



Public Sector Commission

**Governance Review of the
Department of the Premier and Cabinet**

As it relates to
the Corruption and Crime Commission's
Report on the WA Commissioner in Japan

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1 Executive Summary

1.1 Introduction

Up until mid-2017, the Department of the Premier and Cabinet (**DPC**) has been responsible for three (3) Overseas Offices tasked with representing the interests of Western Australia within their respective regions. Those offices were located in London, Dubai and Tokyo.

Simultaneously, the Department of State Development (**DSD**) was responsible for a further five (5) Overseas Offices.

In 2017, following the Machinery of Government (**MOG**) changes, responsibility for all eight (8) Overseas Offices was consolidated to the DSD, which itself was amalgamated to become the Department of Jobs, Tourism, Science and Innovation (**DJTSI**).

On 12 March 2019, the Corruption and Crime Commission (**CCC**) released a report titled '*Report on the WA Commissioner in Japan*', which details allegations of misconduct against Mr Craig Peacock who was the Commissioner within the Tokyo Overseas Office from 2002 until his employment was terminated in February 2019.

The CCC report forms an opinion that Mr Peacock engaged in serious misconduct by corruptly taking advantage of his position to enrich himself and obtain benefits for his friends. The CCC report notes that the DPC was responsible for all aspects of Mr Peacock's employment, including being responsible for checking the Japan office's monthly financial returns to ensure State monies were expended properly.

1.2 Summary of scope and approach

KPMG was engaged by the Public Sector Commission to conduct a Governance Review (the Review) pursuant to section 24B(1) of the *Public Sector Management Act 1994*, and in accordance with the Commissioner's prevention and education function in section 45A of the *Corruption and Crime Commission Act 2003*, which includes analysing systems used within public authorities to prevent misconduct.

The objective of this review was to consider the adequacy of the governance arrangements in place in DPC in administering expense claims, other entitlements and asset management in the WA Government's Overseas Offices of London, Tokyo and Dubai (**the Overseas Offices**) between 2008 and 2017.

This was performed via a desktop review of key relevant documentation, including policies and procedures relevant to financial management, travel, asset management and risk management. Discussions were held with key DPC and DJTSI personnel from the areas who had oversight and involvement with the Overseas Offices, including finance, payroll/human resources, and relevant executive oversight.

1.3 Overall observations

Overall, the review identified that DPC personnel did not consider the supervision of the Overseas Offices to be a core component of their role; and as such their contribution to managing the Overseas Offices was largely in administration of expenses and employment contracts. This meant that governance and compliance were not afforded the level of focus they could have been; which consequently impacted both the governance and financial oversight of the Overseas Offices.

From a governance perspective, there was no single area within DPC with responsibility for the overall engagement and oversight of the Overseas Offices. In the absence of a single area responsible for oversight, each individual area which had touch points with the Overseas Offices limited their focus on the aspects related to their functional responsibility (e.g. Finance, Human Resources etc.).

This increased the risk that fraudulent matters could remain undetected, which is particularly relevant in the case of Mr Peacock, as the Finance team who was responsible for receiving the monthly financial data did not have ready access to, or knowledge of the content of the relevant employment contract to test whether the allowances being claimed through the Tokyo office's recurring account was also being claimed via Payroll, and vice versa.

From an expense management perspective, DPC did not code detailed transaction listings into the DPC general ledger and performed limited review of the expenses incurred directly by the Overseas Offices for legitimacy, reasonableness or appropriateness. DPC did not routinely receive or review any supporting documentation, such as invoices or receipts, from the Overseas Offices.

Further, the nature of the alleged duplicate claiming of allowances by Mr Peacock was such that a more rigorous review of expenses may have triggered further queries and could have resulted in the matter being identified earlier.

It should be noted that the Tokyo office (June 2009) and the London office (November 2015) were subjected to internal audits and both the internal audit reports did not raise major risks or control weaknesses which would have alerted DPC management to a potential risk of fraud or misconduct.

