

**Submission
No 3**

EXAMINATION OF SELECTED AUDITOR-GENERAL'S FINANCIAL AUDIT REPORTS 2021

Organisation: NSW Treasury

Date Received: 17 June 2022

Mr Greg Piper
Chair, Public Accounts Committee
Parliament of New South Wales
Macquarie Street SYDNEY NSW 2000

Dear Mr Piper

Thank you for your letter dated 6 June 2022 requesting an update on NSW Treasury's progress and actions taken to date on two recommendations within the Auditor-General's reports on State Finances 2021.

NSW Treasury acknowledges the importance of the Public Accounts Committee in overseeing recommendations from the Auditor-General and we welcome the opportunity to provide the following update.

Recommendation: NSW Treasury establish a policy to determine the minimum expected rate of return on its equity injections into public sector entities.

NSW Treasury has been consulting with the Audit Office on the development of a policy to detail the minimum expected rate of return on equity injections into public sector entities. NSW Treasury has advised the Audit Office the proposed policy is expected to draw on the principles of a similar Commonwealth Government policy. In the first instance, it is anticipated that the policy will apply to State-Owned Corporations. This policy is expected to be completed no later than August 2022. NSW Treasury will continue to engage with the Audit Office and the Australian Bureau of Statistics in finalising the development of the proposed policy.

Recommendation: Given the continued identified instances of non-compliance with sections 4.6(1) and 5.5(3) of the Government Sector Finance Act 2018, NSW Treasury needs to promptly improve the guidance it provides agencies to ensure that expenditure of public monies is properly supported by authorised delegations.

In responding to the Auditor General's recommendation, NSW Treasury considers the central priority is to strengthen and reinforce communication of the need to maintain proper delegation practices.

The NSW Treasury [website](#) contains guidance on financial delegations under the *Government Sector Finance Act 2018*. Under the Act, each Accountable Authority has the responsibility to have an effective internal control environment, risk management practices and compliance framework suitable for their agency, including an established delegation manual.

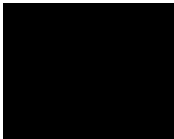
NSW Treasury will issue further correspondence to agencies during June to remind them of the need to maintain effective delegation arrangements as required under the Act.

More generally, NSW Treasury has regular engagement with all clusters to remind them of their obligations under the Act. Most recently, the NSW Treasury Audit & Risk Committee Chair issued

correspondence to remind Cluster Audit & Risk Committees of the importance of a strong internal control environment, effective risk management and compliance frameworks being in place.

I trust this information is of assistance to the Committee.

Yours sincerely



Paul Grimes PSM
Secretary
NSW Treasury

17 June 2022