

2025

**THE LEGISLATIVE ASSEMBLY FOR THE
AUSTRALIAN CAPITAL TERRITORY**

ELEVENTH ASSEMBLY

**AUDITOR-GENERAL REPORT NO. 11 OF 2024
GOVERNING BOARDS OF SELECTED ACT GOVERNMENT ENTITIES**

Government Response

**Presented by
Andrew Barr MLA
Chief Minister
March 2025**

Introduction

On 29 November 2024, the ACT Auditor-General released Performance Audit Report No. 11 of 2024 on *Governing boards of selected ACT Government entities*.

The performance audit considered the governing boards of three ACT Government statutory authorities:

- Cultural Facilities Corporation (CFC);
- Cemeteries and Crematoria Authority; and
- ACT Long Service Leave Authority (ACT Leave).

The report makes six recommendations for the ACT Government to consider. The Government Response to each of the recommendations is provided on the following pages.

ACT Government Response

Recommendation 1 – Board accountability to the Minister

The Cemeteries and Crematoria Authority and ACT Leave should enhance their board charters by clarifying the board's relationship with, and accountability to, the Minister including linking the statement of operational intent to the Ministerial statement of expectations.

GOVERNMENT RESPONSE – AGREED IN PRINCIPLE

The ACT Government supports this recommendation, noting that actions in response are for consideration by the Cemeteries and Crematoria Authority and the ACT Long Service Leave Authority (ACT Leave).

The Government understands that ACT Leave has commenced a review of its Board Charter anticipated for approval by the Governing Board in March 2025. ACT Leave will consult with the Office of Industrial Relations and Workforce Strategy in considering updates to the Board Charter as part of the current review process.

The Government understands that the Cemeteries and Crematoria Authority Governing Board Charter has been reviewed to clarify the board's relationship with and accountability to the Minister linking to the Statement of operational intent. The charter is anticipated to be endorsed by the Board in April 2025.

Recommendation 2 – Cultural Facilities Corporation advisory committees

The ACT Government and Cultural Facilities Corporation should:

- a) determine the status of the Corporation's advisory committees (in accordance with the recommendation of the Review of the Cultural Facilities Corporation Act 1997); and*
- b) (should advisory committees be retained) review and revise the board charter and advisory committees' terms of reference to clarify:*
 - i) the lines of accountability from the advisory committees to the board; and*
 - ii) the decision-making authority of any advisory committees.*

GOVERNMENT RESPONSE – AGREED IN PRINCIPLE

The Government will consider the status of the Cultural Facilities Corporation's (CFC) advisory committees as a part of finalisation of the review of the *Cultural Facilities Corporation Act 1997*. Should advisory committees be retained, the Government understands that the CFC will give consideration to reviewing the board charter and advisory committees' terms of reference.

Recommendation 3 – Strengthening guidance to ACT Government boards

The Chief Minister, Treasury and Economic Development Directorate should review the Governance Principles: Appointments, Boards and Committees in the ACT (2021) document, and as part of this review:

- a) strengthen guidance on the ACT public sector context in which governance boards operate, including further explanation on the applicable legislation and the roles and relationships between boards, statutory authorities, directorate and Ministers; and*
- b) strengthen guidance on the management of conflicts of interest for governing boards, including with respect to material interests.*

GOVERNMENT RESPONSE – AGREED

A review of the *Governance Principles: Appointments, Boards and Committees in the ACT (2021)* document has commenced. This review will include consideration on the roles and relationships between boards, statutory authorities, directorates and Ministers as well as strengthening guidance on conflict of interest declarations.

Recommendation 4 – Guidance for managing conflicts of interest

To ensure compliance with sections 86 to 89 of the Financial Management Act 1997 [sic], the Cultural Facilities Corporation, Cemeteries and Crematoria Authority and ACT Leave should update their boards' conflict of interest policies and/or board charters to:

- a) clearly define the meaning of a material interest; and*
- b) document procedures on how material interests will be reported to the Minister when they arise.*

GOVERNMENT RESPONSE – AGREED IN PRINCIPLE

The Government supports this recommendation, noting that actions in response are for consideration by the CFC, Cemeteries and Crematoria Authority and ACT Leave.

The Government notes that the *Financial Management Act 1996* (FMA Act) already defines *material interest* for the purposes of governing board members disclosing interests that might be considered material.

The Government understands that the governing boards will give consideration to incorporating further clarity as appropriate in defining material interest by reference to the applicable definition under the FMA Act and the reporting of any material interests to the responsible Minister.

Recommendation 5 – Linkage between strategic plan and organisational risk

The Cultural Facilities Corporation and ACT Leave should strengthen the link between the entity's strategic objectives and organisational risks in future iterations of their strategic plans.

GOVERNMENT RESPONSE – AGREED IN PRINCIPLE

The Government supports this recommendation, noting that actions in response are for consideration by the CFC and ACT Leave.

The Government understands that CFC will give consideration to articulating the link between strategic objectives and organisational risks when the CFC Strategic Plan is next updated.

The Government understands that the Governing Board of ACT Leave has an existing Risk Appetite Statement which links directly to the Strategic Plan. ACT Leave has advised that a forthcoming review of its Strategic Plan 2023-26 will consider opportunities to further strengthen the link between the organisation's strategic objectives and organisational risks.

Recommendation 6 – Review of board performance

The Cultural Facilities Corporation, Cemeteries and Crematoria Authority and ACT Leave should strengthen and formalise processes for reviewing board performance, including ensuring that:

- a) reviews occur on a regular basis;*
- b) outcomes from the reviews are documented; and*
- c) the implementation of the outcomes from the reviews are monitored by the board.*

GOVERNMENT RESPONSE – AGREED IN PRINCIPLE

The Government supports this recommendation, noting that actions in response are for consideration by the CFC, Cemeteries and Crematoria Authority and ACT Leave.

The Government understands that the CFC will consider the recommended actions in reviewing processes for evaluating board performance.

The Government understands that a formal review of the Cemeteries and Crematoria Authority Governing Board's performance is intended to be conducted every two years (through the Australian Institute of Company Director's (AICD) survey tool), with a less formal assessment being conducted in alternate years. The Cemeteries and Crematoria Authority Governing Board advises that an AICD board effectiveness survey was conducted in February 2024.

The Government understands that a Board Performance Evaluation has been completed for ACT Leave's Governing Board within the last two years. Government is advised that ACT Leave's Governing Board discussed this recommendation at its meeting held on 23 January 2025 and agreed to consider a framework to regularly review and manage board performance.