It is also acknowledged that since 2017, DPC has increased their governance and risk management capability in a number of ways, including:

- Structural realignment to improve accountability and reporting lines;
- Appointment of a dedicated, senior governance and risk management resource to drive capability-building across the organisation;
- Establishing a formal Audit and Risk Committee with an independent chairperson;
- Undertaking a strategic risk profiling exercise and developing appropriate treatment action plans which are reported to the Audit and Risk Committee;
- Utilising the outcomes of the strategic risk profiling to develop a strategic internal audit plan which addresses strategic and business-as-usual aspects; and
- Enhanced risk management capacity, to better identify and manage operational risks.

These improvements may assist DPC to better identify potential future risk exposures and respond in a more targeted and efficient manner.

In section 5, we have summarised the lessons learned which DPC and other public authorities should consider, in particular for functions or programs which are not considered to be a core component of their primary mandate.

We recommend that in particular, DPC review the applicability of these lessons on all areas of their business and determine whether all the recommended improvements have been effected.

1.4 Management comment

Following review of the findings within the report, and the associated lessons learned, I am satisfied that the draft report does not contain any substantive factual inaccuracies or omissions. It is noted that in relation to asset management, while the report states that there was no requirement for the Overseas Offices to record or maintain a register of assets, the Department did record assets for Overseas Offices on its central register.

I appreciate the acknowledgement made within the report of the work undertaken by the Department since 2017 to improve its governance and risk management practices

The consolidation of responsibility for Overseas Offices as part of the Machinery of Government changes in 2017, was driven by Director General Darren Foster's recognition that a single point of accountability was required to ensure consistency and transparency. This has been further reflected internally, with the tightening of controls and a focus on reinforcing a culture of integrity and accountability for the Department.

The Department acknowledges the governance shortfalls identified within the report and continues to progress improved processes and procedures to address these lessons in the current context. In particular, I note our ongoing work to improve risk management practices, engaging with the newly established Audit and Risk Management Committee, Independent Chair and internal auditors to establish a best practice risk and assurance framework.

The Department accepts and is supportive of all lessons learned identified in the report and undertakes to apply these as part of its ongoing work to improve risk management practices and governance arrangements within the Department.

Emily Roper, Acting Director General, Department of the Premier and Cabinet

2 Terms of reference and approach

2.1 Objective

The objective of the review was to consider the adequacy of the administration and governance arrangements the Department of the Premier and Cabinet ('DPC') had over the Western Australian overseas trade and investment offices in Tokyo, London and Dubai, between 2008 and 2017; in the context of the Corruption and Crime Commission's ('CCC') report on the WA Commissioner in Japan released on 12 March 2019; in particular considering the factors that may have led to the serious misconduct remaining undetected over that period.

2.2 Scope

The review has:

1. Examined the governance arrangements in place in DPC in administering expense claims, other entitlements and asset management in the WA Government's Overseas Offices of London, Tokyo and Dubai between 2008 and 2017 (**the Relevant Period**).

The following is relevant:

- The expense claims and other entitlements includes asset, property and utilities related expenses; as well as mechanisms to ensure ongoing alignment with employment conditions and changes.
 - Asset management in this context refers to management of expenses incurred on asset items such as motor vehicles, ICT and property leases (rather than an end-to-end asset management practices review).
2. Advised on any changes to governance processes, policies and/or management practices that should be implemented by DPC to ensure that an appropriate control framework is in place.
 3. Liaised with the Review and Audit of Western Australia's Overseas Trade and Investment Offices being undertaken by the Department of Jobs, Tourism, Science and Innovation ('DJTSI') such that any relevant information, findings or recommendations from one review may inform the other.

2.3 Review approach

Our approach included the following activities:

1. Consideration of policies, procedures and other documentation relevant to the scope.
2. Interviews and discussions with relevant DPC and DJTSI personnel.
3. Compilation and analysis of factual information to identify the factors, process and control weaknesses and improvement opportunities.
4. Liaising with the Review and Audit of Western Australia's Overseas Trade and Investment Offices, as initiated by DJTSI in March 2019. This included meetings and information sharing with the Review and Audit Secretariat, and the Review Panel.

