

1986

PARLIAMENT OF TASMANIA

**PARLIAMENTARY STANDING COMMITTEE OF
PUBLIC ACCOUNTS**

**REPORT ON
TRANSPORT DEPARTMENT**

Laid upon the Tables of both Houses of Parliament

The Committee was appointed under the provisions of section 2 of the Public Accounts Committee Act 1970 (No. 54).

MEMBERS OF THE COMMITTEE

LEGISLATIVE COUNCIL

Mr *Archer*
Mr *Batt*
Mr *Shaw*

HOUSE OF ASSEMBLY

Mr *Robson* (Chairman)
Mr *Mainwaring*
Mr *Weldon*

By Authority:

A. B. CAUDELL, Government Printer, Tasmania

The Auditor-General's Report for the financial year ended 30 June 1985 contained adverse comments regarding the Transport Department:—

- (a) Page 3: Failure to provide Financial Statements in time for inclusion in Auditor-General's Report.
- (b) Page 5: Evasion of Stamp Duty on Motor Vehicle Transactions.
- (c) Page 15: Status report *re* Prescribed Charges.
- (d) Pages 189 and 190—
 - (1) Failure to provide detailed explanations *re* internal controls to Auditor-General following qualified report for 1983–84 concerning Shipping and Sundry Debtors.
 - (2) Failure to provide reasons for certain payments to a former employee.
 - (3) Failure to provide information in relation to leave and overtime payments.

These matters were further reported upon in the 1985–86 Auditor-General's Report, page 186.

All these matters have been the subject of examination by the Public Accounts Committee during 1985 and 1986.

This is Part 1 of our report. The examination is now drawing to a close and Part 2 will be provided to Parliament early next year.

This report is based on information secured by the Committee from a number of auditors and other officers, and on information provided by the Commissioner for Transport and his senior officers at appearances before the Committee, and concerns the accounts and management controls of Transport Tasmania.

The Committee expresses its appreciation to the Auditor-General for agreeing to second an Audit Officer to assist the Committee with this examination for one month.

The Committee is of the opinion that serious accounting problems experienced by TDT stem from a lack of clear procedural guidelines and the lack of some basic accounting procedures. It appears that though the Director of Finance signs the financial statements he seems unaware of the proper accounting procedures. The Director had the impression that all aspects under his control were in order but the Committee on the evidence has reservations in accepting this at face value.

The Committee notes that many of the procedures have been improved since the Committee started its investigations.

There has been a view permeating Transport Tasmania that many financial controls are tedious and a waste of time.

There is a definite lack of control regarding debtors. The writing off of bad debts is in itself not the answer nor is carrying them for, in some cases, up to eight years. There needs to be a fresh and revitalised view of all these particular procedures. The Committee notes that the Financial Statements for 1985–86 show a variation of \$73 000 between the Debtors Control Account and the Debtors Ledger.

There is also a notion within Transport Tasmania that it is an autonomous body. In many ways it is, but it must be remembered that trading losses and costs associated with collecting motor taxes and general administration are borne by the taxpayer. An example of insufficient recognition of this is its independent attitude to purchasing. The Committee notes that the services of Supply and Tender Department are not used in spite of Government directives to do so. Equally disturbing to the Committee was a hostility on the part of some senior officers towards audit.

The Computer Sections offers services to other departments which are appreciated by many. However, although we were told that the E.D.P. Section was understaffed we noted that the General Ledger was posted by hand, which is an anomolous situation.

Specific items which are of concern to the Committee:—

- (1) \$500 000 credit in a Marine Asset Account is anomolous.
- (2) Non-reconciliation of Debtors' Ledger with General Ledger.
- (3) Lack of control over debts.
- (4) 3 year management fee of 12.5 per cent paid to A.N.L. known to some senior executives and not to others.
- (5) Financial instructions and control procedures nebulous but have now definitely improved.

- (6) Interest on Sinking Fund errors which the Director of Finance still does not understand—
 - (a) Act does not require interest to be retained by Treasury in Fund;
 - (b) TDT incorrectly credits interest to an account incorrectly named.
- (7) 'Straitsman' is not shown in TDT Balance Sheet.
- (8) Lack of internal controls over bank reconciliations.
- (9) Incorrect \$250 000 adjustment on disposal of assets.
- (10) An accounting adjustment of \$203 000 was made after the financial statements were prepared.
- (11) Explanations of retired assets expounded to the Auditor-General in a letter which did not agree with the facts.
- (12) Financial statements have not been received by the Auditor-General in the time specified by the Transport Act.
- (13) Cash was stolen from Precision Tool Annexe and full reimbursement made by Tasmanian Government Insurance Office. However, evidence given by the Deputy Commissioner and the Director of Finance indicated they were not aware of the theft which indicates a lack of communication.
- (14) Unsatisfactory office management as exemplified by inability to restrict the overuse of radios in the wages section.

Conclusions:—

- (a) The Commissioner and senior officers have failed to provide clear procedural guidelines and accounting procedures for the most efficient operation of the Department and its Agencies.
- (b) Controls and procedures have shown some modest improvement over the past six months.
- (c) If there is not a further improvement by the next audit the Committee believes that an appropriate officer from the Department of Public Administration should be employed to determine the need for further controls over staff and procedures and that such officer report to this Committee.

N. M. ROBSON, Chairman.

Committee Room No. 1,
Parliament House,
18 November 1986.