



Australian Government  
Independent Parliamentary  
Expenses Authority

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Independent Parliamentary  
Expenses Authority

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REPORT







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**Independent Parliamentary  
Expenses Authority**

# **Annual Report**

2017–18

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# Letter of transmittal



**Australian Government**

**Independent Parliamentary  
Expenses Authority**

The Hon Alex Hawke MP  
Special Minister of State  
Parliament House  
CANBERRA ACT 2600

Dear Minister

I am very pleased to present the annual report for the Independent Parliamentary Expenses Authority (IPEA) for the financial year 2017–18.

This report has been prepared in accordance with all applicable obligations of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) including section 46, which requires that you table the report in Parliament. The report reflects the matters dealt with and legislation administered by the entity as at 30 June 2018.

The report includes IPEA's audited financial statements as required by subsection 43(4) of the PGPA Act.

As required by section 10 of the Public Governance, Performance and Accountability Rule 2014, I certify that:

- › The entity has in place appropriate fraud prevention, detection, investigation and reporting mechanisms that meet its specific needs, and
- › I have introduced measures to ensure there are controls in place to deal with any fraud relating to the entity.

Yours sincerely

**Annwyn Godwin**

Chief Executive Officer

15 October 2018



# About this report

This is the Independent Parliamentary Expenses Authority's (IPEA) report to the Special Minister of State for the financial year ended 30 June 2018. The report has been prepared according to parliamentary reporting and legislative requirements.

The report is a mechanism of accountability to the Parliament of Australia in relation to services provided. It also provides information for the community and stakeholders.

IPEA is part of the Australian Government's Finance portfolio and is committed to maintaining accountability and transparency in its activities and continually improving its reporting.

## Guide to this report

**Part 1 – Overview:** The Chief Executive Officer reviews the significant issues and achievements of IPEA from 1 July 2017 to 30 June 2018 and reflects on the challenges for the year ahead.

**Part 2 – Performance:** Provides an overview of IPEA's organisational structure, role and functions, and sets out the outcomes in the Portfolio Budget Statements. It also includes IPEA's Annual Performance Statements, which reflect the results achieved against IPEA's 2017–18 performance criteria (which are reported in the Department of Finance's 2017–18 Portfolio Budget Statements and IPEA's Corporate Plan).

**Part 3 – Management and Accountability:** Provides information about IPEA's governance arrangements and frameworks, external scrutiny, human resources management, environmental performance and financial management.

**Part 4 – Financial Statements:** Contains IPEA's audited financial statements for 2017–18.

The **appendices** provide additional information on specific areas of the entity, as required under legislation.

At the end of the report are a list of abbreviations and acronyms, a glossary, a checklist detailing the location of the requirements used to compile the report, and an index.

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# Message from the Chair of the Authority

## I am delighted to introduce the 2017–18 annual report for the Independent Parliamentary Expenses Authority (IPEA).

It has been a busy first year of operations for the statutory authority, as I and the other Members continue to oversee IPEA and provide strategic guidance. Annwyn Godwin assumed the role of CEO in January, taking over from Leonie McGregor. I would like to commend Leonie on her role in setting up IPEA and extend our appreciation to Annwyn and her team for their excellent work in taking IPEA into its first full and busy year of operation.

One of the first activities of the Authority has been to connect with parliamentarians and their staff to provide education and guidance regarding the new expenses framework.

I have observed in my first full year as Chair of IPEA the extremely high workload of the organisation, not only in providing advice but in collating and then publishing reports. It is clear that many of IPEA's functions, from producing reports on parliamentarians' expenditure, to providing clear and timely advice to our clients regarding travel, are dependent on technology. We are continuing to work with Department of Finance to enable the Parliamentary Expenses Management System to streamline IPEA's processes, and allow for efficiencies in the future. In the interim, many of our processes remain manual and multi-sourced. A technologically driven process for claiming, administering and reporting is essential to deliver on IPEA's mission.

There are a number of important challenges facing IPEA in the coming year:

1. The challenge of creating an organisation with its own culture operating with new legislation while still delivering 'business



as usual'. We will continue to develop our service-oriented culture, and provide a high level of service to our clients while creating a workplace that attracts and retains high quality staff.

2. We must continue to encourage long-term cultural adjustment to the new principles-based regime in parliamentarians and their staff. We, along with others, have an important role in creating a culture of accountability and transparency in the provision and use of parliamentary work expenses.
3. The unique role we are charged with regarding audit of work expenses for parliamentarians and the travel expenses of their staff is a new function and an important one. It is one we will continue to refine in order to assure the Australian community that public resources are spent appropriately.

The IPEA Members have met regularly in 2017–18 and I am grateful for the engagement and diverse skills of the Members of the Authority. It has been a pleasure to have the Hon Nick Minchin as an acting Member of IPEA while the Hon Gary Gray AO is on leave.

I look forward to another busy and challenging year ahead and express my gratitude to everyone including the Department of Finance for assisting in the establishment of IPEA.

**Ms Jillian Segal AM**

Chair

Independent Parliamentary Expenses Authority



**Part 1**

# Overview

# Chief Executive Officer's review

**Beginning in January 2018 as the inaugural Chief Executive Officer (CEO) of the Independent Parliamentary Expenses Authority (IPEA), I have seen the organisation grow and accomplish many milestones.**

IPEA has been in existence now as a statutory authority for over a year. We were established as a compliance, reporting and transparency body to ensure taxpayers' funds are spent appropriately and in accordance with the applicable legislation.

Individually and collectively, IPEA takes its statutory obligations seriously. We are working hard to promote integrity and increase transparency through more frequent, accessible reporting of parliamentarians and their staff's expenditure.

Furthermore, in providing education and guidance, IPEA has helped parliamentarians and their staff understand how the *Parliamentary Business Resources Act 2017* (PBR Act) applies to their travel arrangements. Feedback from our stakeholders highlights the value of these services.

In line with our core objectives, our agency has delivered its statutory functions in an ethical and professional manner. We have a highly engaged and committed workforce, which enthusiastically pursues our twin goals of:

- › providing support to parliamentarians, their staff and former parliamentarians in the exercise of their parliamentary functions
- › creating a culture of accountability and transparency in the provision and use of parliamentary work expenses.



Our people are our greatest asset, and they have provided much value to the organisation in its first year. We have much to be proud of and we have achieved a lot in a relatively short amount of time.

## Our achievements

### New legislative framework

Consistent with the recommendations of *An Independent Parliamentary Entitlements System Review*, from 1 January 2018 the PBR Act requires parliamentarians to ensure that any expenditure for parliamentary business is consistent with a number of legislated principles.

The introduction of the IPEA Act, the commencement of the PBR Act, the PBR Regulations and associated instruments has seen the implementation of a new principles-based framework (PBR framework) for managing parliamentarians' work resources.

The principles which form part of this framework require parliamentarians to do a number of things when claiming travel expenses. These include only using public resources for the dominant purpose of parliamentary business, considering value for money for the Commonwealth, acting in good faith and being prepared to publicly justify their use of public resources.

Under the new framework, IPEA provides advice to parliamentarians to help them claim travel expenditure in line with the legislated principles in the PBR Act. We provide personal advice, Travel Advice Certificates, and post-travel rulings. In addition, in 2018–19 we will continue to deliver guidance and educational activities for parliamentarians and their staff on the new framework.

There has already been much work undertaken to help stakeholders transition to the new framework:

- › Information sessions – frequently held across Australia to inform parliamentarians and their staff of IPEA's role and functions, and to discuss the new principles-based framework.
- › Regular meetings with parliamentarians – since the commencement of the new framework, I have met with parliamentarians, the Usher of the Black Rod and the Serjeant-at-Arms. The IPEA Executive and staff continue to meet with parliamentarians and their staff as required.
- › Providing responsive and high quality personal advice - IPEA logged, 11,494 individual client contacts during 2017–18 with 97 per cent having had a response within the agreed 24 hour timeframe.

## Governance arrangements

I have really enjoyed working with the Members of the Authority who are responsible for IPEA's statutory functions. The Members were appointed by the Governor-General and each Member brings specialist skills and experience to IPEA.

The Members met eight times in 2017–18 to provide IPEA with strategic guidance on issues such as the performance of our functions.

We have also established an Audit and Risk Committee to provide me with independent assurance on IPEA's financial and performance reporting responsibilities, risk oversight and management, and system of internal control. This Committee met four times during 2017–18.

## Establishing IPEA

Since commencing as CEO, I have focused on establishing a transparent, service-oriented and collaborative culture within IPEA. As a new organisation with high-profile clients, it is important to both embed and translate the culture from theory to practice. Our approach includes regular 'curious conversations' sessions, where staff are asked to consider an ethical dilemma related to their work, and associated legislative and compliance obligations.

In line with the broader APS agenda, our agency seeks to continuously improve its operations. We continue to look at what improvements can be made in our operational environment through the establishment of four employee working groups. These groups include:

1. Staff and culture
2. Communication and education
3. Posterity and privacy
4. Risk, security and integrity.

In April, we held a planning day and each of the working groups presented their recommendations as to how we could continue to maintain a great culture, communicate openly and strategically, and consider our legal obligations and risks.

These working groups are helping IPEA to be more inclusive and insightful. Supporting staff to contribute to decisions that affect them is a priority for IPEA and our rates of participation show how effective our approach has been:

- › For the 2018 APS Census, 96.4 per cent of staff completed the survey, which was the second highest response rate for small agencies in the APS.
- › IPEA sits in third place in comparison to the overall APS index score in the 2018 APS Census with regard to innovation.



- › The positive vote for the 2018–2021 IPEA Enterprise Agreement saw a high engagement level with 94.6 per cent of staff voting.
- › The Staff and Culture working group established an IPEA social club, coordinating events for Harmony Day and ANZAC Day, and raising money for the Tara Costigan Foundation.

## External relations

I have made a concerted effort to meet with parliamentarians to advise them of their obligations and provide advice on applying the legislated principles to their travel arrangements.

I initially endeavoured to meet with the members of the Senate Standing Committees on Finance and Public Administration, and have since met with many other parliamentarians who were directly affected by changes under the new framework.

In March, I presented at an Organisation for Economic Cooperation and Development (OECD) conference on the link between an impartial merit-based public sector and public integrity.

I also participated on an expert panel at OECD Global Anti-Corruption and Integrity Forum.

For this forum I was asked to contribute to a session on *'Ethical Superhumans? Behavioural Insights for Integrity.'*

This participation allowed me to share ideas and lessons learnt with other jurisdictions about supporting and developing cultural change, and building trust in institutions.

The OECD conference and forum was an important opportunity to introduce IPEA to the international community. A significant outcome of my participation was agreement by the OECD to help Australia create a network of other countries and interested parties in the area of parliamentary expenses.

I visited the Independent Parliamentary Standards Authority (IPSA) in the United Kingdom and met with its CEO, Mr Marcial Boo. Following this, IPEA and IPSA have established regular teleconferences between relevant senior officers to exchange ideas and experiences on issues of mutual interest.

In May, I met with officials from the Victorian Department of Premier and Cabinet who are in the process of setting up an independent Remuneration Tribunal to determine salary and allowances for Victorian Members of Parliament and senior public sector executives. They were particularly interested in hearing about IPEA's advisory and review work.

By 30 June 2018, we had achieved all of our performance targets, highlighting the dedication and professionalism of IPEA staff.



