

**INQUIRY INTO FOLLOW UP OF AUDITOR-GENERAL'S
2010 FINANCIAL AUDIT REPORTS**

Organisation: The Treasury
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Position: Deputy Secretary
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Theme:

Summary



The Treasury

Mr Jonathan O'Dea MP
Chair
Public Accounts Committee
Legislative Assembly
Parliament of New South Wales
Macquarie Street
SYDNEY NSW 2000

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Our Reference:
Your Reference: D11/06488

Dear Mr O'Dea

Auditor-General's Financial Audit Repeat Recommendations

I refer to your letter of 7 September 2011 requesting an update on Treasury's response to a recommendation by the Auditor-General that the *Public Authorities (Financial Arrangements) Act 1987* (PAFA Act) be amended to address concerns regarding Treasury circular TC06/17. In particular, the Auditor-General has raised concerns that some agencies may be operating without appropriate PAFA Act approvals.

The matter raised by the Auditor-General has been the subject of legal advice on a number of occasions. The current position is as follows:

- The Crown Solicitor has confirmed that where EFT, Cheque Cashing Authority and Tape Transaction facilities do not involve the potential to incur a liability, no PAFA approval is required;
- EFT, Cheque Cashing Authority and Tape Transaction facilities under the Treasury Banking System do not give rise to instances of financial accommodation and therefore no PAFA approval is necessary;
- Treasury processes which see regular reviews of agency PAFA activities should ensure no instances of unapproved financial accommodation occur in respect of EFT, Cheque Cashing Authority and Tape Transaction facilities; and
- No instances of unapproved financial accommodation associated with EFT, Cheque Cashing Authority and Tape Transaction facilities have been reported by the Auditor-General to Treasury.

Given the above, Treasury now believes legislative amendments on this matter are unnecessary. Nevertheless for the avoidance of doubt, Treasury will write to all agencies reminding them that instances of financial accommodation associated with EFT, Cheque Cashing Authority and Tape Transaction facilities must be approved by the Treasurer.

Yours sincerely

Mark Ronsisvalle
Deputy Secretary