

# Integrity Agency Funding: The case of Australasian Auditors General\*

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**Abstract:** There have been calls for greater financial independence for integrity agencies, and this paper seeks to advance understanding of the options available to achieve this by assessing the legislation and issues for Australasian Auditors General. Audit offices are the oldest form of integrity agency and have the most detailed previous consideration of their financial independence. The paper identifies four characteristics: control, transparency, adequacy and certainty and key features for each. Analysis indicates that in four jurisdictions the Executive keeps a tight rein, in three there is a recognition for a significant role for the Parliament and in the remaining two this role is dominant. As there isn't a consistent approach to funding and there are many differences of detail, the paper develops a checklist of key provisions to inform decisions regarding the funding of audit offices and integrity agencies more generally. The paper observes that an increased role for Parliament in funding can raise new challenges for independence including the tensions between the interests of Government and Opposition MPs and the ability of committees to function effectively.

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## INTRODUCTION

There have been recent expressions of concern regarding the resourcing of integrity agencies. For instance, an assessment of the resourcing of integrity agencies resulted in a call for '[g]reater financial independence for all core integrity agencies'.<sup>2</sup>

The funding of integrity agencies has also been the subject of a recent New South Wales (NSW) Public Accountability Committee (PAC) inquiry which observed that 'the independent oversight bodies are responsible to Parliament, not the government, and require independence from the government to carry out their functions'.<sup>3</sup> The Committee identified two important considerations: transparency to Parliament and the relevant agency for decisions made about funding for the integrity agencies; and structured oversight by Parliament of the performance and financial management of the integrity agencies.<sup>4</sup>

In Victoria, individual integrity agencies have campaigned for additional funding. In late 2020 the Ombudsman was reported as stating that the office had gone into a \$5 million deficit the previous year and that the recent State Budget allocation fell about \$2 million short of the \$21 million spent last year, which would mean it would likely need to run a deficit again to do the 'core minimum'.<sup>5</sup> By mid 2021 the Ombudsman reported that the office had received a modest increase but that '... the increase falls short of what I requested, not allowing me to both implement my new legislative mandate and

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<sup>2</sup> A. J. Brown et al, 'Australia's National Integrity System: The Blueprint for Action', Transparency International Australia & Griffith University, 2020, p. A-03. [https://transparency.org.au/wp-content/uploads/2020/11/NIS\\_FULL\\_REPORT\\_Web.pdf](https://transparency.org.au/wp-content/uploads/2020/11/NIS_FULL_REPORT_Web.pdf).

<sup>3</sup> Public Accountability Committee, *Budget process for independent oversight bodies and the Parliament of New South Wales: Final report*, 2021, p. 4. <https://www.parliament.nsw.gov.au/lcdocs/inquiries/2558/Report%20No%207%20-%20Final%20Report%20-%20PAC%20-%20Budget%20Process.pdf>.

<sup>4</sup> PAC NSW, *Budget process for independent oversight bodies* p. 7.

<sup>5</sup> J. Dunstan, 'Daniel Andrews says fears Victorian Ombudsman's budget politically motivated 'simply wrong''. *ABC News Online*, 2 December 2020, Accessed at: <https://www.abc.net.au/news/2020-12-02/victorian-ombudsman-funding-call-rejected-by-daniel-andrews/12942052>.

continue with the existing work'.<sup>6</sup> A few months later the Ombudsman reported that the Treasurer had given a commitment to make up the shortfall.<sup>7</sup>

The (IBAC) Commissioner reported in mid 2021 welcomed additional funding of \$20 million over four years but noted that '... additional funding will be required in coming years'.<sup>8</sup>

This paper focuses on the legislative provisions and issues for audit offices and Auditors General as the integrity agencies with the longest history and the most detailed previous consideration of this aspect of their independence. It provides a checklist of key provisions to ensure that resourcing is independent of the Executive and adequate to meet the needs of the Parliament and the community. The checklist has four categories: control and influence on the level of funding; transparency; adequacy of funding; and certainty.

## BACKGROUND

A review of the independence provisions in the enabling legislation of Australian Auditors General published in 2003 assessed whether Parliament determined appropriations or whether the legislation was silent on the matter. It also identified whether fees for financial statement audits were determined by the Auditor General or by the Treasurer, or whether the legislation was silent.<sup>9</sup> However there has been considerable change to legislation since then.<sup>10</sup>

A comparative assessment of independence of Australasian Auditors General has been funded by the Australasian Council of Auditors General (ACAG) in 2009, 2013 and most

<sup>6</sup> Victorian Ombudsman, *Annual Plan 2021-22*, 2021, p.3. Accessed at: <https://assets.ombudsman.vic.gov.au/assets/Victorian-Ombudsman-Annual-Plan-2021-22.pdf>.

<sup>7</sup> Victorian Ombudsman, *Annual Report 2021*, p. 7. Accessed at: <https://assets.ombudsman.vic.gov.au/assets/VO-ANNUAL-REPORT-2021.pdf>.