2.3.1 Limitations of our review

This report is based on information obtained from interviews with staff members from DPC and DJTSl.

Documentation requested for review was based on expected contemporary practice and standards; and/or information made known to us during interviews and discussions, as noted below. The availability of documentation was dependent on the completeness and accuracy of records maintained by the DPC, the DJTSl, and other relevant stakeholders.

2.3.2 Acknowledgements

Given the nature of the scope and timeframe under review, the review relied on the cooperation and support of a number of individuals at the DPC and the DJTSl in sourcing documentation and participating in interviews.

We thank all of the individuals for their availability and cooperation during this review.

The observations and lessons learnt in this report are noted with the proposed good intent of contributing to the governance and overall performance of WA public authorities.

3 Background

3.1 Department of the Premier and Cabinet

During the Relevant Period, the DPC was responsible for three (3) Overseas Offices that represented the Government of Western Australia within their respective regions (**Overseas Offices**). Those offices were located in London, Dubai and Tokyo (the oldest of those offices, London, having been in operation for approximately 125 years).

According to the DPC 2010-11 Annual Report,

“[The Overseas Offices were] responsible for identifying trade and development opportunities for Western Australia, and monitoring business developments and activities that are likely to have an impact on Western Australia’s overseas interests.

The Overseas Offices develop and implement strategies to identify, promote, and exploit opportunities in a range of areas, including inward investment, primary and secondary industry trade, skilled migration, tourism and education.”

The office-holders within each of the Overseas Offices during the Relevant Period were:

London Office	Dubai Office	Tokyo Office
<p>The Agents-General were appointed by the Governor pursuant to the Agent General Act 1895:</p> <ul style="list-style-type: none"> • Mr Noel Ashcroft AM • Ms Kerry Sanderson AC • Mr Kevin Skipworth CVO • Mr John Atkins AO <p>Responsible area included the United Kingdom, Europe and Israel.</p> <p>The office of the Agents General is located in London.</p>	<p>The Commissioner was employed by the DPC Director General, and previously referred to as Regional Director until 2013:</p> <ul style="list-style-type: none"> • Mr Pankaj Savara <p>Responsible area included the Middle East and Africa.</p> <p>The Commissioner was located in Dubai, with a regional manager stationed in Nairobi, Kenya.</p>	<p>The Commissioner was employed by the DPC Director General, and previously referred to as Regional Director until 2013:</p> <ul style="list-style-type: none"> • Mr Craig Peacock <p>Responsible area included Japan (also referred to as North Asia).</p> <p>The Commissioner was located in Tokyo, with a regional manager stationed in Kobe.</p>

Alongside these three Overseas Offices, the Department of State Development (**DSD**) was responsible for five (5) of its own Overseas Offices. All eight (8) offices largely fulfilled the same function for the Government of Western Australia.

As of 1 July 2017, as part of the Machinery of Government (**MOG**) changes in Western Australia, the DSD amalgamated with other agencies and was renamed to be the Department of Jobs, Tourism, Science and Innovation (**DJTSI**) and responsibility for all eight Overseas Offices was consolidated into that one department.

3.2 Corruption and Crime Commission's Report

On 12 March 2019, the Corruption and Crime Commission (**CCC**) released a report titled *'Report on the WA Commissioner in Japan'*.

The report deals with allegations of misconduct against Craig Peacock who was the Commissioner within the Overseas Office in Tokyo from 2002 until his employment was terminated for misconduct in February 2019.

The report considers allegations relating to double payment of allowances, false reimbursement entries, deceiving the DPC in relation to income tax obligations, and falsifying documents.

At the conclusion of the report, the CCC forms an opinion that Mr Peacock corruptly took advantage of his position to enrich himself and obtain benefits for his friends and that Mr Peacock had engaged in serious misconduct.

The report notes that the DPC was responsible for all aspects of Mr Peacock's employment, including being responsible for checking the Japan office's monthly financial returns to ensure State monies were expended properly. However, the report specifically mentions that a question of lack of scrutiny by the DPC is not within the CCC's jurisdiction.

