

Performance Audit Conclusions Committee Charter

December 2024

contents

1.	Performance Audit Conclusions Committee (PACC) Charter	1
2.	Objective	1
3.	Responsibilities	1
3.1	Matters that require the Auditor-General's approval	1
3.2	Other matters to be considered by PACC	1
3.3	Delegation of responsibilities	1
3.4	Code of Conduct	1
3.5	Conflicts of interest	2
4.	Membership and quorum	2
4.1	Membership	2
4.2	Quorum	2
5.	PACC process	3
5.1	Referral of matters	3
5.2	PACC papers	3
5.3	Timing	3
5.4	PACC recommendations / decisions	3
5.5	Auditor-General's approval	3
5.6	Record keeping	3
6.	Administrative arrangements	4
6.1	Meetings	4
6.2	Induction	4
6.3	Secretariat	4
7.	Review	4

1. Performance Audit Conclusions Committee (PACC) Charter

The Audit Office is responsible for performance audits across the NSW public sector and the local government sector.

This charter provides operational guidance to the PACC by setting out objectives, responsibilities, membership, and administrative and communication arrangements.

2. Objective

The objective of the PACC is to consider performance audits which have been referred to it, in instances where a draft performance audit report has concluded that performance against the audit objective is ineffective, inefficient or not economical. It is also a forum to review and resolve any contentious matters or significant differences of opinion that arise during an audit.

The PACC's purpose is to consider the draft conclusions and objectively assess whether the conclusions are supported by the audit findings and related evidence. The PACC's role is not a substitute for the role of the engagement controller or engagement quality reviewer (where applicable). Nor is the PACC considered to be part of the engagement team.

Following consideration of the draft report and related material, the PACC makes a recommendation to the Auditor-General on whether the conclusion that the audited activity did not perform, in terms of economy, efficiency and/or effectiveness is supported by the audit findings and related evidence.

3. Responsibilities

3.1 Matters that require the Auditor-General's approval

The PACC is responsible for reviewing and making a recommendation to the Auditor-General on whether the conclusion that the audited activity did not perform, in terms of economy, efficiency and/or effectiveness is supported by the audit findings and related evidence.

The conclusion that the audited activity did not perform, in terms of economy, efficiency and/or effectiveness should be considered by the PACC prior to the draft report being issued to the auditee(s) for consultation.

3.2 Other matters to be considered by PACC

At the direction of either the Auditor-General, Deputy Auditor-General or Assistant Auditor-General, Performance Audit, the PACC may be asked to review and provide objective feedback and/or advice on key findings or analysis where there may be a contentious issue or significant difference of opinion within the audit team or between the audit team and Engagement Quality Reviewer and/or with the auditee.

The feedback and/or advice and/or agreed actions from other matters referred to the PACC will be communicated to the Auditor-General.

3.3 Delegation of responsibilities

The PACC is accountable to the Auditor-General. The PACC cannot delegate its responsibilities.

The Executive Director, Quality, Improvement and Performance is responsible for PACC Secretariat.

3.4 Code of Conduct

PACC members are subject to the general principles of conduct that apply to public sector employees. The Audit Office has also adopted a Code of Conduct which outlines the fundamental values and principles that define the standards of behaviour expected of all Audit Office staff, including PACC members.

PACC members are expected to:

- act with integrity and honesty

- be impartial and act without undue influence
- apply due care and diligence to all matters
- conduct open, constructive and respectful discussion
- apply expertise and skills
- operate in the public interest.

In carrying out their duties, PACC members must also:

- contribute the time needed to read and understand the draft audit report as well as any other meeting papers provided
- apply good analytical skills, objectivity and good judgement
- express opinions frankly, ask questions that go to the fundamental core of the issue and pursue independent lines of inquiry, in a constructive manner.

3.5 Conflicts of interest

All PACC members are expected to exercise objectivity on all matters.

From time to time, a conflict of interest (a conflict) may arise in relation to a particular agenda item.

