



**LEGISLATIVE ASSEMBLY OF THE NORTHERN TERRITORY**

**Public Accounts Committee**

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**Annual Report**

**2014-15**

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## Chair's Preface

Throughout the year the Committee met with the Department of Housing to discuss remote indigenous housing and the Department of Health to discuss the management of the Aero Medical Services contract and the development of its Grants Management System. The Committee also received briefings from the Auditor-General on the findings from agency audits. The Auditor-General also briefed the Committee on performance by Government Agencies and the anticipated introduction of mandated performance reporting under the Australian Accounting Standards.

The Committee did not received any referrals or undertake any inquiries during this reporting period.

The Committee Members welcome the new Auditor-General, Ms Julie Crisp, to the position and thank her for the support she has provided to the Committee since her commencement.

The Committee also mourned the loss of the former Auditor-General, Mr Frank McGuiness PSM. Last year the Committee noted the significant contribution Frank had made to the Northern Territory as Auditor-General and is greatly saddened by his untimely death.

I thank the Committee members for their continued cooperative and bi-partisan approach in the conduct of the Committee's activities over the past financial year.



**Lia Finocchiaro MLA**

**Chair**

## Committee Members

	<b>Mrs Lia Finocchiaro MLA:</b> Member for Drysdale	
	<b>Party:</b>	Country Liberals
	Parliamentary Position:	Government Whip
	<b>Committee Membership</b>	
	Standing:	Public Accounts; Estimates & Government Owned Corporations; Legal and Constitutional Affairs; Subordinate Legislation & Publications; Privileges, House.
Chair:	Public Accounts; Estimates & Government Owned Corporations.	
	<b>Mr Nathan Barrett MLA:</b> Member for Blain	
	<b>Party:</b>	Country Liberals
	Parliamentary Position	Deputy Chair of Committees
	<b>Committee Membership</b>	
	Standing:	Public Accounts; Estimates & Government Owned Corporations; Legal and Constitutional Affairs; Subordinate Legislation & Publications; House.
Chair	Legal and Constitutional Affairs; Subordinate Legislation & Publications; ICE	
	<b>Mr Matt Conlan MLA:</b> Member for Greatorex	
	<b>Party:</b>	Country Liberals
	Parliamentary Position	Chairman of Committees
	<b>Committee Membership</b>	
	Standing:	Public Accounts; Estimates & Government Owned Corporations; Standing Orders.
Sessional:	Northern Territory's Future Energy	
	<b>Ms Natasha Fyles MLA:</b> Member for Nightcliff	
	<b>Party:</b>	Territory Labor
	<b>Committee Membership</b>	
Standing:	Public Accounts; Estimates & Government Owned Corporations; Standing Orders; Privileges; Members' Interests.	
	<b>Ms Nicole Manison MLA:</b> Member for Wanguri	
	<b>Party:</b>	Territory Labor
	<b>Committee Membership</b>	
Standing:	Public Accounts; Estimates & Government Owned Corporation.	
	<b>Mr Gerry Wood MLA:</b> Member for Nelson	
	<b>Party:</b>	Independent
	Parliamentary Position	Deputy Chair of Committees
	<b>Committee Membership</b>	
	Standing:	Public Accounts; Estimates & Government Owned Corporations; Standing Orders; Members' Interests.
	Sessional:	Northern Territory's Energy Future.
Select	ICE.	
On 18 February 2015, Member for Daly, Mr Gary Higgins was discharged from the Committee and replaced by Member for Greatorex, Mr Matt Conlan.		