<sup>8</sup> R. Redlich, Message from the Commissioner - June 2021, <https://www.ibac.vic.gov.au/publications-and-resources/ibac-insights/issue-28/message-from-the-commissioner---june-2021>.

<sup>9</sup> M. de Martinis and C. Clark, 'The accountability and independence of the auditors-general of Australia: A comparison of their enabling legislation', *Australian Accounting Review* 13(3), 2003, pp. 30–31.

<sup>10</sup> G. Robertson, 'Independence of Auditors General: A 2020 update of a survey of Australian and New Zealand legislation'. Australasian Council of Australian Auditors, 2020. Accessed at: <https://www.acag.org.au/files/Final%20Report%20on%20Independence%20of%20Auditors%20General.pdf>.

recently in 2020.<sup>11</sup> Key legislative components identified as contributing to managerial and resourcing independence are ‘Financial autonomy or the independence of the process for establishing the budget for the Auditor General from the Executive’ and ‘Drawing rights on appropriated resources and to whom resources are appropriated and its independence from the Executive’.<sup>12</sup>

As the level of resourcing is a key determinant of the ability of the audit institution to fulfil its mandate it is important that decisions on this are not made or significantly shaped by the Executive. This is captured by Robertson as ‘... leaving the budget for the Auditor General in the hands of the Executive could enable the Executive to starve the Auditor General of financial resources, thereby rendering him or her ineffectual’.<sup>13</sup> Where the Executive loses control of the audit office budget the Government may feel uncomfortable about its accountability for public finances. Some relief is provided for this discomfort if the committee and Parliament are required to take account of the Government’s financial strategy and circumstances.

Independence is a fundamental feature of audit and it is recognised internationally that to be effective the external public sector function needs to be independent of the Executive. A United Nations’ General Assembly resolution *Promoting the efficiency, accountability, effectiveness and transparency of public administration by strengthening supreme audit institutions* in 2012 recognised that ‘... supreme audit institutions can accomplish their tasks objectively and effectively only if they are independent of the audited entity and are protected against outside influence’.<sup>14</sup> Closer to home, the Commonwealth Auditor-General has said that ‘[i]ndependence is the foundation on which the value of an audit is built’.<sup>15</sup>

While these statements suggest a binary situation — independent or not — it is important in the analysis here to recognise that there are degrees of independence. It

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<sup>11</sup> Robertson, *Independence of Auditors General*.

<sup>12</sup> Robertson, *Independence of Auditors General*, pp. 45–46.

<sup>13</sup> Robertson, *Independence of Auditors General*, p. 47.

<sup>14</sup> Australian National Audit Office, Submission #2, Joint Committee on Parliamentary Accounts and Audit, *Review of the Auditor-General Act 1997*, Parliament of Australia. 2020, p. 69. Accessed at: [https://www.aph.gov.au/Parliamentary\\_Business/Committees/Joint/Public\\_Accounts\\_and\\_Audit/Auditor-GeneralAct1997/Submissions](https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Public_Accounts_and_Audit/Auditor-GeneralAct1997/Submissions).

<sup>15</sup> Australian National Audit Office, *Auditor-General’s mid-term report*, 2020, p. 10. Accessed at: <https://www.anao.gov.au/work/speeches-and-papers/auditor-general-mid-term-report>.

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has been suggested in this regard that there have been ‘... multiple and often conflicting beliefs about what is and what ought to be the nature of independence in public sector audit’, pointing in particular at ‘... executive controls over the financial and human resource levels of the auditor-general’s office’.<sup>16</sup> It is therefore relevant to consider here the variety of legislative provisions for financial independence across Australasia, ‘Australasia’ in this context including all eight Australian States and Territories and New Zealand. The extent of audit independence can be considered as a spectrum, this illustrated by ten Executive Influence levels used in the ACAG project to score key legislative factors, these including Silent or Executive decides, Parliament consulted, Parliament veto, Parliament recommends, Parliament decides, Independent body decides, Parliament decides, Auditor General decides, Legislation mandates and Constitution mandates.<sup>17</sup>

Distilled from these sources and further analysis are four resourcing-related characteristics for the independence and effectiveness of Auditors General. These are:

1. Control and influence on the level of funding
2. Transparency, including about how the funding level is set
3. Adequacy of funding
4. Certainty, both for the year and years ahead

Following the assessment of Australasian practices in relation to these four characteristics the paper identifies the key features for each to ensure that Auditors General can be effective in fulfilling their role providing independent information, analysis and recommendations to Parliament and the community. In a concluding section the paper considers the applicability of these findings for the wider community of integrity agencies.

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<sup>16</sup> W. Funnell, Executive Encroachments on the Independence of the Commonwealth Auditor-General. *Australian Journal of Public Administration* 55(4), 1996, pp. 109-10.

<sup>17</sup> Robertson, *Independence of Auditors General*, p. 5.

## CONTROL AND INFLUENCE ON THE LEVEL OF FUNDING

Traditionally budgets for audit office work other than financial statement audits are set by the Executive through the normal budget processes. The Auditor General is required to complete standard budget documentation and for this to be processed by the Treasury and Cabinet processes to be a part of the budget Bills submitted to Parliament. While the audit component of the Bills can be debated the Bills are voted on as a whole.