4 Observations

4.1 Governance and risk management

4.1.1 Governance and reporting

There was no single area within DPC that had responsibility for the overall engagement and oversight of the Overseas Offices.

The Overseas Offices had multiple points of contact within DPC depending on the nature of the matter at hand. For example:

- On a monthly basis, the Overseas Offices would report financial data (in the form of a trial balance recorded within a MS Excel spreadsheet in local currency, or in a monthly report) to the DPC Finance team.
- Acquittals for authorised corporate credit cards would be submitted via the FlexiPurchase system to DPC for approval. The person responsible for credit card acquittals was not the same person who received the monthly financial data as noted above.
- Any employment related matter was dealt with by the DPC Human Resources team, including facilitating the establishment of employment contracts for the Agents-General and Commissioners; and the ongoing payment of their remuneration via payroll processes.
- The Director of the Office of the Director General was noted as the primary point of contact for the Overseas Offices for other administrative matters and queries, however this role did not have oversight of the financial data, reports or payroll data.

Further, none of the Overseas Offices had formally established key performance indicators on which they reported to DPC on. We were informed that all eight Overseas Offices provided information to DSD on their annual work plans and progress against these; however the information for the three DPC offices was not provided to DPC.

An additional matter which complicated the governance arrangements is the fact that the London office is headed by an Agent General and not a Commissioner. The Agent General is appointed by the Governor of WA under the Agent General Act 1895 and reports directly to the Premier of WA, meaning that communication occurred between the London office and the Premier's office, in addition to the DPC touch points.

In the absence of a single area responsible for oversight of the Overseas Offices, each individual area which had touch points with the Overseas Offices limited their focus on the aspects related to their functional responsibility (e.g. Finance, HR etc.).

This increased the risk that fraudulent matters could remain undetected, which is particularly relevant in the case of Mr Peacock, as the Finance team who was responsible for receiving the monthly financial data did not have ready access to, or knowledge of the content of the relevant employment contract to test whether the allowances being claimed through the Tokyo office's recurring account was also being claimed via Payroll, and vice versa.

4.1.2 Risk management and audit

4.1.2.1 Risk management

During the Relevant Period, no formal risk assessments were undertaken specific to the Overseas Offices, nor did the Overseas Offices specifically feature on the DPC's organisational risk registers.

Whilst this would not have prevented fraud occurring, it may have contributed to raising the profile of the potential for fraud or misconduct risks and increased the level of alertness towards potential risks in the Overseas Offices, as well as assisting to assign ownership of the risk mitigating actions.

We acknowledge that since 2017, DPC have improved their overall risk management capability through appointment of a dedicated, senior governance and risk management resource; undertaking a strategic risk profiling exercise; developing appropriate treatment action plans which are reported to the Audit and Risk Committee; and compiling operational risk registers. We understand that work is also underway to design a refreshed organisational risk management framework to further enhance the risk management approach.

4.1.2.2 Audits of the Overseas Offices

The Overseas Offices were not required to undergo financial attest audits, with the exception of the Dubai office due to regulatory requirements in the United Arab Emirates.

The Overseas Offices did form part of DPC's internal audit program, with internal audits performed in June 2009 (Tokyo) and November 2015 (London).

It should be noted that both the internal audit reports for Tokyo and London did not raise major risks or control weaknesses which would have alerted DPC management to a potential risk of fraud or misconduct.

Of particular relevance is the 2009 Internal Audit of the Tokyo office which included "personnel and payroll" matters as a scope item. The report concluded:

"A complete review was conducted for payroll payments...which relates to the March 2009 period. It was noted that only the Commissioner is paid from Australia and that he has rent and a cost of living allowance paid locally. It was found that all salary amounts were in accordance with the individual contracts. All expenses that were reimbursed as part of this pay process were reviewed and receipts attached were reviewed and reconciled with the reimbursement sheets and no issues were noted."

We note that the CCC report states that *"the auditor stated during examination that Mr Peacock's contractual entitlements were outside the scope of his audit"*. Notwithstanding this, it is likely that DPC management would have taken some comfort from this internal audit report which also rated the overall quality of management control as "Satisfactory".

