



PARLIAMENT OF VICTORIA

Public Accounts and Estimates Committee

Report on the appointment of an Auditor-General of Victoria

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Committee functions

The Public Accounts and Estimates Committee is a joint parliamentary committee constituted under the *Parliamentary Committees Act 2003*.

The Committee comprises nine members of Parliament drawn from both Houses of Parliament.

The Committee carries out investigations and reports to Parliament on matters associated with the financial management of the State. Its functions under the Act are to inquire into, consider and report to the Parliament on:

- any proposal, matter or thing concerned with public administration or public sector finances
- the annual estimates or receipts and payments and other budget papers and any supplementary estimates of receipts or payments presented to the Assembly and the Council
- any proposal, matter or thing that is relevant to its functions and has been referred to the Committee by resolution of the Council or the Assembly or by order of the Governor in Council published in the Government Gazette.

The Committee also has a number of statutory responsibilities in relation to the Office of the Auditor-General. The Committee is required to:

- recommend the appointment of the Auditor-General and the independent performance and financial auditors to review the Victorian Auditor-General's Office
- consider the budget estimates for the Victorian Auditor-General's Office
- review the Auditor-General's draft annual plan and, if necessary, provide comments on the plan to the Auditor-General prior to its finalisation and tabling in Parliament
- have a consultative role in determining the objectives and scope of performance audits by the Auditor-General and identifying any other particular issues that need to be addressed
- have a consultative role in determining performance audit priorities
- exempt, if ever deemed necessary, the Auditor-General from legislative requirements applicable to government agencies on staff employment conditions and financial reporting practices.

Committee membership



Mr Danny Pearson MP
Chair
Essendon



Mr David Morris MP
Deputy Chair
Mornington



Dr Rachel Carling-Jenkins MLC
Western Metropolitan
PAEC member until 6 June 2016



Mr Steve Dimopoulos MP
Oakleigh



Mr Danny O'Brien MP
Gippsland South



Ms Sue Pennicuik MLC
Southern Metropolitan



Ms Harriet Shing MLC
Eastern Victoria



Mr Tim Smith MP
Kew



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This report is also available online at the Committee's website.

Contents

Preliminaries	
Committee functions	ii
Committee membership	iii
Committee secretariat	iv
Chair’s Foreword	vii
Report on the appointment of an Auditor-General of Victoria	1
1 Legislative requirements	1
2 Previous Auditor-General	1
3 The Auditor-General’s responsibilities and qualities	1
4 Recruitment process	2
4.1 Engagement of a recruitment consultant	2
4.2 National and international search process	3
4.3 Selection Panel	3
4.4 Shortlisting and interviews	3
5 Recommended appointment	4

Chair's Foreword

The Auditor-General is a critical component of a vibrant and democratic Westminster system of Government. In Victoria, the position of the Auditor-General is enshrined in the *Constitution Act 1975* as an independent officer of the Parliament.

The Auditor-General is responsible for the audit of the financial statements of public sector entities and also for reviews of public sector programs, services and activities to assess the economic, efficient and effective use of resources and achievement of outcomes.

Many of the audit recommendations which flow from the various financial and performance audits undertaken by the Auditor-General assist in improving the management of the State's finances and resources.

Under section 94A of the *Constitution Act 1975*, the Public Accounts and Estimates Committee is required to recommend a person to the Governor in Council for appointment to the position.

Following the resignation of the previous Auditor-General on 22 September 2015, the Committee engaged an Executive Recruitment specialist to assist in the search and selection of the best available candidate for the position. From a wide field of potential candidates and after a thorough interview process, the Committee reached a unanimous decision on its' recommendation.

The Committee is confident that the new Auditor-General will perform a fearlessly independent role in assuring the Parliament and the people of Victoria that public funds are being applied diligently, responsibly and effectively and in encouraging continuous improvement in Victorian public sector management.

The Committee wishes to acknowledge the invaluable expertise and assistance provided by its recruitment consultants, Ms Julie Steiner and Ms Caroline Dever, and the independent technical assistance provided to the shortlisting selection panel by:

- Ms Lyn Provost, Controller and Auditor-General of New Zealand;
- Mr Bill Scales AO; and
- Mr Chris Eccles, Secretary of the Department of Premier and Cabinet.

The Committee also wishes to thank Dr Peter Frost, Deputy Auditor-General, who has served as Acting Auditor-General of Victoria since September 2015 and the staff of the Committee Secretariat for their assistance.



Mr Danny Pearson MP
Chair

Report on the appointment of an Auditor-General of Victoria

1 Legislative requirements

Section 94A (2) of the *Constitution Act 1975* (Vic) states that:

The Auditor-General is to be appointed by the Governor in Council on the recommendation of the Parliamentary Committee.

The Parliamentary Committee referred to in this section of the Act is defined as the Public Accounts and Estimates Committee (the Committee).

2 Previous Auditor-General

On 22 September 2015, the former Auditor-General of Victoria, Mr John Doyle, resigned from his position, effective immediately. Mr Doyle had served two years of his seven year statutory term.

3 The Auditor-General's responsibilities and qualities

The Auditor-General's primary role is to provide independent information to the Parliament about the performance of the Victorian public sector. The Auditor-General does this by reporting the findings and recommendations of financial and performance audits undertaken of public sector entities. The Auditor-General also provides expert opinion on the Financial Report for the State of Victoria.

In addition to audit responsibilities, the Auditor-General is conferred functions of an Agency Head under the *Public Administration Act 2004* (as amended), providing the Auditor-General with the rights, powers, authorities and duties of an employer in respect of the Victorian Auditor-General's Office (VAGO) and its employees.

