



Australian Government

Australian Financial Security Authority

22 June 2018

PGPA Act and Rule Independent Review Secretariat
Department of Finance
One Canberra Avenue
FORREST ACT 2603

Independent Review of the *Public Governance, Performance and Accountability Act 2013* and Rule

Dear Secretariat,

Thank you for the opportunity to provide comments on the draft report *Public Governance, Performance and Accountability Act 2013 (PGPA)* and Rule. While our agency generally supports the direction and recommendations in the draft report, we are providing some comments to specific recommendations below.

Audit committees

Recommendation 14 – We are broadly supportive of including risk in the title for Audit Committees, however we would want to ensure this didn't prevent management from exercising its lead role in managing risk for the agency

Recommendation 15 – Whilst we support the notion of independence on the Audit Committee, we note that independence will be defined as not being an official or employee of a Commonwealth entity. AFSA's experience is that officials/employees from other Commonwealth entities have made valuable contributions to the operations of its audit committee and it would prefer that possibility would remain open. Allowing officials/employees from other Commonwealth entities to serve as audit committee members, who may be in a similar field of operation, promotes cross-fertilisation of new ideas and insights. AFSA queries the assumption apparently underlying the recommendation that a committee member would not be capable of the independence of mind required for effective audit committee participation, simply because they are an official or employee of another Commonwealth entity. An additional consideration to the removal of Commonwealth employees and moving to solely independent members, is that there would be a cost increase to be considered.

Recommendation 20 – The concept of 'sharing an audit committee' needs to be further explored before this recommendation could be supported in its present form. The information presented at Audit Committees can be of a sensitive nature and is not necessarily information that could be broadly shared across agencies. A key concern with regard to sharing maybe that management may restrict more sensitive data in such a setting (e.g. some internal/external audit findings, security concerns etc.). Also, the logistics of scheduling and sharing Committees may not necessarily promote savings or efficiencies for entities.

Annual report timing and parliamentary scrutiny

Recommendation 29 and 30 – Whilst we support this recommendation, there may be a capacity constraint with regard to the Australian National Audit Office’s ability to audit the financial statements (and potentially performance statements) for tabling of annual reports by 30 September for all entities. The digital presentation of annual reports is also supported but this step may not necessarily reduce current timetables (when considering that setting the digital presentation to meet mandated requirements also takes time).

Technical and other matters

Recommendation 40 – We support sharing of legal advice across entities as a key recommendation. This recommendation could apply more broadly than the solely to the PGPA and could apply to all legislation affecting Commonwealth agencies.

Apart from the above comments AFSA is broadly supportive of many of the other recommendations made within the ‘Independent Review of the PGPA Act and Rule – Consultation Draft’.

We would be pleased to provide further information should it be required.

Yours sincerely

A solid black rectangular box used to redact the signature of the sender.

Hamish McCormick
Chief Executive and Inspector-General in Bankruptcy