



LEGISLATIVE COUNCIL OF TASMANIA

PARLIAMENTARY STANDING COMMITTEE OF PUBLIC ACCOUNTS

Statement of Understanding
Parliamentary Standing Committee of Public Accounts and
Auditor-General of Tasmania

Members of the Committee

Legislative Council

Hon Ruth Forrest MLC
(Chair)

Hon Luke Edmunds MLC

Hon Bec Thomas MLC

House of Assembly

Mr Simon Behrakis MP

Mr Mark Shelton MP

Mr Josh Willie MP
(Deputy Chair)

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Charter of the Committee

The Public Accounts Committee (the Committee) is a Joint Standing Committee of the Tasmanian Parliament constituted under the *Public Accounts Committee Act 1970* (the Act).

The Committee comprises six Members of Parliament, three Members drawn from the Legislative Council and three Members from the House of Assembly.

Under section 6 of the Act the Committee:

- **must** inquire into, consider and report to the Parliament on any matter referred to the Committee by either House relating to the management, administration or use of public sector finances; or the accounts of any public authority or other organisation controlled by the State or in which the State has an interest; and
 - **may** inquire into, consider and report to the Parliament on any matter arising in connection with public sector finances that the Committee considers appropriate; and any matter referred to the Committee by the Auditor-General.
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Executive Summary

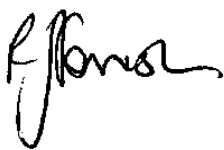
The Statement of Understanding between the Parliamentary Standing Committee of Public Accounts (Committee) and the Auditor-General of Tasmania is a keystone document that underpins the common mission of the parties to enhance public sector accountability and performance. The Committee and the Auditor-General seek to achieve this mission through providing assurance, promoting probity, efficiency and effectiveness in the management of, and reporting on, public resources.

This latest iteration of the Statement of Understanding follows from the original version entered into on 29 March 2007,¹ with follow-up versions in October 2015 and September 2021.

This version of the Statement of Understanding seeks to provide better details with respect to the following:

- the involvement of the Committee in the periodic review of the Tasmanian Audit Office (Office) (as per section 44 of the *Audit Act 2008*)
- the involvement of the Committee in setting the budget and forward estimates of the Office
- managing conflicts of interest and threats to independence of the Office, and
- the annual declaration of interests of the Auditor-General and Deputy Auditor-General.

The Committee looks forward to maintaining its important relationship with Tasmania's supreme audit institution into the future.



Hon Ruth Forrest MLC
Chair

21 August 2024

¹ See Report on [Statement of Understanding between the Auditor-General and the Tasmanian Standing Committee on Public Accounts \(No.12 of 2007\)](#)

Summary of Attachments

Attachment A	Statement of Understanding
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Statement of Understanding

Preamble

A Statement of Understanding between the Tasmanian Parliamentary Standing Committee of Public Accounts (Committee), being a Joint Committee of the Legislative Council and the House of Assembly, and the Auditor-General of Tasmania (Auditor-General).

This Statement of Understanding replaces the one entered into between the parties in September 2021.¹

Aim

The aim of this Statement of Understanding is to enhance the accountability mechanisms of the Parliament by committing to ongoing effective communication and coordination between the Committee and the Auditor-General.

A Common Mission

The Committee and the Auditor-General share a common mission to enhance public sector accountability and performance. The Committee and the Auditor-General will cooperate to achieve this mission, through providing assurance, promoting probity, efficiency and effectiveness in the management of, and reporting on, public resources.

Supporting the Independence of the Auditor-General

The Committee supports the independence of the Auditor-General and will work to ensure that this independence is not compromised.

The Auditor-General is an Officer responsible to the Parliament for providing assurance and reporting on public sector performance and accountability. The Committee recognises and supports the independence of the Auditor-General so that reports to Parliament are objective and allow the Parliament to make informed judgements.

The Committee undertakes to support efforts to strengthen the independence of the Auditor-General through periodic assessment and application of the eight core independence principles declared by the International Organization of Supreme Audit Institutions (INTOSAI) and to maintain contemporary independence standards as regularly benchmarked across Australasian jurisdictions.²

Supporting the Function of the Committee

The Auditor-General supports the Committee's functions established in section 6 of the *Public Accounts Committees Act 1970* and will work towards assisting the Committee in its role. In this

¹ First Statement of Understanding between the parties was entered into on 29 March 2007: see [Report on Statement of Understanding between the Auditor-General and the Tasmanian Standing Committee on Public Accounts \(No. 12 of 2007\)](#)

² <https://www.acag.org.au/files/Final%20Report%20on%20Independence%20of%20Auditors%20General.pdf> accessed 15 May 2024

regard, the Auditor-General will refer all tabled reports prepared by the Auditor-General to the Committee under section 6(2)(b) of the *Public Accounts Committee Act 1970*.