IPSA CEO  
Marcial Boo  
with IPEA CEO  
Annwyn Godwin





## Our priorities for the year

In the coming year, IPEA has a number of priorities to continue to enhance our services and grow as an organisation. These priorities include:

- › working with the Department of Finance to ensure the Parliamentary Expenses Management System (PEMS) project delivers a fit-for-purpose IT system, which facilitates and supports IPEA's administration, advisory, reporting and audit functions
- › improving relationships with important stakeholders, including parliamentarians and their staff, through meetings, information sessions, a client satisfaction survey and tailor-made multimedia presentations
- › embedding IPEA's internal governance arrangements, including conducting internal audits on IPEA's functions, and
- › continuing to foster the development of IPEA's unique culture through our staff working groups.

## Our financial performance

In 2017–18 IPEA operated within our appropriation. We reported an overall operating surplus of \$1.327 million for the 2017–18 financial year. This result is mainly due to lower than expected employee and supplier expenses for the financial year. Further details on IPEA's financial performance are available on pages 27–49.

## Our people

IPEA is a great place to work. Our staff are our greatest asset and their professionalism and dedication provide us with a unique competitive advantage. We place a high priority on their development and, as at 30 June 2018, IPEA had 58 employees engaged on either an ongoing or non-ongoing basis. As a small agency, we are committed to developing a flexible and professional workforce, and providing career development opportunities.

## Acknowledgements

I would like to acknowledge the Department of Finance, particularly Ministerial and Parliamentary Services, the Business Enabling Services and Governance and APS Transformation groups, for both guiding and working with IPEA to implement the principles-based framework for parliamentarians' work related expenses and in meeting its broader APS related requirements.

I would like to thank parliamentarians and their staff for their continued engagement with us as they transition to operating under the new framework, and for their ongoing support as we work to formalise our processes and systems.

Importantly, I acknowledge the hardworking, dedicated and professional IPEA staff who have ensured that our new organisation has achieved success. We have been very fortunate to have the support of our Members, and I thank them for their dedicated and considered guidance.

**Annwyn Godwin**  
Chief Executive Officer

October 2018

# Organisational overview of IPEA

This section provides an overview of IPEA.

## Our purpose

IPEA's purpose is to provide:

1. advice to parliamentarians and their staff on travel and travel-related work expenses to support them in their respective roles, and
2. independent oversight of the work expenses accessed by current and former parliamentarians and their staff through auditing and reporting functions.

## Outcomes and programs

As at 30 June 2018, IPEA has one outcome which is outlined in the 2017–18 Portfolio Budget Statements.

**Outcome 1** – Support for current and former parliamentarians and others as required by the Australian Government through the delivery of independent oversight and advice on work resources and travel resources.

**Program 1.1** – Independent Parliamentary Expenses Authority – Travel Oversight and Reporting. IPEA provides services to parliamentarians and their staff and publicly reports on their expenditure.

## Our role and functions

IPEA is committed to pursuing our twin goals of providing support to parliamentarians and former parliamentarians in the exercise of their parliamentary functions, and creating a culture of accountability and transparency in the provision and use of parliamentary work expenses.

Our approach is to tailor interventions – education, raising awareness, compliance and enforcement – as appropriate. IPEA does this by:

- › providing general and personal advice to parliamentarians and their staff employed under the *Members of Parliament (Staff) Act 1984* (MOP(S) Act) on travel expenses and allowances
- › monitoring parliamentarians and MOP(S) Act employees regarding travel expenses, allowances, and related expenses
- › administering travel expenses, allowances, and related expenses, including processing of these claims
- › publicly reporting on work expenses under the Parliamentary Business Resources framework
- › auditing work expense claims.

Through these interventions, we aim to:

1. advise, educate and raise awareness about the Parliamentary Business Resources Framework and the principles to consider when making decisions about the use of taxpayer money
2. assure the Australian public about the efficient, effective and ethical use of taxpayer monies.

# Our organisational structure

IPEA comprises three branches, each with a Branch Manager and overseen by the Chief Executive Officer. These branches and their functions are:

## **Travel Advice and Administration Branch:**

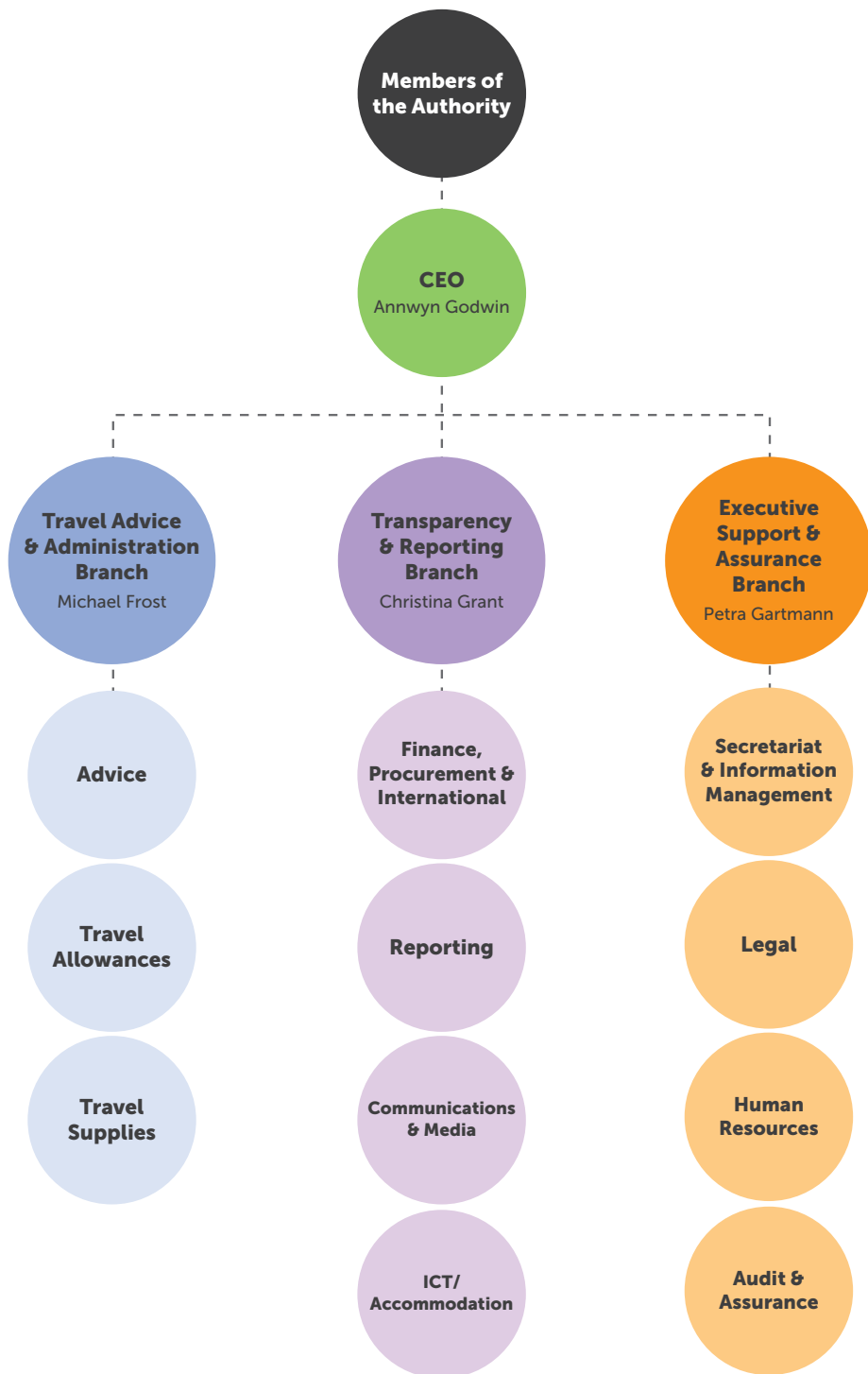
- › providing advice and support to parliamentarians and their staff on travel-related matters
- › processing travel allowance claims for parliamentarians and their staff
- › payment to travel suppliers and reimbursement of travel-related expenses.

## **Transparency and Reporting Branch:**

- › development and release of expenditure reports
- › communication and media services including the IPEA website and media support
- › finance and procurement services
- › ICT services and support including Parliamentary Expenses Management System (PEMS) and Shared Services development and implementation for IPEA
- › administration of overseas travel for parliamentarians and their staff.

## **Executive Support and Assurance Branch:**

- › audit and assurance of work-related expenses for parliamentarians and travel expenses of their staff
- › secretariat support to the IPEA Members and IPEA's Audit & Risk Committee
- › providing legal advice
- › records management
- › providing human resource and workforce planning services
- › providing governance advice and support
- › Freedom of Information and privacy responses.

**Figure 1. IPEA's organisational structure at 30 June 2018**

## Highlight

## Move to more regular reporting

**To help improve transparency and accountability, IPEA released its first quarterly expenditure reports in 2017–18 for current and former parliamentarians.**

The release of these reports is an important first step towards more regular reporting of parliamentarians' expenditure.

The quarterly expenditure reports are available on the IPEA website ([ipea.gov.au](http://ipea.gov.au)) through a more user friendly and searchable reporting format which breaks down expenditure information into categories such as travel allowance, overseas travel, office facilities and employee costs. Previously, reports on parliamentarians' expenditure were only released every six months.

Parliamentarians' Expenditure page on the IPEA website







**Part 2**

# Performance

# Annual performance statements

## Statement of preparation

I, as the accountable authority of the Independent Parliamentary Expenses Authority (IPEA), present the 2017–18 annual performance statements of IPEA, as required under paragraph 39(1) (a) of the *Public Governance, Performance and Accountability Act 2013 (PGPA Act)*. In my opinion, these annual performance statements are based on properly maintained records, accurately reflect the performance of the entity, and comply with subsection 39(2) of the PGPA Act.

**Annwyn Godwin**

Chief Executive Officer

5 October 2018

## IPEA's objectives

IPEA's organisational objectives are to:

- › provide clear advice to parliamentarians and their staff on travel and work-related expenses to help support them in their respective roles
- › provide independent oversight of the work expenses provided to current and former parliamentarians and their staff through our auditing and reporting functions.

Consistent with Outcome 1 in the Portfolio Budget Statements for 2017–18 and IPEA's own Corporate Plan for 2017–18, IPEA's performance criterion for the years 2017–18 to 2020–21 is that:

Services to clients, encompassing Ministers, other Office-holders, Senators, Members of the House of Representatives and their staff, meet agreed service standards.

To support this criterion, IPEA identified the following priorities.

## Priorities

Our key priorities for 2017–18 were:

- › supporting parliamentarians and their staff through the provision of administration and advice on travel-related work expenses and assisting in the transition to the new Parliamentary Business Resources (PBR) framework developed and implemented by the government
- › auditing and reporting of work expenses for parliamentarians and their staff, to enhance transparency and assurance about the use of parliamentary work related expenses
- › establishing governance arrangements and continuously developing other corporate and legislative functions for IPEA as a newly established statutory authority.

