

2016

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

**Government Response to the Standing Committee on Public Accounts
Report 29/2016**

**Inquiry into 2016 Strategic Review of the ACT Auditor-General –
Recommendations of Report**

**Presented by
Mr Andrew Barr MLA
Chief Minister**

Strategic Review of the ACT Auditor-General

Division 5.1 of the *Auditor-General Act 1996* requires that, once during each term of the Assembly, the Speaker engage a suitably qualified person to conduct a strategic review of the Auditor-General. Mr Des Pearson AO was engaged for the purpose of conducting the strategic review required for the term of the 8th Legislative Assembly.

Mr Pearson's report was tabled in the Assembly by the Speaker on 8 June 2016, and on 9 June the Assembly resolved to refer the report to the Administration and Procedure Committee and the Public Accounts Committee (PAC) for consideration and report by the last sitting day in August 2016.

The resolution of the Assembly set out terms of reference for each committee's inquiry.

Standing Committee on Public Accounts Report and Government Response.

The terms of reference for the PAC included consideration of a nominated term of appointment for the Auditor-General and 'other matters the Committee considers relevant'.

The Committee wrote to the Chief Minister on 16 June 2016, seeking comment to assist the Committee in its inquiry. The Chief Minister provided comment to the Committee on 18 June 2016. The Report advises that the Committee did not undertake other consultations, but otherwise relied upon existing information available to the Committee.

The Committee tabled its Report in the Assembly on 2 August 2016.

The Report makes a total of six recommendations, as follows:

- Three recommendations are directly relevant to a nominated term of appointment for the Auditor-General. Of these, the Government agrees to two in full, and agrees in principle to one.
- Two recommendations address Government funding for the Audit Office. The Government has noted both of these recommendations.
- One recommendation relates to the Government's processes for responding to performance audit reports by the Auditor-General. The Government notes this recommendation.

Government Response to PAC Report 29/2016 – Strategic Review of the ACT Auditor-General

PAC Recommendation	Government Response
<p>Recommendation 1: That a seven year non-renewable appointment term for the ACT Auditor-General be reinstated in the <i>Auditor-General Act 1996</i>.</p>	<p>Agreed.</p> <p>This recommendation is entirely consistent with the Strategic Reviewer’s suggestion of a 7-10 year non-renewable term.</p> <p>The Government maintains its support of this suggestion, previously indicated in the Chief Minister’s comments to the Committee.</p>
<p>Recommendation 2: That section 8 of the <i>Auditor-General Act 1996</i> be amended to prescribe that the ACT Auditor-General is to be appointed for a term of 7 years and is not eligible for reappointment, including reappointment after the end of that term.</p>	<p>Agreed.</p> <p>Noting the bi-partisan agreement to the proposed legislative changes, the Government will commission the preparation of a Bill to introduce legislative amendments in sufficient time to guide the appointment of the next ACT Auditor-General, due in 2018.</p>
<p>Recommendation 3: That appropriate consequential provisions be drafted to ensure that any amendments made to Schedule 1 – <i>Appointment and terms of office of auditor-general</i> and/or section 8 – <i>Appointment</i>, of the <i>Auditor-General Act 1996</i> do not apply in respect of an appointment made before the commencement of any subsequent amendments.</p>	<p>Agreed in principle.</p> <p>The Government supports certainty of tenure and continued independence of the Auditor-General.</p> <p>However, noting that the current Auditor-General is appointed for a seven year term, it is unclear whether transitional arrangements are required in this case.</p> <p>The preparation of a Bill to amend the Act, as foreshadowed in the response to Recommendation 2 above, will give further policy and drafting consideration to this matter.</p>
<p>Recommendation 4: That the ACT Government consider reinstating the requirement that audited agencies provide a substantial response to audit findings and recommendations for inclusion in performance audit reports.</p>	<p>Noted.</p> <p>The Government recently undertook an extensive revision of its <i>Guidelines for responding to performance audit reports by the Auditor-General</i> (Guidelines). This revision addressed a number of issues previously raised by the Committee, and which were discussed in a meeting of the Chief Minister and the Committee on 7 April 2015.</p> <p>It should be noted that the lack of provision for formal management comments does not preclude the discussion of substantive issues through less formal means, such as face to face meetings between officials and auditors.</p> <p>The Government consulted on these matters with both the Auditor-General and the Committee prior to finalisation and publication of the Guidelines. A letter from the Chief Minister to the Committee, dated 24 April 2015, included explicit</p>

	<p>reference to this issue.</p> <p>On 21 May 2015, the then Chair of the Committee wrote to the Chief Minister indicating agreement with the Government's suggested approach, as now reflected in the Guidelines.</p> <p>The Government acknowledges the Auditor-General's expressed preference for formal management responses to draft audit reports. However, she also indicated her agreement to the Guidelines in their current form.</p>
<p>Recommendation 5: That a funding model to support growth in the performance audit program be developed and implemented, beginning at the 2017-18 Budget.</p>	<p>Noted.</p> <p>Funding for the Office of the Auditor-General will be considered in the context of the 2017-18 Budget process.</p>
<p>Recommendation 6: That the ACT Government provide designated funding for the Auditor-General to discharge statutory responsibilities under the <i>Public Interest Disclosure Act 2012</i> as distinct from funding available for performance audits.</p>	<p>Noted.</p> <p>Funding for the Office of the Auditor-General will be considered in the context of the 2017-18 Budget process.</p>