The Auditor-General's Annual Plan

Section 11 of the *Audit Act 2008* sets out the obligations of the Auditor-General and the Committee in respect of the Auditor-General's proposed work program (Annual Plan) for the following financial year. This includes a requirement for the Auditor-General to provide a draft Annual Plan to the Committee no later than 31 March in each year.

The Committee and the Auditor-General will meet annually, in the period October to December each Year to inform the strategic direction of the Annual Plan.

By mid-March each year, the Auditor-General will brief the Committee on the draft Annual Plan including an acquittal of the previous Annual Plan. This briefing is to provide the Committee with details of the proposed draft Annual Plan prior to formal submission of the Plan to the Committee by 31 March each year.

In circumstances where the Committee is not in operation, the Auditor-General will fulfil the intent of this requirement by providing the draft Annual Plan to the Secretariat.

Upon receipt and consideration of the draft Annual Plan, the Committee will provide the Auditor-General with feedback, if any, on the Plan by 31 May, allowing the Auditor-General to finalise the Annual Plan by 30 June.

Referral of Matters

The Auditor-General may refer matters to the Committee that the Auditor-General determines warrant consideration by the Committee in addition to, or in place of, an investigation by the Auditor-General.

The Committee, may refer matters to the Auditor-General that it determines warrant consideration by the Auditor-General in addition to or in place of investigation by the Committee.

The Committee and Auditor-General will give serious consideration to any referred matter. The Committee and the Auditor-General will provide a response to any referred matter to the relevant party.

Reports of the Auditor-General

The Committee will respond to the Auditor-General's reports as it sees fit including, receiving briefings from the Auditor General and relevant Tasmanian Audit Office staff on each report, internal review and noting of each report and liaison with the Auditor-General regarding future follow-up or further scrutiny of the report subject matter.

At the request of the Committee, the Auditor-General will provide a briefing to the Committee, in addition to the briefings offered to all Parliamentarians.

To assist the Committee in its deliberations about whether to follow up matters reported, the Auditor-General will present to the Committee those reports about which it seeks further information. In making such presentations, the Auditor-General may suggest areas for particular attention by the Committee.

The Committee will make known to the Auditor-General of its intention, if any, to follow up a matter raised by the Auditor-General, by way of a hearing, broader inquiry or some other means of follow-up.

The Auditor-General may determine to follow up matters arising from tabled reports after consultation with the Committee.

Involvement of the Committee in the Periodic Review of the Tasmanian Audit Office

Under section 44 of the *Audit Act 2008*, the Tasmanian Audit Office is subject to a review of the efficiency, effectiveness, and economy of its operations at least once every five (5) years.

The *Audit Act 2008* requires the Treasurer to consult with the Auditor-General regarding the terms and conditions of the appointment of the reviewer. In forming a response to the Treasurer, the Auditor-General will consult with the Committee. The Committee may provide feedback to the Auditor-General for inclusion in their response or communicate directly to the Treasurer on any matter relating to the terms and conditions of the review.

The Committee will receive and consider the report before ordering its publication.

To improve comparability and objectivity of the review, the parties support the Australasian Council of Public Accounts Committees (ACPAC) and the Australasian Council of Auditors-General (ACAG)'s efforts to periodically benchmark the independence, performance, and legislative basis of Auditors'-General and support work towards standard benchmarks of performance and terms of reference of such review.

Involvement of the Committee in Setting the Budget and Forward Estimates of the Office

The annual budget for the Office is set by Cabinet Budget Committee without involvement of the Parliament other than via the Budget Estimates process, which occurs after the Budget is passed by the Parliament.

To promote the Auditor-General's independence, the Committee will support the Office during any budget setting process in the following manner:

- the Auditor-General will consult with the Committee during the preparation of any of the Office's budget submissions
- the Auditor-General will provide the Office's submission to the Treasurer and Committee at the same time
- the Treasurer or the Treasurer's delegate may brief the Committee on the Office's budget submission at the Committee's discretion
- the Auditor-General and Chair of the Committee may brief Cabinet Budget Committee on the Office's submission at the Cabinet Budget Committee's discretion.