## Achievements

### Services provided

- › IPEA achieved all its performance targets, highlighting IPEA's strong focus on the delivery of high quality services to our clients.
- › 1278 quarterly expenditure reports were made publicly available on IPEA's website.
- › During 2017–18, IPEA provided a total of 2870 Monthly Management Reports to parliamentarians by the 15th of each month.
- › IPEA was also responsible for the receipt, co-ordination and management of 194,665 claims for travel expenses from parliamentarians and their staff, with 99 per cent being processed within the agreed timeframes.
- › IPEA received 11,494 calls through its helpdesk with 97 per cent being responded to within the agreed 24-hour timeframe.
- › Internally, IPEA developed 442 customised reports to support the IPEA travel administration, quality assurance and audit functions.
- › IPEA continues to provide ongoing support and personal advice for parliamentarians and their staff and has also provided Travel Advice Certificates to parliamentarians and their staff upon request.
- › IPEA held regular information sessions in all capital cities across Australia to inform parliamentarians and their staff of IPEA's role and functions, and to discuss the new principles-based framework.
- › IPEA developed a range of fact sheets on travel-related topics to support parliamentarians and their staff that are available on IPEA's website and have also provided Travel Advice Certificates to parliamentarians and their staff upon request.

## Corporate activities

- › During 2017–18, the IPEA Members formally met eight times for IPEA Members' Meetings and also undertook a significant amount of work out of session.
- › In conjunction with the work done to set up IPEA's governance arrangements, four formal IPEA Audit and Risk Committee meetings were held and significant work was also completed out of session.
- › IPEA managed the development of its 2018–19 to 2021–2022 Corporate Plan.
- › IPEA wrote and published IPEA's first Annual Report, for the year 2016–17.
- › During 2017–18, IPEA established a robust governance framework, including the IPEA Risk Management Framework and Fraud Control Plan.
- › IPEA also established four internal working groups to support its operating environment, culture and values and risk oversight and management. A planning day was held in April 2018.
- › During the course of 2017–18, 35 FOI requests were received and processed by IPEA in accordance with the *Freedom of Information Act 1982*.

## IPEA's performance targets

IPEA's performance targets for 2017–18 are:

- › 95 per cent of client contacts are acknowledged within 24 hours of contact and responded to within agreed timeframes.
- › 95 per cent of payments will be made within agreed timeframes.
- › 100 per cent of Monthly Management Reports will be distributed to parliamentarians by the 15th day of each month.

- › 100 per cent of parliamentary expenditure reports will be compiled and published within agreed timeframes.
- › 100 per cent of audits of individual parliamentarian's expenses will be completed within agreed timeframes.

## Results against the performance targets

IPEA was formally established as a Statutory Authority on 1 July 2017. For the period 1 July 2017 to 30 June 2018:

- › IPEA received 11,494 calls through its helpdesk with 97 per cent being responded to within the agreed 24 hour timeframe.
- › 99 per cent of payments were made within agreed timeframes.
- › 100 per cent of Monthly Management Reports will be distributed to parliamentarians by the 15th day of each month.
- › 100 per cent of parliamentary expenditure reports were compiled and published within agreed timeframes.
- › 100 per cent of audits of individual parliamentarian's expenses were completed within agreed timeframes.

In achieving (and exceeding) the above targets, IPEA met its purposes by:

- › providing responses to requests for advice and assistance within 24 hours in the vast majority of cases, which indicates that IPEA has high client service standards that it will maintain and continue to improve in the future
- › ensuring that IPEA had independent oversight of the work expenses provided to parliamentarians at all times, with monthly reporting feeding into the quarterly expenditure reports which are publicly available on the IPEA website

- › ensuring that high-quality parliamentary expenditure reports are publicly available on a regular (quarterly) basis. This creates another layer of independent oversight by enabling the Australian community to access the data and provide analysis and opinions
- › monitoring and overseeing expenditure, including investigating reports of misuse and conducting audits.

## Overarching analysis of performance against IPEA's purposes

As the results set out previously show, IPEA has met its performance targets and purposes for 2017–18. Factors that contributed to IPEA's performance include:

- › IPEA establishing a strong governance framework to support a positive, proactive and service-oriented culture
- › IPEA encouraging innovative and creative approaches to coordinating, reporting and publishing credible parliamentary work expense details
- › IPEA having the staffing resources and skills to respond to the vast majority of requests received through its helpdesk within 24 hours

- › IPEA setting realistic timeframes for the provision of clear, consistent personal advice in consultation with parliamentarians and their staff (including in circumstances where the request received is complex)
- › IPEA setting timeframes for payment processing based on the volume of claims expected and staffing resources at particular times, as well as the type of expense claim being processed
- › IPEA setting realistic timeframes for audits prior to commencing an audit (with the CEO's agreement).

IPEA is building a small but inclusive and flexible workforce that has a mixture of specialist technical expertise and good generalist skills that enable critical gaps to be filled as they arise from time to time.





**Part 3**

# Management and accountability

# Corporate governance

This section discusses IPEA's support services and governance structures, which provide a framework to ensure accountability and the effectiveness of the organisation.

IPEA is a statutory authority established under the *Independent Parliamentary Expenses Authority Act 2017*, and as a non-corporate Commonwealth entity, it is subject to the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

Under the PGPA Act, the Chief Executive Officer is IPEA's accountable authority and is therefore responsible for its performance and compliance with regulatory requirements. The responsible Minister is the Special Minister of State.

## IPEA's key corporate services

IPEA's corporate functions which provide specialist advice, services and expertise across the Authority include the following:

- › Legal
- › Governance
- › Human Resources
- › Secretariat
- › Financial
- › Reporting
- › Communications, and
- › ICT.

The corporate functions that were delivered in-house were supplemented by a number of corporate services that were purchased from, and delivered by, the Department of Finance in 2017–18 through a Memorandum of Understanding. These functions included payroll and security.

## Our internal governance arrangements

### IPEA leadership

Ms Leonie McGregor acted as the IPEA's Chief Executive Officer until 31 December 2017. Senator the Hon Mathias Cormann announced in December 2017 that the Government had appointed Ms Annwyn Godwin as the inaugural CEO of IPEA. Ms Godwin is the former Australian Public Service Merit Protection Commissioner and Parliamentary Service Merit Protection Commissioner.

Ms Godwin is supported by three Senior Executive Service level Branch Managers.

The IPEA Executive Board has met regularly since 1 July 2017 to consider strategic and operational issues. This group includes the CEO, Branch Managers, and the Chief Financial Officer.

Officers at the Executive Level 1 and Executive Level 2 classification meet regularly to discuss operational issues and share matters of interest across IPEA's three branches.

There was significant investment in Executive Level staff through an external mentoring program. Staff met with an experienced former public servant to discuss their role in IPEA, their career to date, their career aspirations and establish individual development plans.

## Members of the Authority

IPEA's Members are appointed by the Governor-General, with Mr John Conde AO as an *ex officio* Member. Under the IPEA Act the Members comprise a Chair and at least two, but not more than three other Members. Five Members were officially appointed on 1 July 2017, including the *ex officio*. These Members are:

Ms Jillian Segal AM (Chair)  
 Mr John Conde AO (*ex officio* Member)  
 The Hon Jeffrey Spender QC  
 The Hon Gary Gray AO  
 Dr Julianne Jaques.

During 2017–18, the Minister for Finance appointed the Hon Nick Minchin as an acting Member, while the Hon Gary Gray AO was on leave.

IPEA's CEO assists the Members in the performance of their functions. The Members met eight times in 2017–18. In addition, the Members were actively involved in IPEA's operations to deepen their knowledge of IPEA's functions and personnel, including:

- › attending IPEA information sessions across Australia
- › meeting with the Special Minister of State to update him on IPEA's priorities and achievements
- › participating in IPEA's planning day.



**Chair**  
 Ms Jillian  
 Segal AM

Ms Segal has a broad range of experience both in the public and private sectors particularly in the fields of governance, remuneration and audit. She is currently a Non-Executive Director of the Garvan Institute of Medical Research, Deputy Chancellor of UNSW Australia, Chair of the General Sir John Monash Foundation, a Trustee of the Sydney Opera House, Chair of AICC (NSW), Director of the Grattan Institute and a Non-Executive Director of Rabobank Australia Limited, Rabobank New Zealand Limited and Rabo Australia Limited.

Ms Segal has a BA LL.B from the University of New South Wales and an LL.M from Harvard Law School. She started her legal career as Associate to The Right Honourable Sir Anthony Mason, then a Justice at the High Court of Australia.

Ms Segal went on to become a Commissioner and later Deputy Chair of the Australian Securities and Investments Commission (ASIC), after which she became a review member of the Dawson Review into the Trade Practices Act. In 2003, she set out to pursue a non-executive career. Since that time, she has held a range of corporate and government advisory board positions.

Ms Segal was awarded a Centenary Medal in 2003 for services to society through business leadership, and appointed a Member of the Order of Australia in 2005 for services to business law.



**Member**  
Mr John  
Conde AO

Member of IPEA by virtue of the office of President of the Remuneration Tribunal, Mr Conde was reappointed on 29 May 2018 as Member and President of the Remuneration Tribunal for a further five years from 25 June 2018. Mr Conde was appointed originally as a member of the Remuneration Tribunal on 18 June 1998.

Mr Conde is Chairman of the McGrath Foundation and Chairman of Cooper Energy Limited. He is Deputy Chairman of Whitehaven Coal Limited and a Director of Dexus Property Group.

Mr Conde's previous appointments include Chairman of Bupa (Australia & New Zealand), Co-Chair of the Review Committee: An Independent Parliamentary Entitlements System, Chairman of the Sydney Symphony Orchestra, Chairman of Destination NSW, Chairman of Ausgrid (formerly EnergyAustralia), Director of BHP Billiton and Excel Coal Limited, Managing Director of Broadcast Investment Holdings Pty Limited, Director of Lumley Corporation, President of the National Heart Foundation of Australia and member of the Sydney Children's Hospital Network Board and Dermatology Research Foundation and Council of the Sydney Medical School Foundation.



**Member**  
The Hon Jeffrey  
Spender QC

Mr Spender is a former Judge of the Federal Court of Australia, having served from 1984 to 2010. He practised at the Queensland Bar from 1967 to 1984, and was appointed Queen's Counsel in 1983.

Mr Spender served as a presidential member of the Administrative Appeals Tribunal, and as an additional judge of the Supreme Court of the Australian Capital Territory.



**Member**  
The Hon Gary  
Gray AO

Mr Gray was National Secretary of the Australian Labor Party from 1993 to 2000. He served as a Federal parliamentarian from 2007 to 2016 and as Special Minister of State and Minister for the Public Service and Integrity from 2010 until 2013, and Minister for Resources and Energy, Minister for Tourism and Minister for Small Business in 2013.

Mr Gray's business background includes Executive Director at the WA Institute of Medical Research, Senior Executive of Australia's largest oil and gas company, Woodside Energy, which he represented before governments and customers on four continents, and his current role as Senior Executive at Mineral Resources Ltd in Perth. He was awarded the Centenary Medal in 2001 and he became an Officer in the Order of Australia in 2003. He is a director on the boards of the ASC Pty Ltd and Hillman Primary School in Rockingham WA.



Dr Jaques is a commercial barrister and chartered accountant with extensive experience in public administration, corporate governance and audit. Dr Jaques served as a senior taxation adviser to the Assistant Treasurer from 1999 to 2001. In recent years, she has been briefed by the Commissioner for Taxation on a number of significant matters relating to Project Wickenby.



Mr Minchin was a Senator for South Australia from 1993 to 2011, and held several positions including in the Ministry and Shadow Ministry. Notably Mr Minchin served as Special Minister of State from 1997 to 1998 and the Minister of Finance and Administration from 2001 to 2007.

Mr Minchin has been the member of several not-for-profit boards. He recently returned from New York where he was the Australian Consul-General from 2014–2017.