Since 2017, DPC have implemented a more structured approach to achieving internal audit coverage, which includes a formal Internal Audit Plan aligned to a strategic risk assessment, in addition to cyclical or periodic coverage of core operational areas and support activities.

4.2 Oversight and monitoring of financial transactions

4.2.1 Financial management policy

There was limited policy or procedural guidance provided to the Overseas Offices to inform expected practice regarding financial management and other administrative practices.

As required by Treasurer's Instruction TI 701 under the Financial Management Act 2006, DPC have a Financial Management Manual which is the primary financial management policy and procedural document. However, this document only included a very brief statement on the applicability of the Manual to the Overseas Offices and did not fully detail the processes and expected practice regarding the financial recordkeeping and reporting by the Overseas Offices.

In addition, there was no formal document outlining the delegated authority or financial limits of the Overseas Officers and Commissioners and/or Agents-General; and we noted instances where the Commissioners and/or Agents-General were approving their own expenses.

4.2.2 Expense transactions

On a monthly basis, the Overseas Offices would provide financial data in the form of a trial balance (recorded in a MS Excel spreadsheet in local currency or in a monthly report to the DPC Finance team. DPC would use this to manually code the data into the DPC general ledger at an account code level

However, DPC did not code detailed transaction listings into the DPC general ledger and did not perform any review of the expenses for legitimacy, reasonableness or appropriateness. DPC did not routinely receive or review any supporting documentation, such as invoices or receipts, from the Overseas Offices.

The manual nature of the coding and the lack of a routine review increased the risk of incorrect recording of transactions in the DPC general ledger. For example, we identified an instance where a Tokyo Office related expense was incorrectly coded to the London Office's cost centre. Inaccuracies in expense coding would impact reported results, as well as potentially impacting the efficacy of any expense review process.

4.2.2.1 Monitoring of employment-related expenses

As per their respective employment contracts, the Commissioners and Agents General received a number of allowances in addition to their base remuneration. This included allowances for items such as living away from home; relocation allowances; housing and utility allowances; etc.

Certain allowances were paid as general expenses through the general bank account of the Overseas Offices, and reported as part of the monthly financial data. Other allowances were paid as part of the individual's remuneration package through payroll.

In both cases, there was a lack of monitoring of employment-related expenses against the Commissioners and Agents General employment contracts.

Further, as previously noted, DPC Finance did not have ready access to the individual’s employment contracts to enable such monitoring; and the DPC Payroll team did not have visibility of the allowances paid through Finance.

This may have contributed to the fraudulent duplicate claiming of allowances remaining undetected for a period.

4.2.2.2 Nature of the alleged duplicate claiming of allowances by Mr Peacock

As part of the review, we were provided with historical general ledger data on the Overseas Offices by DPC. On considering this data, we identified the manner in which Mr Peacock was claiming duplicate cost of living allowances. A summary, using the August 2013 month end as example, is provided below:

The DPC general ledger listing includes two line items related to salaries and wages for the Tokyo office:

- Contracted Salaries Salary for Craig Peacock Aug 2013 \$19,311.63
- Wages & Salaries-Normal Tokyo Aug 13 Wages&Salaries \$77,861.18

A breakdown of the calculation of Mr Peacock’s salary of \$19,311.63, as provided by DPC Payroll, is as follows and includes a cost of living allowance (“COLA”) of \$2,552.58, paid via Payroll:

	2014 Annual \$		Monthly \$
Salary:	\$ 150,081.00	divided by 12 =	\$ 12,506.75
9% SGC:	\$ 150,081.00	x 9% then divided by 12 =	\$ 1,125.61
Expat Allowance:	\$ 150,081.00	x 15% then divided by 12 =	\$ 1,876.01
Location Allowance:	\$ 150,081.00	x 10% then divided by 12 =	\$ 1,250.68
COLA:	\$ 30,631.00	divided by 12 =	\$ 2,552.58
GRAND TOTAL:			August 2013 \$ 19,311.63