VAGO comprises approximately 185 staff responsible for the planning, conduct, reporting and support of audit activities including over 550 financial audits and around 26 performance audits each year across a diverse range of portfolios such as health, education, infrastructure, local government, environment, emergency services, industry, justice, treasury, insurance and superannuation. Some financial audits are undertaken by external private audit firms, as agents of the Auditor-General.

The Auditor-General plays a key role in preserving the financial integrity of Victoria's system of government and the audit recommendations which flow from both financial and performance audits are aimed at improving the management of Victoria's finances and resources.

An Auditor-General requires qualities and attributes encompassing integrity of the highest order together with strategic leadership, objectivity and excellent interpersonal, communication and negotiation skills. The position requires the ability to steer an organisation operating in an increasingly complex, sensitive and sophisticated public sector environment.

The incumbent must also have the capacity to lead, develop and motivate the staff of VAGO to achieve the strategic goals of the organisation and to provide assurance to the Parliament and the people of Victoria that public funds are being utilised in an effective, diligent and responsible manner.

4 Recruitment process

4.1 Engagement of a recruitment consultant

To enable a professional national and international search for the best possible candidates for the position, the Committee undertook to engage an executive recruitment consultant.

Assessment and evaluation of tenders for the engagement was undertaken by the Committee in October 2015. The tenders were assessed against specific criteria which broadly related to:

- proposed services, strategy and methodology outlined in the tender;
- proven and relevant experience;
- the ability to meet critical timeframes; and
- conformity with the tender process.

Following this assessment, an interview was conducted with the preferred tenderer to confirm the approach outlined by the firm and to enable the Committee to clarify any specific details regarding the proposed approach to the search and recruitment process.

Odgers Berndtson was selected and engaged by the Committee as the successful tenderer for the provision of specialist services for the recruitment of a new Auditor-General. Managing Director, Odgers Berndtson Australia, Ms Julie Steiner has extensive experience in the recruitment of senior executives in Government, Education, Healthcare, the Cultural sector and Not-for-profit practices. Ms Steiner also has experience with the appointment of Chairs and non-executive directors of Boards of Australian listed companies.

4.2 National and international search process

A national and international executive search strategy was implemented by Odgers Berndtson targeting both national, interstate and international audit offices, public sector organisations and the private sector. In addition, during February and March 2016, advertisements were placed in print and on-line media in *The Australian Financial Review*, *The Australian*, *The Economist* (UK) and the *Financial Times* (UK/USA/Canada). An advertisement was also placed on the Odgers Berndtson global website and the VAGO internal website.

4.3 Selection Panel

The Committee agreed to the establishment of a Selection Panel to oversight and undertake the initial phases of the selection and shortlisting process. The Selection Panel comprised:

- Mr Danny Pearson MP, Chair of the Committee;
- Mr David Morris MP, Deputy Chair of the Committee;
- Ms Sue Pennicuik MLC, Committee Member
- Ms Lyn Provost, Controller and Auditor-General of New Zealand;
- Mr Chris Eccles, Secretary of the Department of Premier and Cabinet; and
- Mr Bill Scales AO

The Selection Panel was supported and advised by Ms Julie Steiner and Ms Caroline Dever of Odgers Berndtson, and assisted by members of the Committee Secretariat.

Ms Lyn Provost, Controller and Auditor-General of New Zealand visited Melbourne on 29 March 2016 to meet with the Committee members on the Selection Panel. The purpose of Ms Provost's visit was to assist Committee members in identifying the key technical and integrity aspects, qualities and attributes of an Auditor-General. The Committee found this contribution to be highly valuable and is very grateful for the generous time and effort provided to the recruitment process by Ms Provost.

4.4 Shortlisting and interviews

Research and talent mapping undertaken by the recruitment consultant, Odgers Berndtson, identified almost 300 potential sources and candidates across Australia, New Zealand, Canada and the United Kingdom. As the initial search process continued, 45 to 50 potential candidates expressed some interest in the position. Finally, a total of 39 formal applications were received. These applications were subject to rigorous review and screening by the recruitment consultant to assess their competence and suitability for the position. Following further review of these applicants, nine candidates were presented to the Selection Panel for review and shortlisting for interview.

The Selection Panel met to consider the detailed candidate reports prepared by Odgers Berndtson for each of the nine candidates. With the support of the recruitment consultant, the Selection Panel selected four candidates for first-round interview. These interviews were conducted on 26 April and 2 May 2016.

Following these first-round interviews, the three Committee members of the Selection Panel recommended two candidates proceed to a final interview with the full membership of the Committee. These interviews were conducted on 31 May 2016.

The Committee attained a unanimous decision on the choice of the preferred candidate for recommendation to the Governor in Council for appointment as the new Auditor-General of Victoria.

5 Recommended appointment

On 8 June 2016, the Committee wrote to the Premier advising of the Committee's decision to recommend that Mr Andrew Greaves be appointed by the Governor in Council as the new Auditor-General of Victoria for a term of seven years.

Mr Greaves has extensive experience in public sector audit at the highest level. He is currently the Auditor-General of Queensland where he has served since December 2011. Prior to this, Mr Greaves worked at VAGO for almost nine years overseeing both financial and performance audits. He also has extensive experience with the Australian National Audit Office.

Mr Greaves is an Executive Fellow of the Australia and New Zealand School of Government, a Fellow of CPA Australia, and of the Institute of Chartered Accountants Australia and New Zealand. He holds a Bachelor of Economics from the Australian National University.

The Governor in Council accepted the recommendation and made the appointment, which was announced by the Committee, on 19 July 2016. Mr Greaves will commence in the role on 19 September 2016.

This report was adopted by the Public Accounts and Estimates Committee at its meeting held on 15 August 2016.

Public Accounts and Estimates Committee

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