

STATEMENT OF UNDERSTANDING

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

This statement of understanding replaces the one entered into in March 2012 with changes initiated as a result of:

- 1. A recommendation that the Auditor-General involve the Committee in the process of setting the budget, including forward estimates, of the Office of the Auditor-General**
- 2. Introduction of a requirement for the Auditor-General to provide an annual declaration of interests to the Committee and for the Committee to inspect the Auditor-General's gifts and benefits forms and register on a quarterly basis**

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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 Tasmanian Parliamentary Standing Committee of Public Accounts (PAC) and the Auditor-General of Tasmania (Auditor-General).

A Common Mission

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

Supporting the Independence of the Auditor-General

The PAC supports the true 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 PAC recognises and supports the independence of the Auditor-General so that reports to Parliament are objective and allow the Parliament to make informed judgements.

Sharing Information, Referral of Matters

The PAC and the Auditor-General will meet on a periodic, and needs, basis initiated by either party.

If time allows, the PAC and the Auditor-General will meet annually, if possible in the period October to December to strategise the Office's annual plan of work.

The Auditor-General may refer matters to the PAC that he or she determines warrant consideration by the PAC in addition to or in place of investigation by his or her Office. Equally, the PAC 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 PAC. The Auditor-General will give serious consideration to investigating the matter

referred. This referral capability is in addition to that introduced by section 11(2) of the *Audit Act 2008* under which the PAC must consider and comment on the Auditor-General's draft annual plan of work.

By no later than mid-March each year the Auditor-General will brief the PAC on his or her Office's proposed work plan and provide an acquittal of the previous plan of work. This briefing is aimed at providing the PAC with details of the proposed plan prior to formal submission of the draft plan to the PAC by 31 March each year as required by Section 11(1)(b) of the *Audit Act 2008*.

Supporting the function of the PAC

The Auditor-General supports the PAC's functions established in Section 6 of the *Public Accounts Committees Act 1970* and will work towards assisting the PAC in its role. In this regard, the Auditor-General will refer all of his or her tabled reports to the PAC under Section 6(2)(b) of the *Public Accounts Committee Act 1970*.

PAC Response to Tabled Reports of the Auditor-General

The PAC will respond to the Auditor-General's reports as it sees fit.

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

The PAC 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.

Auditor-General's program of following up Tabled Reports

The Auditor-General's annual plan of work includes details of previously tabled reports to be followed up. That program will be informed by actions the PAC plans to take in respect of tabled reports.

Involvement of the Committee in setting the budget and forward estimates of the Tasmanian Audit Office

The annual budget for the Tasmanian Audit Office (TAO) is set by Cabinet Budget Committee without involvement of the Parliament other than via the, after the event, Budget Estimates process. This impacts the Auditor-General's independence one solution to which is to involve the PAC in concluding TAO's budget in the following manner:

- (i) the Auditor-General will prepare, for the Budget and Forward Estimates period, a submission to Cabinet Budget Committee in respect of the TAO budget;
- (ii) the Auditor-General will provide a copy of the TAO's budget submission to the Treasurer for consultation with the PAC. At the same time, a copy will also be forwarded to the PAC. This could be provided at the time the budget submission is provided to Cabinet Budget Committee (through Treasury), or earlier as determined by the Auditor-General;
- (iii) the Treasurer will review the TAO's budget submission and may seek additional information or a briefing from the Auditor-General. Following that review, the Treasurer must provide a copy of the TAO's budget submission to the PAC;
- (iv) the Auditor-General, the Treasurer or the Treasurer's delegate may brief the PAC on the TAO's budget submission at the PAC's discretion; and
- (v) the PAC will consider the TAO's budget submission and any briefing provided and may at its discretion formally provide its observations to the Treasurer and the Auditor-General.

Initial, varied and annual declaration of interests

The Auditor-General, the Deputy Auditor-General and the PAC will, with effect from 1 July 2015, comply with the requirements spelt out in Attachment 1.

Inspection of Auditor-General's gifts and benefits

The Auditor-General and the PAC will, with effect from 1 July 2015, comply with the requirements spelt out in Attachment 2.

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.



**IVAN DEAN MLC
CHAIRMAN**

13 October 2015



**MIKE BLAKE
AUDITOR-GENERAL**

13 October 2015

Attachment 1

Initial, varied and annual declaration of interests made by the Auditor-General and by the Deputy Auditor-General to the PAC¹

Declaration of interests

The Auditor-General must, within 1 month of his/her appointment, and annually by no later than 31 July, give the Committee a statement setting out the information mentioned in 1 to 3 in relation to:

- (a) the interests of the Auditor-General; and
 - (b) the interests of each person who is a related person in relation to the Auditor-General.
1. The information to be set out in the statement is the information that would be required to be disclosed under Part 3 of the *Parliamentary (Disclosure of Interest) Act 1996* (the Act) as if the Auditor-General were a member of Parliament.
 2. If, after the giving of the statement:
 - (a) there is a change in the interests mentioned in 1; and
 - (b) the change is of a type that would have been required to be disclosed under the Act, then
 - (i) The Auditor-General must give the Committee a revised statement.
 - (ii) The revised statement must—
 - (a) be given as soon as possible after the relevant facts about the change come to the Auditor-General's knowledge; and
 - (b) comply with 1.
 3. The Committee must note the statement(s), ensure it/they is/are consistent with the Act and place it/them on its website.
 4. A reference in this statement of understanding to an interest is a reference to the matter within its ordinary meaning under the general law.
 5. In this statement of understanding, ***related person***, in relation to the auditor-general, means:
 - (a) the Auditor-General's spouse; or
 - (b) a person who is totally or substantially dependent on the auditor-general and:
 - (i) the person is the Auditor-General's child; or
 - (ii) the person's affairs are so closely connected with the affairs of the Auditor-General that a benefit derived by the person, or a substantial part of it, could pass to the Auditor-General.

¹ References 'Auditor-General' in this attachment similarly apply to the Deputy Auditor-General

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.

Attachment 2

Inspection of Auditor-General's gifts and benefits

On a quarterly basis and commencing on 1 July 2015 (the first quarter will be for the period ending 30 September 2015) the Auditor-General will forward the following to the PAC:

1. Completed gifts and benefits received forms prepared in accordance with Tasmanian Audit Office Policy detailing gifts and benefits received during the quarter.
2. Completed gifts and benefits register which the PAC should inspect and place on to its website.