

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Inquiry into the FOREIGN INVESTMENT PROPOSALS

2019 - 2020

Division: Foreign Investment Division
Topic: Audit Numbers
Reference: Written

Question:

How many foreign investments does Treasury audit each year for compliance with conditions?

- a) How does Treasury decide the companies to audit?
- b) Treasury to provide the documents detailing the procedure for auditing compliance with foreign investment conditions.

Answer:

The 2017-18 program consisted of 11 audits. The 2018-19 audit program included 9 audits, over 17 different foreign investment transactions in 2018-19. Fifteen audits are planned for 2019-20 program with two completed, five underway and eight to be completed. Some delays in the audit program have occurred due to COVID-19.

(a)

Treasury takes a risk-based approach in deciding which investors or transactions will be selected for the annual audit plan. Primary risk factors are data driven and broadly align to specific national interest concerns, such as the nature and type of conditions imposed, any sensitivities identified and the delegation level at which approval was required. Secondary risk factors are qualitative, such as consideration of the level of Government scrutiny applied to an application, any history of non-compliance, concerns raised by consult agencies or other external environmental issues such as media interest or community concern. Whilst much of the annual audit program is targeted based on risk or on a thematic basis, such as focusing on a specific investment type (business Exemption Certificates for example), the plan also utilises a random sampling approach.

(b)

- Compliance Audit Process, which outlines audit procedures for planning, conducting and reporting compliance audits (Attachment A).
- Treasury Audit Report Template (Attachment B).