In addition, a breakdown of the Wages & Salaries-Normal account of \$77,861.18 is noted in the monthly expenditure data provided to DPC Finance, and includes an amount of \$31,327.92 paid to Mr Peacock via a bank transfer from the Tokyo bank account, as follows:

Monthly expenditure for Japan Office			
Total expenses listed below includes the expenses from			
		¥	\$AUD
	Account Code	August 2013	August 2013
Salaries & Allowances			
C. Peacock	100102	2,772,397	31,327.92

A breakdown of these amounts was attached to the monthly report, but not reviewed in detail by DPC. We noted that the \$31,327.92 paid to Mr Peacock was made up of a number of items, including a portion of ¥767,279 (approximately \$8,000) for “Allowance - Monthly Cost of Living”, as below:

25	7	767,279				10,513,840 Mr Craig Peacock	Allowance - Monthly Cost of Living
			111	C.Peacock	1,013,822	9,500,018	
			111	C.Peacock	-600,006	10,100,018	
			111	C.Peacock	94,500	10,005,518	
			201	Travel	157,580	9,847,938	
			503	Vehicle Fuel	11,390	9,836,548	
			702	Representation	89,987	9,746,561	

It is clear that the nature of the double claiming was not highly concealed and could have been identified if DPC had undertaken a more rigorous review of the monthly expense data, such as querying with the Payroll team which allowances for Mr Peacock were included in the payroll payment; and requesting further breakdowns of the salary information from the Tokyo office.

4.2.3 Asset management

There was no requirement for the Overseas Offices to record or maintain a register of assets, including leases, motor vehicles or IT equipment.

Certain leases, such as the lease of the office space in the Australia Centre in London, were centrally coordinated by DPC; whilst others, such as the Tokyo office, were left to the discretion of the relevant Commissioner. DPC had no oversight of the assets purchased, held or sold by the Overseas Offices. There was also no involvement or oversight of facilities management-related expenses, such as utilities, improvements or use of government logos or signage in the offices.

The absence of oversight of asset management governance practices heightened the risk of inappropriate spending on assets or misappropriation.

4.2.4 Corporate credit card management

The Overseas Offices were expected to comply with DPC's Purchasing Card Policy, which was issued on 1 December 2009.

The Dubai and Tokyo offices used official NAB corporate credit cards which were linked to a NAB account operated by the DPC in Perth. Transactions made via NAB credit cards would be processed through the FlexiPurchase corporate credit card acquittal system, which included the requirement to submit receipts for each transaction, and required sign off by the Director of the Office of the Director General.

In addition to the NAB card, Tokyo had two Diners Club credit cards which were linked to their local bank account. DPC have stated that they were not aware of the existence of these Diners Club credit cards. However, there were two flags which may have triggered further investigation: 1) the spreadsheet of monthly financial data provided to DPC included reference to 'Diners Club' in the comments section; and 2) management identified that Tokyo had marked fewer transactions on their NAB credit card than Dubai, but this did not trigger a query as to whether there were any other cards in use.

Further, the London office used HSBC credit cards linked to their local bank account. Whilst DPC were aware of these cards, they had no oversight of the transactions made with these cards and they were not acquitted via the FlexiPurchase system.

Therefore, there was a lack of oversight around credit card expenses which resulted in non-compliance with the Purchasing Card Policy and increased the risk of credit card fraud and misuse.

4.2.5 Travel expenses

The Premier's Circular *Guidelines for Official Air Travel by Ministers, Parliamentary Secretaries and Government Officers* ('the Premier's Circular on Travel') details the process and approvals required for international air travel by government officers, which includes Commissioners and Agents-General.

The Premier's Circular on Travel means that all international travel by DPC staff requires approval from the Premier, which should be supported by a business case justifying the reason for the travel.

Whilst we were unable to obtain formal written documentation to support this, we were informed that the Overseas Offices had received verbal approval from the DPC Director General at the time that they did not need to meet the requirements of the Premier's Circular on Travel as long as their international travel was within their 'area of responsibility'. This meant that the practice was for the Overseas Offices to not inform DPC when they were intending to travel overseas in their area of responsibility.

