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Audit Legislation

The position of Auditor-General is designated as an independent officer of Parliament within Division 3 of Part V of Victoria's *Constitution Act 1975*. Provisions relating to the appointment, operational independence and tenure of the Auditor-General are also set out in the Constitution Act.

In March 2003, the Victorian Parliament passed amendments to the Constitution Act that, among other things, preclude any future change to the provisions relating to the Auditor-General other than by way of a referendum. With this action, Parliament has reinforced the importance it places on ensuring that the independence of the Auditor-General in Victoria is always adequately protected.

The Audit Act 1994 establishes the legislative framework governing the ongoing role and functions of the Auditor-General. This Act identifies the statutory powers and responsibilities of the Auditor-General. It provides the authority for the Auditor-General to:

- conduct annual financial statement audits of public sector agencies
- undertake performance audits within the public sector which encompass assessments of the economy, efficiency and effectiveness of the management of public resources by the Government or individual government agencies
- examine the use of public grants received by both private and public sector organisations
- utilise the Victorian Auditor-General's Office as the organisational and resourcing avenue available to the Auditor-General to assist in the discharge of the position's legislative functions.

During June 2003, Parliament approved a range of amendments to the Audit Act. These amendments significantly strengthen the legislation and include:

- a capacity for the Auditor-General to present reports to Parliament, and for the reports to be regarded as public documents, when Parliament is in recess
- widening of the Auditor-General's mandate to encompass all entities controlled by the State
- assignment of an explicit power to the Auditor-General to examine instances of waste, probity or lack of financial prudence in the use of public resources
- provision for the Auditor-General to audit the financial statements of a non-public body if invited, and the Auditor-General considers it is in the public interest to do so.

The Audit Act also addresses the special relationship of the Auditor-General with Parliament and with Parliament's [Public Accounts and Estimates Committee](#). The Act assigns several statutory responsibilities to the committee in relation to the work of the Auditor-General. These responsibilities include:

- review of the Auditor-General's draft annual work plan and annual budgetary needs
- a consultative role in the formulation of objectives and scope for all performance audits undertaken by the Auditor-General
- provision of recommendations to Parliament on the appointment of a financial statement auditor (annually) and a performance auditor (every 3 years) to independently examine and report on the quality of financial reporting and resource management within the Victorian Auditor-General's Office.

These legislative responsibilities of the Public Accounts and Estimates Committee represent the means by which Parliament protects and supports the independence of the Auditor-General and ensures that there is adequate accountability back to it on the ongoing use of that independence.

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