



Auditor-General for Australia



13 March 2015

Senator Cory Bernardi
Chair
Finance and Public Administration Legislation Committee
Parliament House
CANBERRA ACT 2600

Dear Senator Bernardi

Inquiry into the Public Governance and Resources Legislation Amendment Bill (No 1) 2015

Thank you for the opportunity to make a submission to the Committee's inquiry into the Public Governance and Resources Legislation Amendment Bill (No 1) 2015.

As noted in the Committee's letter of 5 March 2015, the Bill includes: a number of technical amendments to the Public Governance, Performance and Accountability Act; amendments to the Public Governance, Performance and accountability (Consequential and Transitional Provisions) Act; and amendments to the enabling legislation of a number of Commonwealth entities.

One of the amendments included in the Bill is an amendment to the *Auditor-General Act 1997* (Schedule 6 paragraph 3 of the Bill refers). The rationale for this amendment is outlined below:

Confidentiality of interim audit reports

It is a long-standing and well accepted practice for a performance audit to involve the preparation by the ANAO of an interim audit report, or part thereof, prior to the subsequent preparation of a proposed report pursuant to Section 19 of the Act. An interim report is designed to confirm factual information with public sector agencies and other key stakeholders, and to outline tentative audit findings and conclusions for discussion with the recipient(s). As such, these documents have an important role in the preparation of a performance audit report, both in terms of obtaining an agreed understanding of the facts and providing the opportunity for the relevant parties to comment on the issues arising from the audit. While our practice over many years has been to provide these reports to entities on an in-confidence basis, they do not have any legal status, as the Act currently refers only to proposed reports, the confidentiality of which is protected by Section 36(3) of the Act.¹

The proposed amendment, that has the support of the Joint Committee of Public Accounts and Audit and has been agreed to by the Prime Minister, has the effect of protecting the report's confidentiality in the same way as a proposed report is protected by Section 36(3) of the Act.

¹ Section 36(3) states that 'a person who receives a proposed report, or an extract from a proposed report, under section 19, must not disclose any of the information in the report, or the extract, except with the consent of the Auditor-General'.

The ANAO is not in a position to comment on the other amendments included in the Bill, but we understand that all amendments to entities' enabling legislation have been approved by the responsible Minister.

Yours sincerely

Ian McPhee