Certain international air travel information was provided to DPC by the Overseas Offices, which DPC used to complete the mandatory reporting under the Premier's Circular on Travel. However, this information was received after the travel had occurred and was not used for monitoring or oversight of travel spend.

In the absence of detailed reporting there was no recording or oversight of international travel spend by the Overseas Offices by DPC, except what was recorded in the financial information, which, as noted previously, was not reviewed in detail by DPC.

We acknowledge that a certain amount of local and international travel is expected to enable the Commissioners and Agents-General to fulfil their roles (in particular in offices with a wide geographic area of responsibility, such as the London/European office and the Dubai/Middle East and Africa office); however we would expect that oversight of travel expense transactions would be commensurate with the level afforded to other expense areas.

Therefore, there was limited oversight around travel-related expenses which resulted in non-compliance with policies and increased the risk of inappropriate travel being undertaken and a misuse of travel benefits.

5 Summary of lessons learned

Given that the responsibility for managing the Overseas Offices was transferred from DPC to the Department of Jobs, Tourism, Science and Innovation ('DJTSI') in 2017; and that DJTSI has initiated an International Offices Review and Audit, we have not sought to make additional recommendations related to the administration of the Overseas Offices in this report.

Instead, we present a summary of the lessons learned which we recommend that DPC review and consider for application in the context of their current portfolio of responsibilities across their business. DPC should also determine whether all of the improvements listed in the recommendations below have been implemented.

These lessons can equally be considered by other public authorities who are responsible for functions or programs which are not considered to be part of their 'core' mandate.

Table 1: Summary of lessons learned

Theme	Lesson learned
Governance and reporting	<ul style="list-style-type: none"> • Ensure accountability is assigned to a person or an area within the business for providing oversight of functions which do not neatly fall within the parameters of the organisation's primary responsibilities or structures. • Responsibility for individual tasks which relate to this function (e.g. financial matters, etc.) should also be clearly documented and communicated with the relevant staff.
Risk management and audit	<ul style="list-style-type: none"> • The organisation's risk profiling should take into account the entire extent of their operations and functions, not just their primary responsibilities. • Strategic and operational risks should be identified and appropriate treatment action plans developed, with clear responsibility for implementing these and regular monitoring by the appropriate governance body (e.g. an Audit Committee). • The Internal Audit Plan should be determined based on the organisation's strategic risks; business-as-usual operations; as well as coverage of non-primary functions from time to time. • It is essential that the scopes of these internal audits are appropriately developed to ensure coverage of the key risks.
Policy and guidance material	<ul style="list-style-type: none"> • Organisation-wide policies, such as financial management, asset management, corporate credit card policies and travel policies, should be clear as to how they apply to all aspects of the business.

Theme	Lesson learned
Monitoring of employee allowances	<ul style="list-style-type: none">• Where certain functions require the standard process to be adjusted for their specific needs, this should be clearly documented in the relevant policy or guidance.• There should be a regular and documented process for ensuring employees comply with relevant policies, and where exemptions have been granted for certain areas of the business, the approval and rationale should be documented and tested on a periodic basis.• The organisation should have a clear policy position on how employee allowance as are paid, i.e. whether through payroll as part of the regular pay-run, or through reimbursement via accounts payable.• In either case, it should be clear to both areas of the business which allowances are being paid in what manner; and a periodic reconciliation of employee allowances to employment contracts should be undertaken.

6 Appendix 1: Consultations

The following DPC personnel were consulted as part of this review:

Position title
Director General
Executive Director State Services
Director Corporate Services
Chief Information Officer
Senior Accountant
HR Payroll Administrator
Administration and Research Officer
Finance Officer

It should be noted that due to the extended audit period, a number of individuals who may have been in relevant roles are no longer with DPC and were not consulted.

In addition, as part of our scope, we liaised with the DJTSI Review and Audit of Western Australia's Overseas Trade and Investment Offices which involved consultation with a number of DJTSI personnel.