## Audit and Risk Committee

IPEA's Audit and Risk Committee (A&RC) held its inaugural meeting in September 2017. They have met four times over the financial year. The A&RC assists the CEO, as the Accountable Authority of IPEA, to fulfil financial and performance reporting responsibilities, and risk and internal controls oversight, in accordance with the requirements of the PGPA Act. The A&RC provides independent advice and assurance to the CEO.

The Committee comprises three people, a Chair, an independent member, and a Member of the Authority:

Mr Ian McPhee AO (Chair)

Ms Elizabeth Montano  
(independent member)

Dr Julianne Jaques (IPEA Member).

## Risk

On 16 April 2018, the IPEA Risk Management Framework was launched by the Chair of the IPEA Audit & Risk Committee. This Framework details IPEA's two-step risk management strategy, which includes:

- › alignment with the relevant legislative requirements of the PGPA Act and the Australian Government's expectations as described in the Commonwealth Risk Management Policy
- › embedding risk management thinking in our approach to conducting IPEA's business.

## Fraud

On 26 April 2018, IPEA implemented its Fraud Control Plan for 2018–2021. This plan includes IPEA's Fraud Policy Statement and arrangements for reporting fraud, and is compliant with the *Commonwealth Fraud Control Guidelines*.

The CEO holds 'curious conversations' about ethical dilemmas with IPEA staff, including on the topic of fraud. Staff are asked to consider the scenarios in the curious conversations and discuss their relevant legislative and policy obligations, including the APS Code of Conduct.

## Internal audit

As part of IPEA's internal control framework, an internal audit function has been established which will provide an independent and objective review and advisory service. IPEA has appointed Protiviti as its internal audit provider until 30 June 2021.

## Ethical standards

IPEA promotes ethical standards and behaviours, and builds upon the Australian Public Service values, emphasising:

- › Independence
- › Impartiality
- › Transparency
- › Responsiveness
- › Professionalism.

IPEA created and maintained a safe, healthy and productive workplace, free from discrimination, harassment and other forms of harmful behaviour in 2017–18. Under the purchaser provider arrangements in place with the Department of Finance, training was made available in the areas of mental health, first aid, expected behaviours, and health and wellbeing. Regular training and information on obligations under the *Public Service Act 1999* were also made available to staff.

The CEO of IPEA facilitated regular 'curious conversations' sessions, where staff are asked to consider an ethical dilemma related to their work, and associated legislative and compliance obligations.

Aligning with these 'curious conversations' we have had the pleasure of the following people speak at our stand up meetings:

Doris Gibb	Commonwealth Ombudsman
David Fricker	National Archives of Australia
Tom Rogers	Australian Electoral Commission
Michael Griffin AM	Australian Commission for Law Enforcement Integrity

The hypothetical situations provided by these people helped IPEA to consider dilemmas that may occur in the real world. For example, Michael Griffin AM from the Australian Commission for Law Enforcement Integrity presented a comprehensive view on law enforcement to IPEA staff, advising them:

**I encourage you to think about what you would do if you witnessed misconduct or other inappropriate behaviour. Planning a response to a hypothetical situation can help if you ever need to act in the real world.**

**Michael Griffin AM**

These types of presentations allow IPEA staff to think more deeply about their public and legal responsibilities and translate the theoretical into the practical.



During 2017–18 there were no reports of bullying and/or harassment in IPEA. There were no Public Interest Disclosures in 2017–18. During 2017–18 there were no breaches of the Australian Public Service Code of Conduct and there were no requests to review a decision under section 33 of the *Public Service Act 1999*.

### Provision of corporate services to IPEA

Between 1 July 2017 to 30 June 2018, IPEA had a shared services arrangement with the Department of Finance, which was managed via a Memorandum of Understanding between the two agencies. Under this arrangement, the Department of Finance provided IPEA with a range of corporate services.

### External scrutiny

During 2017–18, there were no external reports regarding IPEA by the Australian National Audit Office, a Parliamentary Committee, the Commonwealth Ombudsman or the Australian Information Commissioner. IPEA was not subject to any reviews or judicial decisions and was also not subject to legal action.

### Senate Finance and Public Administration Legislation Committee

IPEA appeared before the Senate Finance and Public Administration Legislation Committee in:

- › October 2017 for the 2017–18 Supplementary Budget Estimates
- › February 2018 for Additional Estimates
- › May 2018 for the 2018–19 Budget Estimates hearing.

At each hearing, IPEA provided evidence in relation to its establishment and operations. At the February 2018 hearing, the IPEA CEO gave an opening statement to the Committee. This statement illustrated the boundaries of IPEA's operations, and provided a clear message on the importance of IPEA's independence and expectations. A copy of the statement is available on IPEA's website at: <https://www.ipea.gov.au/home-media-and-publications/senate-estimates-statement>

### Information Publication Scheme

IPEA is subject to the *Freedom of Information Act 1982* (FOI Act), and is required to publish information to the public as part of the Information Publication Scheme. A statement outlining IPEA's commitment to Freedom of Information (FOI) is available on the IPEA website. The website also outlines how to make an FOI request, associated charges, and contacts for further information.

The publicly available IPEA FOI Disclosure Log details that information was released in response to 13 requests made under the FOI Act in 2017–18.

### Our people

#### Employment arrangements

As at 30 June 2018, IPEA had 58 employees engaged on either an ongoing or non-ongoing basis. To support the effective performance of IPEA's functions, the recruitment and development of a strong and capable workforce remained a high priority for IPEA during the reporting period.

Table 1 sets out key employment indicators for IPEA's workforce. Further workforce statistics are set out in Appendix A.

## Remuneration and employment conditions

IPEA's non-SES employees were employed under the *IPEA Agency Determination 2017/02*, made under section 24(1) of the *Public Service Act 1999*. In addition to setting remuneration, this instrument provided employees with other employment conditions such as leave, flexible working arrangements, studies assistance and access to professional memberships.

IPEA's SES employees were employed under individual determinations made in accordance with section 24(1) of the *Public Service Act 1999*. Many of these conditions aligned with those set out in the *IPEA Agency Determination 2017/02*.

The CEO's salary is determined by the Remuneration Tribunal (Determination 2017/03).

Table 2 shows the employment instruments covering IPEA employees in 2017–18. Further information, including salary ranges is set out in Appendix A.

**Table 1. Key employment indicators**

<b>Employment performance</b>	
<b>Employment indicators for 2018 (as at 30 June 2018)</b>	
Total number of employees (headcount)*	58
Total number of employees (headcount excluding casuals)	58
Total employee expenditure (including casuals)	\$6.500 million
<b>Diversity of the workforce (excluding casuals)</b>	
Women	34
People with disability	3
Aboriginal and Torres Strait Islanders	0
Employees who speak English as a second language	4
<b>Training and education</b>	
Total number of employees undertaking supported studies	4

\*The CEO is a statutory appointment and not included as an employee of IPEA.

**Table 2. Employment instruments covering IPEA employees**

<b>Employment instruments</b>	
<b>Employees' coverage under employment instruments (as at 30 June 2018)*</b>	
Number of employees covered by a non-SES s24(1) determination	55
Number of employees covered by an SES s24(1) determination	3

\*The CEO is a statutory appointment and not included as an employee of IPEA.

## Non-salary benefits

IPEA provided employees with benefits of a non-salary nature in addition to those set out in the *IPEA Agency Determination 2017/02*.

These included:

- › access to in-house, and external, learning and development opportunities
- › access to an online learning management system
- › studies assistance in the form of leave and financial reimbursement
- › access to coaching and mentoring opportunities
- › contributions to professional memberships and subscriptions
- › salary sacrificing arrangements for a range of benefits including superannuation and motor vehicles
- › workstation assessments for all employees
- › an Employee Assistance Program providing confidential counselling and other services for employees and their families
- › access to an in-house gymnasium
- › flexible working arrangements including the ability to work from home on a case-by-case basis
- › access to a workplace giving program, enabling charitable donations through payroll deductions.

Throughout the reporting period, an enterprise bargaining process was conducted to develop and approve an enterprise agreement to non-SES employees at IPEA. The enterprise agreement was made on 22 June 2018 and lodged with the Fair Work Commission for approval on 29 June 2018.

## Performance management

All IPEA employees participated in IPEA's Performance Management Process, which is designed to:

- › strengthen the performance culture in IPEA
- › support employees and managers to identify and achieve individual performance objectives
- › set expectations, provide regular feedback and develop required skills, knowledge and experience
- › recognise high performance and effectively identify and manage unsatisfactory performance
- › perform and deliver IPEA's functions to a high standard.

IPEA's Performance Management Process involves the development of an annual Performance Agreement between employees and their managers, regular feedback between the parties throughout the period and formal feedback twice a year, including a performance rating at the conclusion of the performance period.

This process also focuses on employees' development and is supported by a range of formal learning and development opportunities including:

- › coaching and mentoring
- › in-house and external courses and training
- › an online learning management system, including specific training for APS employees
- › external online learning opportunities
- › studies assistance.

As a small agency, IPEA recognises that some career and development opportunities may need to be explored in the wider community. IPEA's workplace culture has created an environment that has allowed staff to forge relationships that are long lasting and to the benefit of the whole APS.

**I have absolutely loved working at IPEA and have met the most amazing, kind and best bunch of people who I will truly miss.**

**IPEA staff member on secondment**

## Environmental performance

In 2017–18, IPEA was located at One Canberra Avenue, Forrest, ACT, where all facilities and environmental management activities were provided and undertaken by the Department of Finance. Further information on environmental performance is available in the Department of Finance's *2017–18 Annual Report*.

## Financial management

### Financial performance

This section provides an overview of IPEA's financial performance from 1 July 2017 to 30 June 2018, for both departmental and administered activities.

IPEA's financial statements are presented in Part 4 of this report. The Australian National Audit Office (ANAO) issued an unqualified audit opinion for the statements on 27 September 2018.

IPEA is established as a statutory authority under the *Independent Parliamentary Expenses Authority Act 2017*. On 1 July 2017, all functions, appropriations, assets, liabilities and commitments of the IPEA executive agency, which operated from 3 April 2017 to 30 June 2017, were transferred to IPEA the statutory authority.

## Departmental activities

Departmental resourcing includes assets, liabilities, revenues and expenses that IPEA controls directly and uses to produce outcomes on behalf of the Government.

IPEA recorded an operating surplus of \$1.327 million. Operating expenses were \$8.882 million and consisted of employee benefits of \$6.500 million and supplier expenses of \$2.382 million.

Own-source revenue was \$0.067 million which primarily related to ANAO for auditors' remuneration.

Revenue from the Government for 2017–18 was \$10.142 million.

**Table 3. Departmental resourcing**

	<b>30 June 2018</b>
	<b>\$'000</b>
Employee benefits	6,500
Suppliers	2,382
<b>Total expenses</b>	<b>8,882</b>
Own-source revenue	67
Net (cost of) services	8,815
Revenue from Government	10,142
<b>Total comprehensive income</b>	<b>1,327</b>

## Administered activities

Administered items are assets, liabilities, revenues and expenses that are managed or overseen by IPEA on behalf of the Government.

IPEA incurred \$62.337 million of expenses on behalf of the Government on work-related travel expenses for current and former parliamentarians and their staff.

**Table 4. Administered activities**

	<b>30 June 2018</b>
	<b>\$'000</b>
Expenses administered on behalf of the Government	62,337

### Significant non-compliance with finance law

IPEA did not report any significant issues relating to non-compliance with the finance law to the Finance Minister under paragraph 19(1)(e) of the PGPA Act in 2017–18.

