



Australian Government

**REPORT ON ADVANCES PROVIDED
UNDER THE ANNUAL
APPROPRIATION ACTS FOR THE
YEAR ENDED 30 JUNE 2016**

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Table of Abbreviations & Acronyms

Abbreviation/Acronym	Definition
AEC	Australian Electoral Commission
AFM	Advance to the Finance Minister
ANAO	Australian National Audit Office
Finance	Department of Finance

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Introduction

Advances under the annual Appropriation Acts enable urgently required appropriations to be issued to entities during the year. They are issued by a Determination made by the Finance Minister (or, for a Parliamentary Department, the responsible Presiding Officer) up to a statutory limit in the annual Appropriation Acts.

This Report discloses details of the one Advance provided during the 2015-16 financial year.

The Advance was issued from *Appropriation Act (No. 1) 2015-2016* which allowed the Finance Minister to issue up to \$295 million.

The Australian National Audit Office (ANAO) provided an Independent Review Report to the Minister for Finance on the process of issuing Advances in 2015-16. A copy of the ANAO's Report is attached to this Report.

Overview for 2015-16

The AEC was the only entity to seek an Advance in 2015-16, addressing a total of one appropriation. The Advance, and the amount underspent, can be summarised as follows:

AFM No.	Entity	Advance Provided (\$'000)	Expenditure (\$'000)	Underspend (\$'000)
1	Australian Electoral Commission	101,237	101,237	0
Total		101,237	101,237	0

Authority

The sections of the Appropriation Acts which enable the use of Advances are specific to the relevant Act for the relevant year. In 2015-16 the relevant sections, and the amounts available under them, were:

- section 10 of *Appropriation Act (No. 1) 2015-2016*, which allowed for \$295 million; and
- section 12 of *Appropriation Act (No. 2) 2015-2016*, which allowed \$380 million; and
- section 11 of *Appropriation (Parliamentary Departments) Act (No. 1) 2015-2016*, which allowed \$1 million for the Department of Parliamentary Services and \$300,000 each for the Department of the Senate, the Department of the House of Representatives and the Parliamentary Budget Office.

Eligibility requirements and transparency

An Advance may only be issued if the Finance Minister (or the responsible Presiding Officer for a Parliamentary Department) is satisfied that:

- 1) there is an urgent need for expenditure that is not, or is insufficiently, provided for in the relevant Appropriation Act; and
- 2) the additional expenditure is required due to:
 - a) an erroneous omission or understatement in that Act; or
 - b) the additional expenditure was unforeseen until after the last day on which it was practicable to provide for it in the relevant Bill for that Act (before the relevant Bill was introduced into the House of Representatives).

An Advance made by the Finance Minister, or the responsible Presiding Officer, has effect on the Appropriation Act concerned as if the Schedule to the Act was amended in accordance with the Determination. Accordingly, these Determinations are legislative instruments under the *Legislation Act 2003*, registered on the Federal Register of Legislation and tabled in the Parliament. They are each accessible at <https://www.legislation.gov.au/> under the heading "Legislative Instruments".

A copy of this report is available through the Department of Finance (Finance) website at http://www.finance.gov.au/publications/advance_to_the_finance_minister/

Guidelines on Advances are available under the Advances to the Finance Minister (AFM) section in *RMG-100: Guide to appropriations*, through the Finance website, at <http://www.finance.gov.au/resource-management/appropriations/guide-to-appropriations/>

Advance available in 2015-16

Prior to the commencement of *Appropriation Act (No. 3) 2015-2016*, on 23 March 2016, there had been no Advances provided under *Appropriation Act (No. 1) 2015-2016*.

Under subsection 10(1) of *Appropriation Act (No. 3) 2015-2016*, had an Advance been provided under *Appropriation Act (No. 1) 2015-2016*, this amount would have been disregarded.

Accordingly, the total amount that could have been issued by the Finance Minister during 2015-16, under *Appropriation Act (No. 1) 2015-2016*, was \$295 million.

Advances made in 2015-16

AFM NO. 1

Legislative Instrument	F2016L00673 – Advance to the Finance Minister Determination (No. 1 of 2015-16)
Enabled by	Section 10 of <i>Appropriation Act (No. 1) 2015-2016</i>
Sequence	No. 1 of 2015-16, 4 May 2016
Portfolio	Finance
Entity	Australian Electoral Commission (AEC)
Appropriation item	Departmental item
Outcome	Outcome 1 - Maintain an impartial and independent electoral system for eligible voters through active electoral roll management, efficient delivery of polling services, and targeted education and public awareness programs
Program	Australian Electoral Administration - Roll Maintenance, Conduct and Education

Legislative Requirement	Amount Issued	Expenditure	Underspend
Unforeseen	\$101,237,000.00	\$101,237,000.00	\$0.00

Explanation of Requirement

The AEC was required to implement changes to the way votes would be cast and preferences applied in relation to Senate ballot papers as result of the *Commonwealth Electoral Amendment Act 2016* being passed in March 2016. The cost of implementing this change, combined with requirement to bring forward the election preparation, was unable to be met from existing resources. The AEC was provided with an AFM of \$101,237,000 to meet these costs.