## **Committee Secretariat**

First Clerk Assistant: Mr Russell Keith

Senior Research Officer: Elise Dyer

Administration/Research Officer: Ms Lauren Orrock

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## Terms of Reference

- (1) A Standing Committee of Public Accounts to consist of five members shall be appointed at the commencement of each Assembly.
- (2) The duties of the Committee shall be -
  - (a) to examine the accounts of the receipts and expenditure of the Northern Territory and each statement and report tabled in the Legislative Assembly, pursuant to the *Financial Management Act* and the *Audit Act*,
  - (b) to report to the Legislative Assembly with such comments as it thinks fit, any items or matters in or arising in connection with those accounts, statements or reports, or in connection with the receipt or disbursement of the moneys to which they relate, to which the Committee is of the opinion that the attention of Parliament should be drawn;
  - (c) to report to the Legislative Assembly any alteration which the Committee thinks desirable in the form of the public accounts or in the method of keeping them or in the method of receipt, control, issue or payment of public moneys;
  - (d) to look into and report to the Legislative Assembly on any question in connection with the public accounts of the Northern Territory -
    - (i) which is referred to it by a resolution of the Assembly; or
    - (ii) which is referred to it by the Administrator or a Minister; and
  - (e) to examine the reports of the Auditor-General tabled in the Legislative Assembly with the accounts of an Agency of the Northern Territory, including any documents annexed or appended to those reports, pursuant to the *Audit Act*.
  - (f) to inquire into and report to the Legislative Assembly on any matters within the executive authority of ministers of the Territory to which the committee is of the opinion that the attention of the Assembly should be drawn.<sup>1</sup>
- (3) The Committee shall examine only those accounts of receipts and expenditure of the Northern Territory and reports of the Auditor-General for financial years commencing after 30 June 1986 provided that this shall not prevent the consideration by the Committee of matters included in reports of the Auditor-General for the year ending 30 June 1986 which have or may have a continuing effect on the form of the public accounts, the method of receipt, control issue or payment of public moneys.
- (4) Prior to determining whether to undertake an inquiry into any matter which may have arisen in connection with the public accounts of the Northern Territory, pursuant to paragraphs (2)(a) and (e), with the concurrence of the Committee,

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<sup>1</sup> Paragraph (2)(f) added 19 March 2014

the Chairman is empowered to write to the Chief Executive Officer of the relevant agency for a report on the matter.

- (5) The Committee shall take care not to inquire into any matters which are being examined by a Select Committee of the Assembly especially appointed to inquire into such matters and any question arising in connection therewith may be referred to the Assembly for determination.
- (6) The Committee shall elect a Government Member as Chairman.
- (7) The Chairman of the Committee may, from time to time, appoint a member of the Committee to be the Deputy Chairman of the Committee and the Member so appointed shall act as Chairman of the Committee at any time when there is no Chairman or when the Chairman is not present at a meeting of the Committee.
- (8) In the event of an equality of voting, the Chairman, or the Deputy Chairman when acting as Chairman, shall have a casting vote.
- (9) The Committee shall have power to appoint sub-committees and to refer to any such sub-committee any matter which the Committee is empowered to examine.
- (10) Three Members of the Committee shall constitute a quorum of the Committee and two Members of a sub-committee shall constitute a quorum of the sub-committee.
- (11) The Committee or any sub-committee shall have power to send for persons, papers and records, to adjourn from place to place, to meet and transact business in public or private session and to sit during any adjournment of the Assembly.
- (12) The Committee shall be empowered to print from day to day such papers and evidence as may be ordered by it and, unless otherwise ordered by the Committee, a daily *Hansard* shall be published of such proceedings of the Committee as take place in public.
- (13) The Committee may proceed to the dispatch of business notwithstanding that all Members have not been appointed and notwithstanding any vacancy.
- (14) The Committee shall report annually and shall have leave to report from time to time and to report its proceedings and evidence taken; and any Member of the Committee shall have power to add a protest or dissent to any Report.
- (15) Unless otherwise ordered by the Committee, all documents received by the Committee during its inquiry shall remain in the custody of the Assembly provided that, on the application of a department or person, any document, if not likely to be further required, may, in the Speaker's discretion, be returned to the department or person from whom it was obtained.
- (16) The Committee shall be provided with all necessary staff, facilities and resources and shall be empowered, with the approval of the Speaker, to appoint persons with specialist knowledge for the purposes of the Committee.