### Asset management

IPEA did not own any assets in 2017–18. All assets used by IPEA during the period were provided as part of a purchaser provider arrangement with the Department of Finance.

### Grants

IPEA did not manage any grant programs in 2017–18.

### Procurement

IPEA's approach to procuring goods and services, including consultancies, is consistent with, and reflects the principles of the Commonwealth Procurement Rules. These rules are applied to activities through IPEA's Accountable Authority Instructions.

IPEA had three contracts of \$100,000 or more (inclusive of GST) during 2017–18.

No contracts in excess of \$10,000 (inclusive of GST), or standing offers, were exempted by the CEO of IPEA from being published on AusTender on the basis that they would disclose exempt matters under the *Freedom of Information Act 1982*.

To help support Indigenous entrepreneurship and business development, IPEA engaged an Indigenous company in 2017/18 in line with the Commonwealth Procurement Rules.

### Initiatives to support small business

IPEA supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website.

### Consultancies

IPEA engages consultants when it requires specialist expertise or when independent review or assessment is required. Decisions to engage consultants during 2017–18 were made in accordance with the PGPA Act and related regulations, including the Commonwealth Procurement Rules and relevant internal policies.

During 2017–18, no new consultancy contracts were entered into. In addition, one ongoing consultancy contract was active during the period, involving total actual expenditure of \$0.033 million.

Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website.

A photograph of a business meeting. A person in a grey suit is holding a large sheet of paper with a line graph and a table. A laptop is open on the table. In the foreground, a tablet and a blue cup are visible. The image is partially covered by a green circular graphic on the right side.

**Part 4**

# **Financial statements**





## INDEPENDENT AUDITOR'S REPORT

### To the Special Minister of State

#### Opinion

In my opinion, the financial statements of the Independent Parliamentary Expenses Authority for the year ended 30 June 2018:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Independent Parliamentary Expenses Authority as at 30 June 2018 and its financial performance and cash flows for the year then ended.

The financial statements of the Independent Parliamentary Expenses Authority which I have audited, comprise the following statements as at 30 June 2018 and for the year then ended:

- Statement by the Accountable Authority and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement; and
- Notes to the financial statements, comprising a Summary of Significant Accounting Policies and other explanatory information.

#### Basis for Opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Independent Parliamentary Expenses Authority in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Accountable Authority's Responsibility for the Financial Statements

As the Accountable Authority of the Independent Parliamentary Expenses Authority, the Chief Executive Officer is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under that Act. The Chief Executive Officer is also responsible for such internal control as the Independent Parliamentary Expenses Authority determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive Officer is responsible for assessing the Independent Parliamentary Expenses Authority's ability to continue as a going concern, taking into

account whether the entity's operations will cease as a result of an administrative restructure or for any other reason. The Chief Executive Officer is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Bola Oyetunji

Senior Executive Director

Delegate of the Auditor-General

Canberra

27 September 2018

**STATEMENT BY THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER**

In our opinion, the attached financial statements for the period ended 30 June 2018 comply with subsection 42(2) of the Public Governance, Performance and Accountability Act 2013 (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Independent Parliamentary Expenses Authority will be able to pay its debts as and when they fall due.

  
Annwyn Godwin  
Chief Executive Officer

27 September 2018

  
Craig Maconachie  
Chief Financial Officer

27 September 2018

**Statement of Comprehensive Income***for the period ended 30 June 2018*

	Notes	2018 \$'000	Original Budget \$'000
<b>NET COST OF SERVICES</b>			
<b>Expenses</b>			
Employee benefits	1.1A	6,500	7,196
Suppliers	1.1B	2,382	2,946
<b>Total expenses</b>		<b>8,882</b>	<b>10,142</b>
<b>Own-source revenue</b>			
Rendering of services	1.2A	1	-
Other revenue	1.2B	66	-
<b>Total own-source revenue</b>		<b>67</b>	<b>-</b>
<b>Net (cost of) services</b>		<b>(8,815)</b>	<b>(10,142)</b>
Revenue from Government	1.2B	10,142	10,142
<b>Surplus</b>		<b>1,327</b>	<b>-</b>
<b>Total comprehensive income</b>		<b>1,327</b>	<b>-</b>

The above statement should be read in conjunction with the accompanying notes.

**Budget Variances Commentary****Statement of Comprehensive Income**Employee Benefits

Actual employee benefits were lower than budget due to delays in filling all budgeted positions following the establishment of IPEA as well as delays in recruitment of positions during the year.

Suppliers

Lower levels of supplier expenses than budget reflects delays in the timing of expenditure during the initial establishment phase of IPEA.

**Statement of Financial Position***as at 30 June 2018*

	Notes	2018 \$'000	Original Budget \$'000
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	2.1A	50	-
Trade and other receivables	2.1B	4,073	1,123
<b>Total financial assets</b>		<b>4,123</b>	<b>1,123</b>
<b>Non-financial assets</b>			
Prepayments		28	-
<b>Total non-financial assets</b>		<b>28</b>	<b>-</b>
<b>Total assets</b>		<b>4,151</b>	<b>1,123</b>
<b>LIABILITIES</b>			
<b>Payables</b>			
Trade creditors and accruals		198	-
Other payables	2.2A	60	-
<b>Total payables</b>		<b>258</b>	<b>-</b>
<b>Provisions</b>			
Employee provisions	5.1A	2,009	1,123
<b>Total provisions</b>		<b>2,009</b>	<b>1,123</b>
<b>Total liabilities</b>		<b>2,267</b>	<b>1,123</b>
<b>Net assets</b>		<b>1,884</b>	<b>-</b>
<b>EQUITY</b>			
Contributed equity		557	-
Retained surplus		1,327	-
<b>Total equity</b>		<b>1,884</b>	<b>-</b>

The above statement should be read in conjunction with the accompanying notes.

**Budget Variances Commentary****Statement of Financial Position for not-for-profit Reporting Entities**Trade and other receivables

Appropriation receivables are higher than budget due to the lower levels of expenditure during the year and funding received for employee provisions for staff transferred to IPEA from other Commonwealth agencies.

Employee provisions

Employee provisions are higher than budget due to leave balances being transferred to IPEA on the commencement of staff from other government agencies. These balances have been funded by receipts received from the transferring government agencies.

**Statement of Changes in Equity***for the period ended 30 June 2018*

	Notes	2018 \$'000	Original Budget \$'000
<b>CONTRIBUTED EQUITY</b>			
Opening balance		-	-
Contributions by owners			
Restructuring	6.1	557	-
<b>Total transactions with owners</b>		<b>557</b>	<b>-</b>
<b>Closing balance as at 30 June</b>		<b>557</b>	<b>-</b>
<b>RETAINED EARNINGS</b>			
Opening balance		-	-
Comprehensive income			
Surplus for the period		1,327	-
<b>Total comprehensive income</b>		<b>1,327</b>	<b>-</b>
<b>Closing balance as at 30 June</b>		<b>1,327</b>	<b>-</b>
<b>TOTAL EQUITY</b>			
<b>Closing balance as at 30 June</b>		<b>1,884</b>	<b>-</b>

The above statement should be read in conjunction with the accompanying notes.

**Budget Variances Commentary****Statement of Changes in Equity for not-for-profit Reporting Entities**Contributions by Owners

Restructuring amount represents the equity balance transferred from IPEA executive agency which ceased to exist on 30 June 2017 to IPEA statutory authority which commenced on 1 July 2017.

Total comprehensive income

Lower levels of supplier and employee expenses than budget have resulted in an actual surplus for the period.



**Cash Flow Statement***for the period ended 30 June 2018*

	<b>2018</b>	Original Budget
<b>Notes</b>	<b>\$'000</b>	<b>\$'000</b>
<b>OPERATING ACTIVITIES</b>		
<b>Cash received</b>		
Appropriations	8,137	10,142
Section 74 receipts	564	1,123
Rendering of services	1	-
Other	5	-
<b>Total cash received</b>	<b>8,707</b>	<b>11,265</b>
<b>Cash used</b>		
Employees	5,862	7,196
Suppliers	2,229	2,946
Net GST paid	2	-
Section 74 receipts transferred to OPA	564	1,123
<b>Total cash used</b>	<b>8,657</b>	<b>11,265</b>
<b>Net cash from operating activities</b>	<b>50</b>	<b>-</b>
<b>Net increase in cash held</b>	<b>50</b>	<b>-</b>
Cash and cash equivalents at the beginning of the reporting period	-	-
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>50</b>	<b>-</b>

2.1A

The above statement should be read in conjunction with the accompanying notes.

**Budget Variances Commentary****Cash Flow Statement for not-for-profit Reporting Entities**Appropriations, Employees and Suppliers

Lower levels of employee and supplier cash outflows than budget during the establishment phase of IPEA has resulted in lower than anticipated levels of cash appropriations received.

**Administered Schedule of Comprehensive Income***for the period ended 30 June 2018*

	Notes	2018 \$'000	Original Budget \$'000
<b>NET COST OF SERVICES</b>			
<b>Expenses</b>			
Travel - Parliamentary entitlements		27,238	31,475
Travel - Parliamentary staff		34,245	34,362
Fringe benefits tax		854	-
<b>Total expenses</b>		<b>62,337</b>	<b>65,837</b>
<b>Net (cost of) services</b>		<b>(62,337)</b>	<b>(65,837)</b>
<b>Total comprehensive (loss)</b>		<b>(62,337)</b>	<b>(65,837)</b>

The above schedule should be read in conjunction with the accompanying notes.

**Budget Variances Commentary****Schedule of Comprehensive Income for not-for-profit Reporting Entities**Travel

Travel expenditure for parliamentarians and their staff is variable and is driven by usage. Variance reflects lower than budgeted levels of travel activity.

**Administered Schedule of Assets and Liabilities***as at 30 June 2018*

	Notes	2018 \$'000	Original Budget \$'000
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	3.1A	-	-
Trade and other receivables	3.1B	1,021	108
<b>Total financial assets</b>		<b>1,021</b>	<b>108</b>
<b>Total assets administered on behalf of Government</b>		<b>1,021</b>	<b>108</b>
<b>LIABILITIES</b>			
<b>Payables</b>			
Trade creditors and accruals		5,974	3,945
<b>Total payables</b>		<b>5,974</b>	<b>3,945</b>
<b>Provisions</b>			
Provisions	5.1B	3,317	3,619
<b>Total provisions</b>		<b>3,317</b>	<b>3,619</b>
<b>Total liabilities administered on behalf of Government</b>		<b>9,291</b>	<b>7,564</b>
<b>Net (liabilities)</b>		<b>(8,270)</b>	<b>(7,456)</b>

The above schedule should be read in conjunction with the accompanying notes.

**Budget Variances Commentary****Schedule of Assets and Liabilities for not-for-profit Reporting Entities**Trade receivables

Trade receivables are higher than budget due to the recognition of a receivable for the over payment of fringe benefits tax upon the completion of the 2017-18 fringe benefits tax return.

**Administered Reconciliation Schedule**

	2018 \$'000
<b>Notes</b>	
<b>Opening assets less liabilities</b>	-
<b>Net (cost of) services</b>	<b>(62,337)</b>
<b>Transfers from the Australian Government</b>	
Appropriation transfers from Official Public Account	
Annual appropriations	33,128
Special appropriations	
<i>Parliamentary Entitlements Act 1990</i>	16,663
<i>Parliamentary Business Resources Act 2017</i>	11,481
<i>Parliamentary Retirement Travel Act 2012</i>	89
<i>PGPA Act 2013 - s74A GST Increase to Appropriations</i>	308
Appropriation transfers to OPA	
Transfers to OPA	(41)
Restructuring	(7,561)
<b>Closing assets less liabilities as at 30 June</b>	<b>(8,270)</b>

The above schedule should be read in conjunction with the accompanying notes.