Managing Conflicts of Interest and Threats to Independence

Managing conflicts of interest and threats to professional independence ensures that the integrity of the role of Auditor-General is not compromised. The Auditor-General **must** be, and be seen to be, free from any interest that is incompatible with objectivity in performance of the role including audit engagements, examinations, procurement, or recruitment activity.

The Auditor-General **must** act in the public interest and observe and comply with the fundamental principles of independence, which are:

- integrity
- objectivity
- professional competence and due care
- confidentiality, and
- professional behaviour.

This statement of understanding acknowledges that conflicts of interest, or perceived conflicts of interest can arise during normal activities in our society. Where they exist, they need to be declared and managed. All conflicts of interest include associated persons (including immediate family), and previous employers (see [Appendix 1](#) for details).

Annual Declaration of Interests

The Auditor-General and the Deputy Auditor-General will provide a copy of their annual declaration of interests consistent with the Tasmanian Audit Office's Conflict of Interest Policy and Procedures which are developed to ensure compliance with the *Audit Act 2008*, the *Financial Management Act 2016*, the *State Service Act 2000*, professional standards and other relevant laws (see [Appendix 1](#) for details).

The Auditor-General's annual declaration of interests and any updates, will be published on the Audit Office's and the Committee's website. In the case of any long-term periods (more than four weeks) where the Deputy Auditor-General acts in the role of Auditor-General, their annual declaration of interests will be published in a similar manner.

Auditor-General's Gifts and Benefits Statement

On a quarterly basis the Auditor-General will forward to the Committee a completed gifts and benefits received statement, prepared in accordance with Tasmanian Audit Office Policy detailing gifts and benefits received during the quarter. This will be published on the Committee's website.

Obligations to Protect Information

In reaching this Statement of Understanding each party respects the rights and obligations of the other concerning matters of privilege, confidentiality, legislative and procedural requirements.

Ethics and the law dictate that the Auditor-General respect the confidentiality of information acquired during the course of their work and not disclose information to a third party. The

requirement for the Auditor-General to maintain confidentiality is spelt out in section 9(7) of the *State Service Act 2000* and section 46 of the *Audit Act 2008*.

Frequency of Meetings

The Committee and the Auditor-General will meet on a periodically and/or on an as needs basis, initiated by either party.



Ruth Forrest
Committee Chair
Parliamentary Standing Committee of Public
Accounts

19 August 2024



Martin Thompson
Auditor-General

19 August 2024

Appendix 1

Conflicts of Interest

If the Auditor-General has an interest that conflicts or may conflict with the discharge of the Auditor-General's responsibilities, the Auditor-General:

- a) **must** disclose the nature of the interest and conflict to the Committee as soon as practicable after the relevant facts come to the Auditor-General's knowledge, and
- b) **must not** take action or further action concerning a matter that is, or may be, affected by the conflict until the conflict or possible conflict is resolved.

If the conflict or possible conflict between an interest of the Auditor-General and the Auditor General's responsibilities is resolved, the Auditor-General **must** give to the Committee a statement advising of the action the Auditor-General took to resolve the conflict or possible conflict.

A reference in this section to an interest or to a conflict of interest is a reference to those matters within their ordinary meaning under the general law.

Annual Declaration of Interests

Declaration of Interests

The Auditor-General³ **must**, within one month of appointment, and by no later than 31 July each year, and when there is any significant change that would have been required to be disclosed, give the Committee a statement setting out the information required in the Tasmanian Audit Office's annual declaration of interests which is developed and regularly updated to ensure compliance with:

- the *Audit Act 2008*
- the *Financial Management Act 2016*
- the *State Service Act 2000*
- relevant Accounting Professional & Ethical Standards Board (APESB) and Auditing and Assurance Standard Board (AASB) professional standards which cover independence and quality control, including (but not limited to):
 - APESB APES 110 Code of Ethics for Professional Accountants (including Independence Standards)
 - AASB Auditing Standard ASQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements
 - AASB Standard on Assurance Engagements ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information
 - AASB Standard on Assurance Engagements ASAE 3500 Performance Engagements, and
- and other relevant laws e.g., *Corporations Act 2001* (Cth).

³ References to 'Auditor-General' in this attachment similarly apply to the Deputy Auditor-General