

Public Accounts and Estimates Committee obligations regarding the Victorian Auditor-General's Office

The PAEC has a series of obligations and responsibilities regarding the Victorian Auditor-General and the Victorian Auditor-General's Office (VAGO). The three primary acts that govern these obligations are the *Constitution Act 1975*, the *Audit Act 1994* and the *Parliamentary Committees Act 2003*.

The Committee's key responsibilities regarding VAGO are:

- recommending the appointment of the Victorian Auditor-General
- being consulted by VAGO every year on the formulation of its annual plan and budget
- appointing auditors to conduct financial and performance audits of VAGO
- conducting follow-up inquiries into selected VAGO performance audits.

These responsibilities and obligations fall under both the public accounts and oversight functions of the Committee.



Public Accounts and Estimates Committee (PAEC)



Appointment of Auditor-General

The Auditor-General is to be appointed on the recommendation of the Committee under Section 94A(2) of the *Constitution Act 1975*. The current Auditor-General is Andrew Greaves, who was appointed in 2016 for a period of seven years.

Annual plan and budget

The Auditor-General must consult with the Committee when developing his annual plan and annual budget under Section 73 of the *Audit Act 1994*. The Committee must consider the draft annual plan and may comment on it. As soon as practicable after the passage of the annual appropriation Acts for a financial year, the Auditor-General must complete the annual plan for that year, after considering any comments received from the Committee.

The Auditor-General tables his final annual plan in Parliament before the commencement of each financial year and must indicate in the annual plan the nature of any changes suggested by the Committee that the Auditor-General has not adopted.

Under Section 77 of the *Audit Act 1994*, the Auditor-General's budget for each financial year is determined in consultation with the Committee, concurrently with the annual plan. The Auditor-General may incur any expenditure or obligations necessary for the performance of the functions of VAGO.

The Auditor-General is also required to consult with the Committee on performance audits under Section 17 of the *Audit Act 1994*. This is done through consultation on individual audit specifications.

Assurance reviews

VAGO can undertake assurance reviews into the operations or activities of a public body, or the whole or any part of the Victorian public sector. The Auditor-General is not required to consult with Committee on assurance reviews. However, under Section 60 of the *Audit Act 1994*, he must submit reports to the Committee on any assurance reviews being undertaken on a quarterly basis.

Oversight

The Committee is responsible for auditing VAGO under Sections 79 and 82 of the *Audit Act 1994*. The Committee fulfils this function by engaging independent auditors for yearly financial audits and four-yearly performance audits. Following a competitive tender process PKF Audit and Assurance was appointed as the independent financial auditor of VAGO by the Committee in 2020, for a period of four years.

The latest performance audit was conducted by Allen and Clarke Consulting in 2020. Performance audits are required at least every four years.

Follow-up of VAGO audits

PAEC also conducts follow-up inquiries on selected audits conducted by VAGO. The Committee exercises its powers to undertake these follow-up inquiries under the *Parliamentary Committees Act 2003*, using:

- the broad powers outlined under Section 14, which allow the Committee to 'inquire into, consider and report to the Parliament on any proposal, matter or thing concerned with public administration or public sector finances'
- the powers under Section 33, which allow it to inquire and consider any report tabled in the Parliament.

Follow-up inquiries look at the progress that has been made implementing the audits' recommendations, identify any issues with implementation and investigate new issues that may have arisen since the report was tabled. Follow-up inquiries also allow the Committee to make recommendations that will improve specific areas of public administration and accountability.