**Accounting Policy***Administered Cash Transfers to and from the Official Public Account*

Revenue collected by IPEA for use by the Government rather than the entity is administered revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of Government. These transfers to and from the OPA are adjustments to the administered cash held by IPEA on behalf of the Government and reported as such in the schedule of administered cash flows and in the administered reconciliation schedule.

**Administered Cash Flow Statement***for the period ended 30 June 2018*

	2018
Notes	\$'000
<b>OPERATING ACTIVITIES</b>	
<b>Cash used</b>	
Travel	59,682
Fringe benefits tax	1,690
Net GST paid	256
<b>Total cash used</b>	<b>61,628</b>
<b>Net cash (used by) operating activities</b>	<b>(61,628)</b>
<b>Cash from Official Public Account</b>	
Appropriations	61,669
<b>Total cash from official public account</b>	<b>61,669</b>
<b>Cash to Official Public Account</b>	
Appropriations	(41)
<b>Total cash to official public account</b>	<b>(41)</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	3.1A -

This schedule should be read in conjunction with the accompanying notes.

## Overview

### Objectives of the Independent Parliamentary Expenses Authority

The Independent Parliamentary Expenses Authority (IPEA) is an Australian Government controlled entity. It is a not-for-profit entity. The objective of IPEA is to administer and advise on travel related work expenses, and provide independent oversight of the work expenses administered by the Department of Finance for current and former Parliamentarians and their staff through its auditing and reporting functions.

IPEA was established as a statutory authority by the *Independent Parliamentary Expenses Authority Act 2017* (IPEA Act) on 1 July 2017. These financial statements are for the period 1 July 2017 to 30 June 2018. From 3 April 2017 to 30 June 2017 IPEA operated as an executive authority. On 1 July 2017 all functions, appropriations, assets, liabilities and commitments of the executive agency were transferred to IPEA statutory authority upon the abolition of the executive agency.

The continued existence of IPEA in its present form and with its present programmes is dependent on Government policy and on continuing funding by Parliament for IPEA's administration and programmes.

IPEA is structured to meet the following outcome:

Outcome 1: Support for current and former Parliamentarians and others as required by the Australian Government through the delivery of, independent oversight and advice on, work resources and travel resources.

IPEA activities contributing toward these outcomes are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by the IPEA in its own right. Administered activities involve the management or oversight by the IPEA, on behalf of the Government, of items controlled or incurred by the Government.

IPEA conducts the following administered activities on behalf of the Government:

- Advising parliamentarians on travel expenses, allowances, and related expenses;
- Monitoring parliamentarians' use of travel expenses, allowances, and related expenses;
- Administering travel expenses, allowances, and related expenses, including processing of these claims;
- Reporting on work expenses under the existing parliamentary work expenses framework;
- Auditing of work expenses under the existing parliamentary work expenses framework; and
- Making rulings about travel expenses and allowances, where authorised by a law to do so.



## Overview

### The Basis of Preparation

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements have been prepared in accordance with:

- a) *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR); and
- b) Australian Accounting Standards and Interpretations – Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

### New Accounting Standards

All new or revised standards and/or interpretations that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect on the entity's financial statements.

### Taxation

IPEA is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

### Reporting of Administered activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the administered schedules and related notes.

Except where otherwise stated, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

### Events After the Reporting Period

There were no events following the reporting period that impact on IPEA's financial statements for the period ended 30 June 2018.

## Financial Performance

This section analyses the financial performance of IPEA for the period ended 30 June 2018.

### 1.1 Expenses

2018

\$'000

#### **1.1A: Employee Benefits**

Wages and salaries	4,955
Superannuation	
Defined contribution plans	380
Defined benefit plans	545
Leave and other entitlements	604
Other employee expenses	16
<b>Total employee benefits</b>	<b>6,500</b>

#### **1.1B: Suppliers**

##### **Goods and services supplied or rendered**

Property related expenses	524
Professional services	529
Organisational support services	504
Insurances	69
IT services	414
Auditor's remuneration	56
Travel	101
Employee related expenses	98
Other	87
<b>Total goods and services supplied or rendered</b>	<b>2,382</b>

## Financial Performance

This section analyses the financial performance of IPEA for the period ended 30 June 2018.

### 1.2 Own-Source Revenue and Revenue from Government

2018  
\$'000

#### Own-Source Revenue

##### 1.2A: Rendering of Services

Rendering of services	1
<b>Total rendering of services</b>	<b>1</b>

##### 1.2B: Other Revenue

Resources received free of charge	
Auditor's remuneration	56
Other	10
<b>Total other revenue</b>	<b>66</b>

#### Accounting Policy

##### Resources Received Free of Charge

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains depending on their nature.

#### Revenue from Government

##### 1.2B: Revenue from Government

Appropriations	
Annual appropriation	10,142
<b>Total revenue from Government</b>	<b>10,142</b>

#### Accounting Policy

##### Revenue from Government

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when IPEA gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

## Financial Position

This section analyses IPEA's assets used to conduct its operations and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationships section.

### 2.1 Financial Assets

2018  
\$'000

#### 2.1A: Cash and Cash Equivalents

Cash on hand or on deposit	50
<b>Total cash and cash equivalents</b>	<b>50</b>

Cash is available at call and held on deposit with the Commonwealth Bank of Australia.

#### 2.1B: Trade and Other Receivables

Appropriation receivable	4,062
GST receivable	8
Goods and services receivable	3
<b>Total trade and other receivables</b>	<b>4,073</b>

#### Accounting Policy

##### Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments and that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

##### Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period.

### 2.2 Payables

2018  
\$'000

#### 2.2A: Other Payables

Salaries and wages	40
Superannuation	7
Other	13
<b>Total other payables</b>	<b>60</b>

## Assets and Liabilities Administered on Behalf of the Government

This section analyses assets used to conduct operations and the operating liabilities incurred as a result. IPEA does not control these assets and liabilities but administers them on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

### 3.1 Administered - Financial Assets

2018  
\$'000

#### 3.1A: Cash and Cash Equivalents

Cash on hand or on deposit

-

**Total cash and cash equivalents**

-

#### 3.1B: Trade and Other Receivables

GST receivable

305

FBT Receivable

700

Trade receivables

29

**Total trade and other receivables (gross)**

**1,034**

Less impairment allowance

(13)

**Total trade and other receivables (net)**

**1,021**

## Funding

This section identifies IPEA's funding structure.

### 4.1 Appropriations

#### 4.1A: Annual Appropriations ('Recoverable GST exclusive')

##### Annual Appropriations for 2018

	2018 \$'000
<b>Departmental</b>	
<b>Ordinary annual services</b>	
Annual Appropriation	
Operating	10,142
Section 75 transfers of PGPA Act <sup>1</sup>	2,057
Section 74 receipts of PGPA Act <sup>2</sup>	564
<b>Total appropriation</b>	<b>12,763</b>
Less: Appropriation applied in 2017	<b>(8,701)</b>
<b>Variance<sup>3</sup></b>	<b>4,062</b>
<b>Administered</b>	
Annual Appropriation	
Operating	34,543
Section 75 transfers of PGPA Act <sup>1</sup>	496
Section 74 receipts of PGPA Act	391
<b>Total appropriation</b>	<b>35,430</b>
Less: Appropriation applied in 2017	<b>(33,519)</b>
<b>Variance</b>	<b>1,911</b>

1. IPEA received transfers of appropriations from the IPEA executive agency under Section 75 of the PGPA Act as a result of the IPEA Act that re-established IPEA as a statutory agency on 1 July 2017.
2. IPEA received receipts of \$563,745 primarily to fund employee provisions for employees transferred to IPEA from other Commonwealth agencies.
3. Variance in 2017-18 is due to funds received for employee provisions transferred to IPEA and lower than anticipated employee and supplier expenditure during the establishment phase of IPEA.

#### 4.1B: Unspent Annual Appropriations ('Recoverable GST exclusive')

	2018 \$'000
<b>Departmental</b>	
Appropriation Act (No. 1) 2016-17	2,057
Appropriation Act (No. 1) 2017-18	2,063
<b>Total departmental</b>	<b>4,120</b>
<b>Administered</b>	
Appropriation Act (No. 1) 2016-17	1,911
<b>Total administered</b>	<b>1,911</b>

#### 4.1C: Special Appropriations ('Recoverable GST exclusive')

	Appropriation applied 2018 \$'000
<b>Administered</b>	
Parliamentary Entitlements Act 1990	16,663
Parliamentary Business Resources Act 2017	11,481
Parliamentary Retirement Travel Act 2002	89
<b>Total special appropriations applied</b>	<b>28,233</b>

No entities spent money from the Consolidated Revenue Fund on behalf of IPEA.

## People and relationships

This section describes a range of employment and post employment benefits provided to our people and our relationships with other key people.

### 5.1 Employee Provisions

2018  
\$'000

#### 5.1A: Employee Provisions

Leave	2,009
<b>Total employee provisions</b>	<b>2,009</b>

#### Accounting policy

Liabilities for 'short-term employee benefits and termination benefits expected within twelve months of the end of reporting period are measured at their nominal amounts.

Other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

#### Leave

The liability for employee benefits includes provision for annual leave and long service leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including IPEA's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the shorthand method as at 30 June 2018. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

#### Superannuation

IPEA's staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), or the PSS accumulation plan (PSSap), or other superannuation funds held outside the Australian Government.

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

IPEA makes employer contributions to the employees' defined benefit superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. The entity accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions.

#### 5.1B: Administered Provisions

Post retirement travel - parliamentarians	444
Parliamentary retirement travel - former prime ministers	2,873
<b>Total administered provisions</b>	<b>3,317</b>

Provision for post retirement travel is for former parliamentarians who retire on or after 1 July 2017 being eligible to travel at Commonwealth expense for a maximum of three economy class return trips within the first three months after his or her retirement from the Parliament. The provision is restricted to travel between the former parliamentarian's home base and either Canberra or a location or locations where the parliamentarian had a publicly funded electorate office. The provision cannot be used by any person other than the former parliamentarian.

Provision for parliamentary retirement travel is for former prime ministers (having held office for a minimum period of one year), a spouse or de facto partner of a former prime minister or a surviving spouse or de facto partner of a deceased prime minister. The provision reflects entitlement to undertake certain air travel at Commonwealth expense for non-commercial purposes.



## People and relationships

This section describes a range of employment and post employment benefits provided to our people and our relationships with other key people.

### 5.2 Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. IPEA has determined the key management personnel to be the Members of the Authority, Chief Executive Officer, Branch Manager - Travel Advice and Administration, Branch Manager - Executive and Assurance and the Branch Manager - Transparency and Reporting. Key management personnel remuneration is reported in the table below:

	2018 \$'000
Short-term employee benefits	988
Post-employment benefits	151
Other long-term employee benefits	116
<b>Total key management personnel remuneration expenses<sup>1</sup></b>	<b>1,255</b>

The total number of key management personnel that are included in the above table is 11.

1. The above key management personnel remuneration excludes the remuneration and other benefits of the Portfolio Minister. The Portfolio Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the entity.