# 1 Introduction

## Establishment of Committee

- 1.1 The Northern Territory Standing Committee on Public Accounts was established by the Assembly on 9 September 2008 under Standing Order 21A of the Legislative Assembly of the Northern Territory.

## Functions of the Committee

- 1.2 The duties of the Public Accounts Committee include to inquire into and report to the Legislative Assembly on any question in connection with the public accounts of the NT as it deems necessary as well as any matter referred to it by the Assembly, Administrator or any Minister. The Committee also examines the reports of the Auditor-General.
- 1.3 On 19 March 2014, the Legislative Assembly amended its Standing Orders so that the functions of the Committee also included:
  - to inquire into and report to the Legislative Assembly on any matters within the executive authority of ministers of the Territory to which the committee is of the opinion that the attention of the Assembly should be drawn.

## Powers of the Committee

- 1.4 The Public Accounts Committee derives its authority from the *Northern Territory (Self-Government) Act* (Cth), the *Legislative Assembly (Powers and Privileges) Act* (NT), and Standing Orders of the Northern Territory Legislative Assembly.

## 2 Committee Program

### Meetings

2.1 The Public Accounts Committee met 7 times during the reporting period. The details of these meetings are set out below.

MEETING NO. AND DATE	KEY AGENDA ITEMS AND RESOLUTIONS PASSED
Meeting No. 28 19 August 2014	<ul style="list-style-type: none"> <li>• The Department of Housing briefed the Committee on the maintenance and management of remote housing properties and tenancies.</li> <li>• The Committee approved the 2013-14 annual report of the Public Accounts Committee.</li> </ul>
Meeting No. 29 26 August 2014	<ul style="list-style-type: none"> <li>• The Committee discussed the briefing from the Department of Housing and agreed to obtain a list of communities that could be visited to determine how the new buildings, refurbishments and upgrades of buildings are enduring over time. The Committee agreed to organise a visit to Murray River North's Darwin facility to inspect housing options.</li> <li>• The Committee resolved:               <ul style="list-style-type: none"> <li>○ To invite Ms Julie Crisp, the new Auditor-General, to the next meeting.</li> <li>○ To invite witnesses from the Department of Health to a public hearing in response to the Auditor-General's audit of Aeromedical Services and the Grants Management System.</li> </ul> </li> <li>• Ms Natasha Fyles, Member for Nightcliff, declared a potential conflict of interest regarding Aeromedical Services.</li> </ul>
Meeting No. 30 21 October 2014	<ul style="list-style-type: none"> <li>• The Committee welcomed Ms Julie Crisp, the new Auditor General. The Committee discussed the Auditor-General's August 2014 report and the upcoming work of the Auditor-General and the Committee in 2014-15.</li> <li>• The Committee discussed visiting Numbulwar, Ramingining, Barunga, Ntaria and Ali-Curung, as well as the Alice Springs facility of Murray River North in early 2015.</li> <li>• The Committee resolved to hold a public hearing</li> </ul>

