



Inquiry into Financial Management and Government Procurement Legislative Compliance

Answer to question on notice

Asked by: Ms Fiona Carrick MLA

Addressed to: Treasurer

Reference: Treasury

Hearing: 22 April 2026

In relation to: Financial Management Act 1996 and Part 9 - Governance of territory authorities

Question received: 30 April 2026

Answer Due: 8 May 2026

Minister

The following questions are about compliance with Part 9 of the FMA, and whether structural or operational weaknesses in Part 9 have contributed to governance failures such as those at the Canberra Institute of Technology (CIT).

- (1) Compliance with CEO duties under the FMA - how does the ACT Government assure itself that chief executives of territory authorities are complying with their statutory duties under Part 9 of the Financial Management Act, particularly where the risk or potential breach arises from the CEO's own conduct?
- (2) Board compliance and oversight responsibilities - what steps does the ACT Government take to ensure that governing boards of territory authorities are fully complying with their oversight responsibilities under Part 9, including their duty to monitor, question, and if necessary challenge the conduct of a CEO?
- (3) Escalation of suspected breaches - does Part 9 of the Financial Management Act require governing boards to escalate credible concerns about serious misconduct or corrupt conduct by a CEO, or does the Act leave such escalation to the discretion of the board, and if so, is that consistent with effective compliance?
- (4) Ministerial awareness of compliance risks - how does the Government satisfy itself that responsible Ministers receive timely and reliable information about potential breaches of Part 9 by a

territory authority or its CEO, rather than learning of issues only after external investigations commence?

(5) Use and adequacy of ministerial powers - in circumstances where there are credible indicators of governance failure or potential breaches of the Financial Management Act within a territory authority, does Part 9 provide Ministers with sufficiently clear and enforceable powers to intervene early, and have those powers been exercised consistently?

(6) Reporting and transparency to the Assembly - given the Assembly's role in overseeing compliance with the Financial Management Act, does Part 9 require sufficient reporting and disclosure of governance and integrity failures within territory authorities to enable effective parliamentary scrutiny?

(7) Accountability when compliance fails - where there is a failure by a board, a CEO, or a responsible Minister to act on known or emerging risks of non-compliance with Part 9, what consequences arise under the Financial Management Act, and does the absence of intermediate enforcement mechanisms weaken compliance and accountability?

(8) In light of the governance failures that occurred at the Canberra Institute of Technology, does the ACT Government consider that Part 9 of the Financial Management Act 1996 operated as intended to ensure compliance and prevent breaches, or does that experience indicate that Part 9 is not adequate to manage serious CEO level governance and integrity risks within territory authorities?

Thank you

Mr Chris Steel MLA: The answer to the Member's question is as follows:

Under section 56 of the *Financial Management Act 1996 (FMA)*, a governing board of a territory authority is responsible, under the responsible Minister for a range of responsibilities including managing the authority in a way that promotes its purpose and financial sustainability.

Under section 77 of the FMA, a governing board of a territory authority is further responsible for a range of functions which include risk management, communication with government and ensuring, as far as practicable, that the authority operates in a proper, effective and efficient way. The Chief Executive Officer (CEO) also has a range of functions under section 84.

Section 84(d) of the FMA, imposes an obligation on the CEO of a Territory Authority with a governing board to immediately advise the board about significant events as defined in section 101. The Territory Authority must in turn tell the responsible Minister of any significant event as defined by the FMA 'as soon as practicable'. How that occurs and is monitored as a matter of process is a matter for the Minister and the Board, through its Chair, to settle.

It is the responsibility of the Board and CEO to ensure they are in compliance with requirements of the FMA.

Governance for Public Sector Members

CIT's Board members, including its CEO, are 'public sector members' under the *Public Sector Management Act 1994 (PSMA)*^[1]. As public sector members, they are subject^[2] to the conduct

^[1] Section 150.

^[2] See section 151, *Public Sector Management Act 1994*.

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requirements under Division 2.1 of the PSMA, which includes public sector values, public sector principles, and public sector conduct.

Additionally, CIT's Board members and its CEO are subject to the ACT Public Sector Code of Conduct, published by the Public Sector Standards Commissioner (the Commissioner), which expands on the conduct requirements established under the PSMA.

The process for allegations of misconduct by public sector members are provided for under section 154 of the PSMA, requiring the Commissioner to investigate allegations if requested the appointer of the public sector member.

The ACT Integrity Commission, pursuant to the *Integrity Commission Act 2018*, has jurisdiction to investigate allegations of serious or systemic corrupt conduct that involves or affects current or former ACT public sector members. Any member of the CIT Board or its staff may make a report of suspected serious or systemic corrupt conduct to the Integrity Commission.

The CEO of CIT is appointed by, and accountable to, the CIT Board^[3]. The conditions of appointment of the CEO are agreed between the Board and the CEO^[4].

Approved for circulation to the Select Committee on Financial Management and Government Procurement Legislative Compliance

Signature:



By the Treasurer, Mr Chris Steel MLA

Date:

20/5/26

^[3] Section 80, *Financial Management Act 1996*.

^[4] Section 80 (6), *Financial Management Act 1996*.