### 5.3 Related Party Disclosures

#### Related party relationships:

IPEA is an Australian Government controlled entity. Related parties to IPEA are the Key Management Personnel and their close family members, Cabinet Ministers and other Australian Government entities.

#### Transactions with related parties:

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transactions include the payment or refund of taxes, receipt of a Medicare rebate or higher education loans. These transactions have not been separately disclosed in this note.

Giving consideration to relationships with related parties, and transactions entered into during the reporting period by IPEA, it has been determined that there are no related party transactions to be separately disclosed.

## Other Information

### 6.1 Restructuring

IPEA is an independent statutory authority established on 1 July 2017 by the *Independent Parliamentary Expenses Authority Act 2017* with responsibilities relating to work expenses of parliamentarians and their staff. IPEA operated as an executive agency from 3 April 2017 to 30 June 2017. On 1 July 2017 all functions, appropriations, assets, liabilities and commitments of the IPEA executive agency were transferred to the IPEA statutory authority.

IPEA is responsible for the following functions:

- Advising parliamentarians on travel expenses, allowances, and related expenses;
- Monitoring parliamentarians' use of travel expenses, allowances, and related expenses;
- Administering travel expenses, allowances, and related expenses, including processing of these claims;
- Reporting on work expenses under the existing parliamentary work expenses framework;
- Auditing of work expenses under the existing parliamentary work expenses framework; and
- Making rulings about travel expenses and allowances, where authorised by a law to do so.

In respect of the functions assumed by IPEA during the period ended 30 June 2018, the net book value of assets of assets and liabilities transferred to IPEA and the income and expenses assumed were as follows:

	2018
	Net Assets and Functions transferred from IPEA Executive Agency 1 July 2017 <sup>1</sup>
	\$'000
<b>FUNCTIONS ASSUMED</b>	
<b>Assets recognised</b>	
Trade and other receivables	2,068
Prepayments	5
<b>Total assets recognised</b>	<b>2,073</b>
<b>Liabilities recognised</b>	
Trade creditors and accruals	68
Other payables	48
Employee provisions	1,400
<b>Total liabilities recognised</b>	<b>1,516</b>
<b>Net assets recognised</b>	<b>557</b>
<b>Income assumed</b>	
Recognised by the receiving entity	10,209
Recognised by the losing entity	-
<b>Total income assumed</b>	<b>10,209</b>
<b>Expenses assumed</b>	
Recognised by the receiving entity	8,882
Recognised by the losing entity	-
<b>Total expenses assumed</b>	<b>8,882</b>

## Other Information

### 6.1 Restructuring (continued)

#### Administered

	2018	2018
	Net Assets and Functions transferred from IPEA Executive Agency 1 July 2017 <sup>1</sup>	Parliamentary Retirement Provision transferred from Department of Finance 1 January 2018 <sup>2</sup>
	\$'000	\$'000
<b>FUNCTIONS ASSUMED</b>		
<b>Assets recognised</b>		
Trade and other receivables	130	-
Less: provision for doubtful debts	(2)	-
<b>Total assets recognised</b>	<b>128</b>	<b>-</b>
<b>Liabilities recognised</b>		
Trade creditors and accruals	4,502	-
Employee provisions	418	2,769
<b>Total liabilities recognised</b>	<b>4,920</b>	<b>2,769</b>
<b>Net (liabilities) recognised</b>	<b>(4,792)</b>	<b>(2,769)</b>
<b>Expenses assumed</b>		
Recognised by the receiving entity	62,337	211
Recognised by the losing entity	-	2
<b>Total expenses assumed</b>	<b>62,337</b>	<b>213</b>

1. IPEA was established as a statutory authority by the *Independent Parliamentary Expenses Authority Act 2017* on 1 July 2017. IPEA operated as an executive agency for the period 3 April 2017 to 30 June 2017. On 1 July 2017 all functions, appropriations, assets, liabilities and commitments of the IPEA executive agency were transferred to the IPEA statutory authority.

2. On 1 January 2018 the *Parliamentary Business Resources Act 2018* came into effect resulting in IPEA assuming the functions of the *Parliamentary Retirement Act 2002* from the Department of Finance.



# Appendices

# Appendix A. Workforce statistics

All IPEA employees are located in Forrest, ACT.

**Table A1. Staff profile (by headcount)**

<b>Staff profile (by headcount) Ongoing and non-ongoing employees* by substantive classification and gender (as at 30 June 2018)</b>					
Classification	Male	Female	Ongoing	Non-ongoing	Total
SES Band 1	1	2	2	1**	3
EL2	3	1	4	–	4
EL1	7	4	10	1	11
APS6	4	5	8	1	9
APS5	2	6	8	–	8
APS4	1	6	7	–	7
APS3	6	7	12	1	13
APS2	–	3	–	3	3
APS1	–	–	–	–	–

\*The CEO is a statutory appointment and not included as an employee of IPEA.

\*\*One employee is on temporary transfer from another Commonwealth department or agency.

**Table A2. Attendance type (by headcount)**

<b>Attendance type (by headcount) Ongoing and non-ongoing employees* by attendance type (as at 30 June 2018)</b>					
Classification	Male	Female	Full-time	Part-time	Total
Ongoing	22	29	45	6	51
Non-ongoing	2	5**	5	2	7
Total	24	34	50	8	58

\*The CEO is a statutory appointment and not included as an employee of IPEA.

\*\*One employee is on temporary transfer from another Commonwealth department or agency.

**Table A3. Indigenous employees (by headcount)**

<b>Indigenous employees (by headcount) Ongoing and non-ongoing Aboriginal and Torres Strait Islander employees* (as at 30 June 2018)</b>	
Ongoing	0
Non-ongoing	0
Total	0

\*The CEO is a statutory appointment and not included as an employee of IPEA.

**Table A4. Remuneration by classification**

<b>Remuneration by classification</b>		
<b>Actual salary ranges by classification (as at 30 June 2018)</b>		
Classification*	Minimum salary (\$)	Maximum salary (\$)
SES Band 1	163,712	210,830
EL2	126,308	157,345
EL1	103,457	133,471
APS6	79,925	104,139
APS5	72,648	81,516
APS4	65,145	74,353
APS3	57,755	66,623
APS2	51,957	59,461
APS1	45,249	52,185

\*The CEO is a statutory appointment whose salary is determined by the Remuneration Tribunal.

## Appendix B. Work health and safety

This Appendix outlines the Independent Parliamentary Expenses Authority's (IPEA) work health and safety performance in accordance with Part 4 of the *Work Health and Safety Act 2011* (WHS Act).

IPEA aims to maintain a healthy and safe environment for its employees, workers and visitors. This includes working to eliminate all preventable work-related injuries and illnesses and supporting employees' wellbeing.

### Initiatives

In 2017–18, IPEA undertook the following activities to meet its obligations under the WHS Act:

- › consulting with employees on WHS matters, including the establishment of IPEA's representative arrangements
- › providing training for IPEA's health and safety representatives and first aid officers
- › providing access to online WHS training and information
- › providing workstation assessments and ergonomic equipment, including sit/stand workstations
- › providing access to an Employee Assistance Program including confidential counselling and other services
- › providing influenza vaccinations for employees
- › encouraging involvement in wellbeing initiatives including a healthy workplace challenge, active travel to and from work, assistance to quit smoking and providing access to an in-house gymnasium.

### Comcare premium

IPEA's 2017–18 Comcare premium was 0.77 per cent of its payroll for its employees.

### Notifiable incidents

Between 1 July 2017 and 30 June 2018, no notifiable incidents occurred at IPEA that required reporting to Comcare in accordance with section 38 of the WHS Act.

### Investigations and notices

No investigations were conducted and no notices were given in accordance with the WHS Act between the period from 1 July 2017 to 30 June 2018.



## Disability reporting mechanisms

Since 1994, non-corporate Commonwealth entities have reported on their performance as policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy. In 2007–08, reporting on the employer role was transferred to the Australian Public Service Commission's State of the Service reports and the APS Statistical Bulletin. These reports are available at [www.apsc.gov.au](http://www.apsc.gov.au). From 2010–11, entities have no longer been required to report on these functions.

The Commonwealth Disability Strategy has been overtaken by the National Disability Strategy 2010–2020, which sets out a 10-year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high-level two-yearly report will track progress against each of the six outcome areas of the strategy and present a picture of how people with disability are faring. The first of these reports was published in 2014, and can be found at [www.dss.gov.au](http://www.dss.gov.au).

# Appendix C. Advertising

IPEA did not undertake any form of advertising in 2017–18.

# Appendix D. Entity resources and expenses by outcome

**Table D1. Entity resources statement 2017–18**

	Actual available appropriation for 2017-18 \$'000	Payments made 2017-18 \$'000	Balance remaining 2017-18 \$'000
	(a)	(b)	(a) – (b)
<b>Ordinary annual services<sup>1</sup></b>			
Departmental Appropriation	12,763	8,701	4,062
<b>Total</b>	12,763	8,701	4,062
<b>Administered expenses</b>			
Outcome 1	35,039	33,128	
<b>Total</b>	35,039	33,128	
<b>Total ordinary annual services</b>	<b>A</b> 47,802	41,829	
<b>Special appropriations</b>			
<b>Special appropriations limited by criteria/entitlement</b>			
<i>Parliamentary Entitlement Act 1990</i>		16,663	
<i>Parliamentary Business Resources Act 2017</i>		11,481	
<i>Parliamentary Retirement Travel Act 2002</i>		89	
<b>Total special appropriations</b>	<b>B</b>	28,233	
<b>Total resourcing and payments A+B</b>	47,802	70,062	
<b>Total net resourcing and payments</b>	47,802	70,062	

<sup>1</sup> Appropriation Act (No. 1) 2017–18 and Appropriation Act (No. 3) 2017-18. This may also include prior-year departmental appropriation and section 74 retained revenue receipts.

**Table D2. Expenses by outcomes**

<b>Expenses for outcome 1, 2017-18</b>			
<b>Outcome 1: Support for current and former Parliamentarians and others as required by the Australia Government through the delivery of, independent oversight and advice on, work resources and travel resources.</b>	<b>Budget*</b>	<b>Actual</b>	<b>Variation</b>
	<b>2017-18</b>	<b>2017-18</b>	<b>2017-18</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) – (b)</b>
<b>Program 1.1: Independent Parliamentary Expenses Authority - Travel Oversight and Reporting</b>			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)			
Members of Parliament Staff Travel costs	34,543	34,245	298
Special appropriations			
<i>Parliamentary Entitlements Act 1990</i>	16,800	13,457	3,343
<i>Parliamentary Business Resources Act 2017</i>	13,979	14,424	445
<i>Parliamentary Retirement Travel Act 2002</i>	445	211	234
Departmental expenses			
Departmental appropriation <sup>1</sup>	10,142	8,826	1,316
Expenses not requiring appropriation in the budget year	-	56	56
<b>Total for Program 1.1</b>	<b>75,909</b>	<b>71,219</b>	<b>4,690</b>
<b>Total expenses for Outcome 1</b>	<b>75,909</b>	<b>71,219</b>	<b>4,690</b>
	2017-18	2017-18	
<b>Average staffing level (number)</b>	66	55	11

\* Full-year budget, including any subsequent adjustment made to the 2017–18 budget at Additional Estimates.

<sup>1</sup> Departmental appropriation combines ordinary annual services (Appropriation Act Nos. 1 and 3) and retained revenue receipts under section 74 of the *Public Governance, Performance and Accountability Act 2013*.

