current legislative provisions of the Ombudsman, managed correctly, allows for appropriate consultation between the Ombudsman, Treasury and the Parliamentary Committee.

As the Review rightly points out (page 29) “... It also makes a great deal of sense that the two offices of Parliament, Ombudsman and Auditor-General, should have reasonably identical procedures in place regarding the role of Parliament in their resourcing.”

QAO has issued an invitation to the Ombudsman for staff to participate in QAO’s 1999 Leadership Development Program. The successful completion of this program, which now has accreditation from the Queensland University of Technology, entitles an officer who successfully completes the program to be awarded a Graduate Certificate of Management.

In conjunction with the Reports recommendations relating to the handling of estimates of the Ombudsman the report states (page 31) that “... It is noted that the PAC has benefited in recent times from having staff on its secretariat who have been seconded from the Office of the Auditor-General.” From a QAO perspective I can only reiterate that benefits have accrued to both the PAC and the Audit Office under such arrangements and I would recommend that the Ombudsman and the Parliamentary Legal Constitutional and Administrative Review Committee consider such arrangements subject to the constraints of operational resourcing and mutual agreement of both parties.

For your Committee's information, secondment arrangements have also been made for the PAC's Senior Research Officer to be seconded to work at QAO for a six month period in 1999.

Recommendation 25 of the Report states that –

“The Ombudsman should conduct a complete, realistic inventory of capital and recurrent requirements in the Corporate Services area of the Office. Whilst the delivery of those services should remain, as far as possible, within the Office, discussions should be undertaken with the Queensland Audit Office and the Parliament to determine whether sharing of establishment and operating costs of some aspects, particularly information technology, could be achieved.”

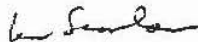
In this regard discussions have been held between myself and the Ombudsman and officers of our respective agencies. Options are currently being reviewed as to the possible availability of a bureau service or similar for the provision of financial services (SAP R/3) to the Ombudsman's office. I am presently awaiting further formal advice on this issue.

During the course of our discussions QAO has highlighted a number of consideration issues including the high cost to small agencies in implementing and maintaining detailed financial management systems. Given the relative size of the Ombudsman's office any decision involving a proposal to implement financial and human resource monitoring and reporting systems should have due regard to the overall cost and benefit of each available option.

The cost benefit for QAO to provide a bureau service would need to be assessed from the QAO perspective before any formal commitment could be made.

I thank you for the opportunity to provide input to the Committee's inquiry and I trust that the above comments will be beneficial.

Yours faithfully



L J SCANLAN  
Auditor-General