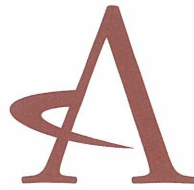


**INQUIRY INTO FOLLOW UP OF AUDITOR-GENERAL'S
PERFORMANCE AUDIT REPORTS OCTOBER 2009 TO
SEPTEMBER 2010**

Organisation: NSW Audit Office
Name: Mr Peter Achterstraat
Position: Auditor-General
Telephone: 9275 7100
Date Received: 8/09/2011

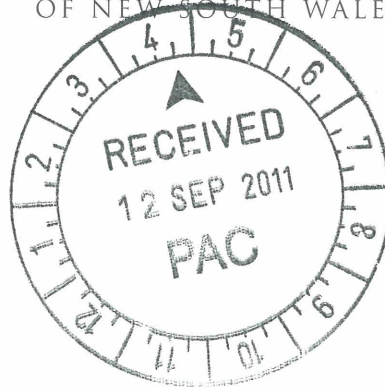
Theme:

Summary



THE AUDIT OFFICE
OF NEW SOUTH WALES

Mr J O'Dea
Chair
Public Accounts Committee
Parliament House,
Macquarie Street
SYDNEY NSW 2000



CONTACT NAME
TELEPHONE
OUR REFERENCE
YOUR REFERENCE

8 September 2011

Dear Mr O'Dea

**Examination of Auditor-General's Performance Audit Report
Severance payments to special temporary employees - Department of Premier and Cabinet**

We have reviewed the submission provided by the NSW Department of Premier and Cabinet concerning the recommendations in the above performance audit report.

Following tabling of the report, we were pleased that the Department accepted most of our recommendations. However, it rejected a key recommendation to only pay severance to special temporary employees in accordance with its guidelines. I remain of the view that severance should only be paid in accordance with the guidelines.

The Department's submission indicates it has completed all actions in response to the recommendations it accepted.

Please find attached our comments on the progress reported in relation to each recommendation in our original report. We have not substantiated the Department's submission.

I am happy to provide any further assistance the Committee may need in completing its examination.

Yours sincerely

Peter Achterstraat
Auditor-General

Attachment

Severance payments to special temporary employees

Recommendation	Accepted or rejected	Actions to be taken	Due Date	Status Comment (completed, on-track, delayed)	Our Comments
Set salary bands for all STE levels and publish these on the DPC website	Accepted	Completed	26 March 2011	Completed	Response is satisfactory.
Record in writing: <ul style="list-style-type: none"> the reason for termination under the Public Sector Employment and Management Act 20002 whether or not the job has been abolished 	Accepted	Completed	26 March 2011	Completed	Response is satisfactory.
Only pay STEs severance in accordance with the guidelines	As Director General, I will retain the right, consistent with my statutory powers, to make exemptions to the guidelines when appropriate. As evidenced by the Audit Report, this occurs very rarely, but I intend to retain this flexibility. If these powers are exercised the Director General will document the reasons.	Completed	N/A	Completed	Severance should be paid in accordance with the guidelines. However, given the recommendation was rejected we accept that status is 'completed'.
Obtain taxation advice on whether STE severance pay should be treated as a redundancy for tax purposes	Accepted	Completed	26 March 2011	Completed	Response is satisfactory.
Review the NSW severance guidelines before the next general-election in March 2011 and consider: <ul style="list-style-type: none"> the effect, if any, of the taxation advice adopting different levels of severance pay depending on the reasons for termination 	Accepted	Completed	26 March 2011	Completed	Response is satisfactory.