MEETING NO. AND DATE	KEY AGENDA ITEMS AND RESOLUTIONS PASSED
	<p>regarding the audit of the Aeromedical Services and Grants Management System on 28 October 2014</p> <ul style="list-style-type: none"> <li>○ Ms Natasha Fyles, Member for Nightcliff, noted that she would not be attending the Aeromedical Services and Grants Management System public hearing due to a potential conflict of interest.</li> </ul>
<p>Meeting No. 31 28 October 2014</p>	<ul style="list-style-type: none"> <li>● The Committee held a public hearing on the Aeromedical Services and Grants Management System and heard from the following witnesses from the Department of Health: <ul style="list-style-type: none"> <li>○ Dr Len Notaras, Chief Executive Officer;</li> <li>○ Mr Stephen Moo, Chief Information Officer;</li> <li>○ Mr Michael Kalimnios, Executive Director, Funding Performance and Corporate; and</li> <li>○ Ms Allison Grierson, Chief Procurement Officer, Strategic Procurement and Contracting.</li> </ul> </li> <li>● The Committee resolved to write to the Department of Health to seek an update on the Grants Management System the following year.</li> </ul>
<p>Meeting No. 32 24 February 2015</p>	<ul style="list-style-type: none"> <li>● The Committee acknowledged the work and contributions of the former Auditor-General, the late Mr Frank McGuinness PSM, to the Northern Territory.</li> <li>● Ms Julie Crisp, Auditor-General, provided a briefing on the February 2015 audit report and the current audit program.</li> <li>● The Committee agreed to seek the Speaker's approval for two Members and the Committee Secretary to attend the 2015 Australasian Council of Public Accounts Committees Biennial Conference in April 2015.</li> <li>● The Committee discussed holding site visits for housing inspections to Alice Springs, Ntaria and Santa Teresa and separate visits to Wadeye, Peppimenarti and the Tiwi Islands.</li> </ul>
<p>Meeting No. 33 30 April 2015</p>	<ul style="list-style-type: none"> <li>● The Auditor-General delivered a presentation on Performance Reporting and Auditing.</li> <li>● The Committee discussed the Northern Territory hosting the Australasian Council of Public Accounts Committees mid-term meeting in 2016.</li> </ul>

<b>MEETING NO. AND DATE</b>	<b>KEY AGENDA ITEMS AND RESOLUTIONS PASSED</b>
Meeting No. 34 16 June 2015	<ul style="list-style-type: none"> <li>• The Auditor-General delivered a presentation to the Committee on Performance Reporting. This included an overview of the current state of performance reporting and the introduction of changes regarding mandatory performance reporting in compliance with the Australian Accounting Standards from 1 July 2017.</li> <li>• The Committee resolved to invite the Department of Housing to its next meeting scheduled for 25 August to provide an updated briefing on remote housing.</li> <li>• The Committee resolved to invite the Department of the Chief Minister and the Department of Treasury and Finance to a briefing on Performance Management in September 2015.</li> </ul>

## **Auditor-General**

- 2.2 The Auditor-General, Ms Julie Crisp, was appointed to the role in August 2014 for a five year term commencing in September 2015.
- 2.3 The Auditor-General provided four briefings to the Committee during the 2014-15 financial year. The briefings included findings of agency audits undertaken in the 2014-15 financial year, performance reporting, auditing processes and changes to performance reporting under the Australian Accounting Standards which are under development for introduced from 1 July 2017.
- 2.4 The Committee considers that its scrutiny of the public accounts is enhanced by the attendance of the Auditor-General at its hearings as it allows the Committee to obtain immediate advice from the Auditor-General in the presence of agency representatives and encourages good communication, further transparency and accountability.

## **Australasian Council of Public Accounts Committees Conference**

- 2.5 The Committee Chair, Mrs Lia Finocchiaro, Member for Drysdale, Mr Gerry Wood, Member for Nelson and Mr Russell Keith, First Clerk Assistant attended the Australasian Council of Public Accounts Committees Biennial Conference held in Adelaide 15-18 April 2015.
- 2.6 The theme for the conference was 'Inquiring Minds – Public Accountability', with sessions covering topics including:
- Wellbeing: measuring beyond GDP
  - Public Accountability across ICACs, Auditors-General and Public Accounts Committees

- Measuring the performance of Public Accounts Committees
- Measuring and maintaining public accountability

2.7 Mrs Finocchiaro gave the Northern Territory's jurisdiction report to the ACPAC.

2.8 The ACPAC agreed that the Northern Territory would host the mid-term meeting to be held in 2016 and appointed Mrs Finocchiaro the Chair of ACPAC for the coming year.

### **3 Reports on Briefings**

3.1 The Committee had briefings throughout the year on issues of interest or concern to the Committee. A brief outline of the issues and the results of those briefings are outlined below.