# Abbreviations and acronyms

ANAO	Australian National Audit Office
APS	Australian Public Service
CEO	Chief Executive Officer
EL	Executive Level
FOI	freedom of information
FTE	full-time equivalent
IPEA	Independent Parliamentary Expenses Authority
IPEA Act	<i>Independent Parliamentary Expenses Act 2017</i>
IPSA	Independent Parliamentary Standards Authority (UK)
MOP(S) Act	Members of Parliament Staff Act 1984
OECD	Organisation for Economic Cooperation and Development
PBR Act	<i>Parliamentary Business Resources Act 2017</i>
PEMS	Parliamentary Expenses Management System
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
SES	Senior Executive Service
WHS Act	<i>Work Health and Safety Act 2011</i>

# Glossary

Term	Meaning
Accountable authority instructions	Instructions issued to manage the affairs of an entity to promote the efficient, effective, economical and ethical use of commonwealth resources.
Administered items	Items that are usually managed by an entity on behalf of the government. Entities do not have control over these items, which are normally related to activities governed by eligibility rules and conditions established by legislation (for example, grants, subsidies and benefit payments).
Appropriation	Public monies the parliament authorises the Australian Government to withdraw from the consolidated Revenue Fund for specified purposes.
AusTender	The central web based facility for the publication of Australian Government procurement information, including business opportunities, annual procurement plans and procurement plans awarded.
Comcover	The Australian Government's self-managed general insurance fund.
Commonwealth Procurement Rules	Rules representing the Government policy framework under which Commonwealth entities undertake their own procurement in line with both Australia's international obligations and good practice. They enable agencies to design processes that are robust and transparent, and instil confidence in the Australian Government's procurement.
consultancy services	Services delivered under a contract for services, distinguished by the nature of the work performed. A consultant is a person or organisation providing professional, independent and expert advice or services. Typically the term is used to describe the application of expert skills to investigate or diagnose a defined issue or problem; carry out defined research, reviews or evaluations; or provide independent advice, information or creative solutions to assist an entity in management decision-making.
Enterprise Agreement	An employment agreement made directly between an employer and employees.
fraud	Dishonestly obtaining a benefit, or causing a loss, by deception or other means. Accountable authorities of Commonwealth entities must take all reasonable measures to prevent, detect and deal with fraud in accordance with section 10 of the Public Governance, Performance and Accountability Rule 2014.
full time equivalent (FTE)	The average number of effective FTE employees in an entity. Part time employees are converted to full time equivalent.
headcount	The actual number of employees employed in an agency.
non-ongoing staff member	A person engaged as an employee under section 22 (2) (b) of the <i>Public Service Act 1999</i> .
ongoing staff member	A person engaged as an ongoing employee under section 22 (2)(a) of the <i>Public Service Act 1999</i> .

Term	Meaning
outcome	The Government's objectives in each portfolio area. Outcomes are desired results, impacts or consequences for the Australian community influenced by the actions of the Australian Government. Actual outcomes are the results or impacts actually achieved.
performance information	Evidence about performance that is collected and used systematically. It relates to appropriateness, effectiveness and efficiency and the extent to which an outcome can be attributed to an intervention.
Portfolio Budget Statements	Statements that inform parliamentarians and the public of the proposed allocation of resources to government outcomes. They also assist the Senate standing committees with their examination of the government's budget. Portfolio Budget Statements are tabled in parliament on budget night and published as budget-related papers.
programs	Action taken by the Government to deliver the stated outcomes.
purposes	In the context of the PGPA Act, purposes include the objectives, functions or role of the entity. Finance's purposes are established in the Corporate Plan 2015–16.
Resource Management Framework	Governs how the Commonwealth public sector uses and manages public resources. The PGPA Act is the cornerstone of the framework.
risk management	The systematic application of management through policies, procedures and practices to clearly identify, analyse, evaluate, treat and monitor risks associated with those opportunities. Risk is broadly defined as the effect of uncertainty on objectives or the impacts of unforeseen events or undesirable outcomes.
Rules	<p>In the context of the PGPA Act, legislative instruments made by the Finance Minister under sections 101 to 105 of the PGPA Act prescribing matters:</p> <ul style="list-style-type: none"> <li>• required or permitted by the PGPA Act or</li> <li>• necessary or convenient to be prescribed for carrying out or giving effect to the PGPA Act.</li> </ul>



# List of requirements

The requirements for non-corporate Commonwealth entities' annual reports are prescribed by Subdivision A of Division 3A of the *Public Governance, Performance and Accountability Rule 2014*. The subdivision is made for section 46(3) of the *Public Governance, Performance and Accountability Act 2013*. The requirements for content to be included in entities' annual reports were approved on behalf of the parliament by the Joint Committee of Public Accounts and Audit in May 2016.

The following table shows where the information specified by the requirements can be found in this report.

PGPA Rule Reference	Location in Report	Description	Requirement
17AD(g)	Letter of transmittal		
17AI	iii	A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report	Mandatory
17AD(h)	Aids to access		
17AJ(a)	v-vi	Table of contents	Mandatory
17AJ(b)	67	Alphabetical index	Mandatory
17AJ(c)	58	Glossary of abbreviations and acronyms	Mandatory
17AJ(d)	61–66	List of requirements	Mandatory
17AJ(e)	ii	Details of contact officer	Mandatory
17AJ(f)	ii	Entity's website address	Mandatory
17AJ(g)	ii	Electronic address of report	Mandatory
17AD(a)	Review by accountable authority		
17AD(a)	3–6	A review by the accountable authority of the entity	Mandatory
17AD(b)	Overview of the entity		
17AE(1)(a)(i)	3–4, 7–8, 13	A description of the role and functions of the entity	Mandatory
17AE(1)(a)(ii)	8–9	A description of the organisational structure of the entity	Mandatory
17AE(1)(a)(iii)	7, 13	A description of the outcomes and programs administered by the entity	Mandatory
17AE(1)(a)(iv)	7, 13	A description of the purposes of the entity as included in the corporate plan	Mandatory
17AE(1)(b)	not applicable	An outline of the structure of the portfolio of the entity	If applicable, Mandatory

PGPA Rule Reference	Location in Report	Description	Requirement
17AE(2)	not applicable	Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change	If applicable, Mandatory
17AD(c)	Report on the performance of the entity		
	Annual performance statements		
17AD(c)(i); 16F	12–15	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule	Mandatory
17AD(c)(ii)	Report on financial performance		
17AF(1)(a)	25–26	A discussion and analysis of the entity’s financial performance	Mandatory
17AF(1)(b)	56–57	A table summarising the total resources and total payments of the entity	Mandatory
17AF(2)	not applicable	If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity’s future operation or financial results	If applicable, Mandatory
17AD(d)	Management and accountability		
	Corporate governance		
17AG(2)(a)	iii	Information on compliance with section 10 (fraud systems)	Mandatory
17AG(2)(b)(i)	iii	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared	Mandatory
17AG(2)(b)(ii)	iii	A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place	Mandatory
17AG(2)(b)(iii)	iii	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity	Mandatory
17AG(2)(c)	17–26	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance	Mandatory

PGPA Rule Reference	Location in Report	Description	Requirement
17AG(2)(d)-(e)	26	A statement of significant issues reported to minister under paragraph 19(1)(e) of the Act that relates to non-compliance with finance law and action taken to remedy non-compliance	If applicable, Mandatory
External scrutiny			
17AG(3)	22	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny	Mandatory
17AG(3)(a)	22	Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity	If applicable, Mandatory
17AG(3)(b)	22	Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a parliamentary committee, or the Commonwealth Ombudsman	If applicable, Mandatory
17AG(3)(c)	not applicable	Information on any capability reviews on the entity that were released during the period	If applicable, Mandatory
Management of human resources			
17AG(4)(a)	24–25	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives	Mandatory
17AG(4)(b)	23, 52	Statistics on the entity's APS employees on an ongoing and non-ongoing basis, including the following: <ul style="list-style-type: none"> <li>• statistics on staffing classification level</li> <li>• statistics on full-time employees</li> <li>• statistics on part-time employees</li> <li>• statistics on gender</li> <li>• statistics on staff location</li> <li>• statistics on employees who identify as Indigenous</li> </ul>	Mandatory
17AG(4)(c)	22–24	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i>	Mandatory
17AG(4)(c)(i)	23	Information on the number of SES and non-SES employees covered by agreements etc. identified in paragraph 17AG(4)(c) of the Rule	Mandatory
17AG(4)(c)(ii)	52	The salary ranges available for APS employees by classification level	Mandatory
17AG(4)(c)(iii)	24	A description of non-salary benefits provided to employees	Mandatory

PGPA Rule Reference	Location in Report	Description	Requirement
17AG(4)(d)(i)	not applicable	Information on the number of employees at each classification level who received performance pay	If applicable, Mandatory
17AG(4)(d)(ii)	not applicable	Information on aggregate amounts of performance pay at each classification level	If applicable, Mandatory
17AG(4)(d)(iii)	not applicable	Information on the average amount of performance payment, and range of such payments, at each classification level	If applicable, Mandatory
17AG(4)(d)(iv)	not applicable	Information on aggregate amount of performance payments	If applicable, Mandatory
Assets management			
17AG(5)	26	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities	If applicable, Mandatory
Purchasing			
17AG(6)	26	An assessment of entity performance against the Commonwealth Procurement Rules	Mandatory
Consultants			
17AG(7)(a)	26	A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST)	Mandatory
17AG(7)(b)	26	A statement that 'During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million].'	Mandatory
17AG(7)(c)	26	A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged	Mandatory
17AG(7)(d)	26	A statement that 'Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website.'	Mandatory

PGPA Rule Reference	Location in Report	Description	Requirement
Australian National Audit Office access clauses			
17AG(8)	not applicable	If an entity entered into a contract with a value of more than \$100,000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor's premises, the report must include the name of the contractor, the purpose and value of the contract, and the reason why a clause allowing access was not included in the contract	If applicable, Mandatory
Exempt contracts			
17AG(9)	26	If an entity entered into a contract or there is a standing offer with a value greater than \$10,000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the Freedom of Information Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters	If applicable, Mandatory
Small business			
17AG(10)(a)	26	A statement that '[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and medium enterprises and small enterprise participation statistics are available on the Department of Finance's website.'	Mandatory
17AG(10)(b)	26	An outline of the ways in which the procurement practices of the entity support small and medium enterprises	Mandatory
17AG(10)(c)	not applicable	If the entity is considered by the department administered by the Finance Minister as material in nature, a statement that '[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the survey of Australian Government payments to small business are available on the Treasury's website.'	If applicable, Mandatory
Financial statements			
17AD(e)	27–49	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act	Mandatory
Other mandatory information			

PGPA Rule Reference	Location in Report	Description	Requirement
17AH(1)(a)(i)	not applicable	If the entity conducted advertising campaigns, a statement that 'During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity's website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance's website.'	If applicable, Mandatory
17AH(1)(a)(ii)	55	If the entity did not conduct advertising campaigns, a statement to that effect	If applicable, Mandatory
17AH(1)(b)	26	A statement that 'Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity's website].'	If applicable, Mandatory
17AH(1)(c)	54	Outline of mechanisms of disability reporting, including reference to website for further information	Mandatory
17AH(1)(d)	22	Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of the FOI Act can be found	Mandatory
17AH(1)(e)	not applicable	Correction of material errors in previous annual report	If applicable, Mandatory
17AH(2)	22, 25, 53	Information required by other legislation	Mandatory

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