If a conflict arises for a particular agenda item, PACC members must declare any conflicts at the start of the meeting. Details of any conflicts must be appropriately minuted, and the conflict managed or resolved. Where appropriate, this may include being excused from deliberations for a particular agenda item(s) where a conflict exists.

4. Membership and quorum

4.1 Membership

The PACC is chaired by the Deputy Auditor-General. The PACC consists of the

- Chair
- Assistant Auditor-General, Performance Audit
- Assistant Auditor-General, Financial Audit (Head of Branch)
- Executive Director, Quality, Improvement and Performance.

Although not part of the PACC, the Engagement Quality Reviewer, Engagement Controller and Engagement Manager of a matter included for discussion, and the Auditor-General, are also standing invitees. At the discretion of the Assistant Auditor-General, Performance Audit, the Senior Auditor may also be invited.

At the discretion of the Chair, the PACC may from time to time invite other staff to a meeting. This may include, but not be limited to: the Engagement Controller responsible for the auditee's financial audit; subject matters experts across the organisation; and a staff member from the Quality, Improvement and Performance (QIP) Branch to perform the secretariat role.

If the Deputy Auditor-General is not available, the Chair will be the Assistant Auditor-General, Performance Audit, unless an alternative Chair has been selected by the Deputy Auditor-General.

4.2 Quorum

The PACC consists of a quorum of the Chair and two PACC members.

At the Chair's discretion, matters may be referred for the PACC members' consideration out of session.

5. PACC process

5.1 Referral of matters

Matters may be referred to the PACC by the Auditor-General, Deputy Auditor-General and Assistant Auditor-General, Performance Audit.

5.2 PACC papers

Matters that are brought to the PACC for consideration require an accompanying PACC paper. The audit team is responsible for preparing the paper, which should be in the format of a memorandum. The audit teams shall use their professional judgement as to the nature and extent of information to be included in the paper taking into account the nature of the matter. This may include, but not be limited to:

- summary of the issue
- recommended position and summary of key evidence underpinning this, including significant judgements made by the audit team
- the determination and application of audit materiality/significance
- auditee and stakeholder views
- internal consultations
- links to supporting documentation, such as audit evidence or workpapers, significant variations matrix (or equivalent documentation of where the team assessed significant variations) and draft report.

The paper must be endorsed for submission to the PACC by the Assistant Auditor General, Performance Audit. The endorsed paper must be sent to the Executive Director, Quality, Improvement and Performance who will be responsible for preparing the agenda for the meeting.

5.3 Timing

The Executive Director, Quality, Improvement and Performance must circulate PACC papers to members three working days before each meeting.

5.4 PACC recommendations / decisions

The Chair of the PACC must consider all views and endorse a single view. If consensus cannot be reached, the PACC member(s) who disagrees with the PACC recommendation or decision must outline the reasons for their disagreement.

5.5 Auditor-General's approval

For matters that require the Auditor-General's approval, the Executive Director, Quality, Improvement and Performance (responsible for PACC Secretariat) will draft a memorandum to the Auditor-General, with a summary of the matter, issues discussed by the PACC and the recommendation(s) of the PACC.

The memorandum will be sent to the Chair to confirm the PACC's recommendation before it is provided to the Auditor-General for approval. Where members of the PACC have a different view from the overall view of the PACC, these views shall be included in the memorandum provided to the Auditor-General.

The Executive Director, Quality, Improvement and Performance will notify the PACC members and the audit team of the Auditor-General's decision.

5.6 Record keeping

The QIP Branch will file a copy of the PACC agenda, PACC papers, minutes and the Auditor-General's approval in the Hub.

The minutes of the PACC will record the main considerations of PACC members and the Chair's views expressed when making the final decision.

6. Administrative arrangements

6.1 Meetings

PACC meetings will be held as and when required.

6.2 Induction

New members will receive relevant information and briefings from the Executive Director, Quality, Improvement and Performance (and others where necessary) on their appointment to assist them to meet their responsibilities.

6.3 Secretariat

The Chair has appointed the Executive Director, Quality, Improvement and Performance as responsible for secretariat support to the PACC.

7. Review

This charter will be reviewed every two years, or earlier if organisational changes warrant an update.