#### **Department of Housing – Remote Indigenous Housing**

3.2 As part of its expanded reference to consider any matter within the administration of the Northern Territory, the Committee decided to inform itself on the building, management and maintenance of remote indigenous housing.

3.3 At the request of the Committee Mrs Anne Bradford, Chief Executive Officer, Mr Bruce Michael, Deputy Chief Executive, Mr Kenneth Bone, General Manager, Strategic Governance & Supply, and Ms Noelene Swanson, Executive Director, Strategy, Governance & Government Relations briefed the Committee on 19 August 2014.

3.4 The briefing covered:

- the history of the National Partnership Agreement in Remote Indigenous Housing and its increased targets following the review and subsuming of the Strategic Indigenous Housing and Infrastructure Program;
- the transitional replacement of the alliance delivery model with using Indigenous business enterprises in smaller clusters;
- targets and progress on rebuilds and refurbishments; and durable and functional upgrades
- indigenous employment;
- land tenure;
- tenancy management;
- home ownership;
- maintenance contracts; and
- indigenous employment.

3.5 The Committee agreed to continue to monitor the management of remote housing, in particular the ongoing effective tenancy management and maintenance of houses, and explored options for inspecting samples of remote housing. The Committee also invited the Department to again brief the Committee in August 2015.

#### **The Department of Health – Aero Medical Services Contract**

3.6 In his August 2013 Report, the then Auditor-General raised a number of concerns with the systems for the management of the Aero Medical Services Contract. The Auditor-General also noted that at the time of the audit the Department of Health had already initiated work to improve the management systems. The Committee

therefore sought an update from the Department on whether the Auditor-General's recommendations had been implemented since the release of his report.

- 3.7 Dr Len Notaras, Chief Executive Officer, Mr Michael Kalimnios, Executive Director Funding, Performance and Corporate, and Ms Allison Grierson, Acting Chief Procurement Officer, Strategic Procurement and Contracting appeared before the Committee at a public hearing on 28 October 2014 to update the Committee on the management of the contract.
- 3.8 The Department advised that 24 of the audit's 28 recommendations had been implemented and the implementation of the remaining four recommendations was being finalised.
- 3.9 The hearing discussed data collection and management, invoice verification, the use of the service for low acuity cases, and contract management systems.
- 3.10 The Committee was pleased to hear of the significant improvements that had been made to the systems for managing the contract.

### **The Department of Health – Grants Management System**

- 3.11 The previous Auditor-General raised concerns about the development of the Department of Health's Grants Management System in his October 2012, which led the Committee to hold hearings on the system in December 2012 and consideration of the system in its inquiry into the Management of ICT Projects by Government Agencies, which concluded in May 2014.
- 3.12 At a public hearing on 28 October 2014, Dr Len Notaras, Chief Executive Officer, Mr Michael Kalimnios, Executive Director Funding, Performance and Corporate and Mr Stephen Moo, Chief Information Officer updated the Committee on progress with the development of the Grants Management System.
- 3.13 The Department reported that it had developed an integrated grants management framework which provided policy, governance, guidelines and tools to support best practice grants management. It had also developed a project implementation plan to manage a phased implementation of the grants management system and a grants management system management team. The Department has also established a project management office to manage large and complex ICT projects and an ICT procurement unit to provide specialist procurement and contract management services to support all ICT projects.
- 3.14 The Department took delivery of the Grants Management System in September 2014 and was in the process of preparing the first tranche of funding agreements to go live. All Department of Health and Department of Children and Families grants to non-government organisations were to be managed by the system by the end of July 2015. The Department reported that the amount it paid for the software development was \$1,127,000 to Fujitsu and \$198,000 for project management. The Department indicated it anticipated that the system would provide a range of improvements to the management of grants.

3.15 The Committee welcomed the significant, if somewhat late, progress in delivering the system and indicated that it would seek a further progress report in late 2015.