

Internal and External Scrutiny

Under the *Auditor-General Act 1997* the Australian National Audit Office (ANAO) conducted an audit of the Department's financial statements which again were passed without qualification. In the process of conducting its audit the ANAO relied, wherever possible, on the results of work performed by Audit and Evaluation's office administration reviews. The ANAO's assessment of the general control environment of the Department's financial, human resources and matter management systems (FISCLE, NOMAD and LAW3000) was that they are sound and well-controlled, and can be relied on for generating reliable financial statement information. A full list of ANAO reports of relevance to the Department appears at Appendix 9.1, and these were considered by the Audit Committee in the course of business in accordance with the ANAO's *Better Practice Guide Audit Committees*.

The Audit Committee also considered Internal Audit coverage of the Department. This was carried out in accordance with a three-year rolling plan. Project audits, or tasks undertaken, included reviews involving assets verification, use of fuel cards, grants administration (within Legal Aid and Family Services), the Security Access Systems Register, the Australian Security Vetting Service's contractual arrangements, revised travel allowance arrangements and involvement in the Department's billing system, Perfect Balance, and the recent implementation of the financial management system, SAP R/3.

Routine office administration reviews performed in the Department encompassed: the Family Law Council; the Office of International Law; the Information and Security Law Division; the Law Enforcement Coordination Division; the Protective Security Coordination Centre; and the Financial Management Branch within Corporate Services Division. Within the Australian Protective Service audit tasks extended to office administration reviews of the Western Region and the ACT as well as audit assistance in the area of quality assurance. Reviews of office administration, bankruptcy administration and proceeds of crime were conducted in offices of the Insolvency and Trustee Service, Australia in NSW, the ACT, Queensland, WA and Tasmania.

Also covered was the office of Legal Aid and Family Services. Auscript's audit coverage prior to its sale was confined to the NHQ/NSW office and a follow-up task requested by the acting Chair of the Audit Committee.

Internal audit coverage of the Australian Government Solicitor extended to reviews of information technology and the regional offices in Melbourne, Perth, Adelaide, Hobart, Sydney and the ACT.

With regard to fraud control activities, earlier changes to the Department's structure related to the creation of the Law Enforcement Coordination Division and the revised status of the Protective Security Coordination Centre have been incorporated in a revised fraud control plan. Other more recent and extensive structural changes have not as yet been accommodated. In view of the magnitude of those changes, it is proposed to review the situation and conduct a new risk assessment exercise.

The Department's Board of Management endorsed a revised Audit Committee Charter drafted to comply with the ANAO's better practice guide. As a result the Audit Committee subsequently endorsed a revised Internal Audit Charter.

The Department has a number of measures in place for monitoring relations with clients, including clients outside the Australian Public Service. A description of those measures and the nature of client comments, including complaints, is provided at Appendix 8.

A list of parliamentary committee inquiries relating to the Department during 1997-98 appears at Appendix 9.2.