ATTACHMENT: Independent Review Report – ANAO



INDEPENDENT REVIEW REPORT

To the Minister for Finance

I have conducted a limited assurance engagement on the Department of Finance's *Report on Advances provided under the annual Appropriations Acts for the year ended 30 June 2016* (Report on AFM), in order to express a conclusion on the overview for, and Advances made in, 2015–16 presented in the Report on AFM in accordance with the *Annual Appropriation Acts 2015–16* and the relevant legislative instruments of Advances to the Finance Minister (AFM).

The limited assurance engagement also addresses the design and operating effectiveness of controls (the controls) within the Department of Finance related to the AFM throughout the year ended 30 June 2016 relevant to the approval, recording and reporting of AFM.

The responsibilities of the Secretary of the Department of Finance

The Secretary of the Department of Finance is responsible for the preparation and fair presentation of the Report on AFM and is also responsible for such control procedures as the Secretary determines necessary to enable the preparation and fair presentation of the Report on AFM that are free from material misstatement, whether due to fraud or error.

The Secretary is also responsible for:

- (a) the Department of Finance's administration of AFM;
- (b) identifying the risks that threaten achievement of the review criteria related to controls identified above;
- (c) design of the system, comprising controls to mitigate those risks, so that those risks will not prevent achievement of the identified review criteria, and therefore the review criteria will be achieved; and
- (d) implementation of the controls as designed throughout the period.

Responsibilities of the Auditor-General and the ANAO

My responsibility is to express a conclusion on the fair presentation of the overview for, and Advances made in, 2015–16 presented in the Report on AFM and the operating effectiveness of the Department of Finance's controls related to AFM, based on my review.

I have conducted a limited assurance review in accordance with the ANAO Auditing Standards (the Standards), which include the relevant Standards on Assurance Engagements ASAE 3000 *Assurance Engagements other than Audits or Reviews of Historical Financial Information* and ASAE 3150 *Assurance Engagements on Controls*. Those Standards require that I comply with ethical requirements applicable to assurance engagements and plan and perform procedures to obtain limited assurance about whether, in all material respects, the overview for and Advances

made in 2015–16 in the Report on AFM present fairly and the controls within Finance are operating effectively to achieve the review criteria and conclude whether a material misstatement in relation to the AFM is likely to arise.

An assurance engagement to report on the design and operating effectiveness of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the review criteria and the operating effectiveness of controls throughout the period.

In a limited assurance engagement on controls, the assurance practitioner performs procedures, primarily consisting of making enquiries of management and others within the entity, as appropriate, and examination of design specifications or documentation, and evaluates the evidence obtained. The procedures selected depend on our judgement, including the assessment of the risks that the controls are not suitably designed or the controls did not operate effectively. An assurance engagement of this type also includes evaluating the suitability of the control objectives.

The extent of my review included:

- assessing whether applications for the AFM are only approved where the applying agency provides sufficient information to support its compliance with the criteria set out in the annual Appropriation Acts;
- ascertaining whether the accounts and records, particularly in respect of the applications and the AFM made are adequately maintained; and
- assessing accounts and records are appropriately reflected in the preparation of the Report on AFM in accordance with the relevant legislative instruments and the supporting documents for the expenditure.

The review is limited primarily to enquiries of Department of Finance's personnel, inspection of evidence and observation of, and enquiry about, the operation of the control procedures. The procedures selected depend on the assurance practitioner's professional judgement, including the assessment of the risks of material deficiencies in the design and/or implementation of the controls.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for our conclusion.

Limitations of Controls

Because of the inherent limitations of an assurance engagement, together with the inherent limitations of any system of controls there is an unavoidable risk that some deficiencies in the design or implementation of controls may not be detected, even though the engagement is properly planned and performed in accordance with Standards on Assurance Engagements. Further, the internal control structure, within which the controls that I have assured operate, has not been assured and no opinion is expressed as to its design or operating effectiveness.

An assurance engagement on operating effectiveness of controls is not designed to detect all instances of controls operating ineffectively as it is not performed continuously throughout the period and the tests performed are on a sample basis. Any projection of the outcome of the evaluation of controls to future periods is subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

Independence and Quality Control

In conducting my review, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

In accordance with Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Australian National Audit Office maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

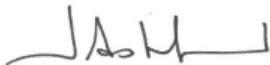
Conclusion

My limited assurance conclusion has been formed on the basis of the matters outlined in this report.

Based upon the procedures performed and the evidence I have obtained, nothing has come to my attention that causes me to believe that, all material respects:

- (e) the Department of Finance's *Report on Advances provided under the annual Appropriations Acts for the year ended 30 June 2016* does not present fairly the overview for and Advances made in 2015–16;
- (f) the controls related to the Department of Finance administration of Advances to the Finance Minister were not suitably designed to achieve appropriate approval, recording and reporting of Advances to the Finance Minister; and
- (g) the controls did not operate effectively as designed during the year ended 30 June 2016.

Australian National Audit Office



Jocelyn Ashford
Acting Group Executive Director
Delegate of the Auditor-General
Canberra
12 January 2017