The most detailed consideration of the issues surrounding the resourcing of an audit office was undertaken by the Western Australian Commission on Government (COG). It formed the view that it was not appropriate for the Executive to determine the relative priority of the state audit function in light of its other policy priorities and recommended that the budget of the audit office be determined by a joint Parliamentary Committee which had to give consideration to any advice from the Treasurer. COG specifically considered arguments raised that the Government would lose control of the budget if a Parliamentary Committee was to determine the resources to be allocated to the audit office. After detailed review of the arrangements it recommended that the office budget should be provided through permanent appropriation. It also recommended that the joint Parliamentary Committee could consider requests for additional funding to complete the office's work program and if it determined that the additional funding was warranted the request for additional funds would be submitted to the Treasurer to draw the funds from the Treasurer's Advance Account.<sup>18</sup> In its analysis COG noted that a Parliamentary Committee had emphasised the importance of providing the Auditor General with sufficient flexibility and discretion with regard to the Office's budgetary and expenditure controls and financial autonomy.<sup>19</sup>

In terms of current arrangements, the NSW, Northern Territory (NT), South Australian (SA) and Tasmanian (Tas) legislation is silent regarding the budget for the audit office so it is subject to processes set by and decisions made by the Executive, with the

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<sup>18</sup> Commission on Government, Report 1, State Law Publisher, Western Australia, 1995, p. 241,. Accessed at: [https://www.slp.wa.gov.au/publications/publications.nsf/DocByAgency/5F56D2C4E29C477B48256983000CA043/\\$file/report1.pdf](https://www.slp.wa.gov.au/publications/publications.nsf/DocByAgency/5F56D2C4E29C477B48256983000CA043/$file/report1.pdf)

<sup>19</sup> Commission on Government, *Report 1*, p. 238.

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Parliament being presented with appropriation bills and only then, through estimates hearings, is it possible to ask questions about the funding.

Broadly similar levels of consultation with a Parliamentary committee exist for Queensland, Victoria, WA, the Commonwealth and the Australian Capital Territory (ACT), but each has unique features. For instance, the Queensland legislation requires that the Treasurer must consult the Parliamentary Committee in developing the proposed budget, the Treasurer having received estimates prepared by the Auditor-General.

Where committees are involved, in addition to the ACT provisions requiring a statement of reasons, only in WA is there an onus on the Government to consider recommendations of the committee, this not being included in the ACT, Queensland, Victorian and Commonwealth legislation.

The New Zealand (NZ) Auditor-General submits estimates that include expenses and revenue to the Officers of Parliament Committee which is chaired by the Speaker. The Committee 'approves and recommends' the budget and the Parliament may then commend this to the Governor-General. Any alteration to the vote during the year is subject to the same provisions and the Speaker has the status of a responsible Minister.

To the extent that Ministers or the Parliament have the power to direct an Auditor General to undertake any kind of work it is essential that additional funding is available for this purpose. This is catered for in the NSW legislation which provides that the costs and expenses for such work are '... out of funds available for the expenditure of Parliament or of the Minister (as the case requires), such amounts at such times as the Treasurer decides.

In a submission to the Joint Committee of Public Accounts and Audit (JCPAA) review of the audit legislation the ANAO proposed that it receive appropriations in the same way as other Parliamentary Departments. It drew parallels with the recently established Parliamentary Budget Office.<sup>20</sup>

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<sup>20</sup> Australian National Audit Office, Supplementary Submission #2.2, Joint Committee on Parliamentary Accounts and Audit, *Review of the Auditor-General Act 1997*, 2020, p. 22, [https://www.aph.gov.au/Parliamentary\\_Business/Committees/Joint/Public\\_Accounts\\_and\\_Audit/Auditor-GeneralAct1997/Submissions](https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Public_Accounts_and_Audit/Auditor-GeneralAct1997/Submissions).

The Treasurer determines the fees for financial statement audits in four states (NSW, SA, Tas and Qld) and the NT legislation silent on the issue other than for certain request audits. The Auditor General sets the fees in five jurisdictions (ACT, Commonwealth, NZ, Vic and WA), however, this may still be subject to broader control by the Executive. For instance, the WA audit office is subject to an overall expense limit. Whether financial and similar audits should be funded by the Parliament warrants careful consideration. It clarifies that the work is being conducted for the Parliament rather than for the Government but does not provide a direct financial incentive to audit entities to be well prepared for the audit. Where fees are charged, resourcing independence indicates that the fees should be set by the auditor general and not the executive.

Whether a role for the Parliament and/or its committees is beneficial will depend on the circumstances at the time, including whether the Government has the majority in both Houses and on the committee, and even whether the chair of the committee is a member of the Government and potentially an aspiring Minister. There can be problems with a reliance on joint committees. For instance, a WA joint committee took six years to establish after the legislation was passed and has not been particularly active since. The committee recommended after three years of operation that the Act be amended to abolish the joint committee and re-allocate responsibility for making recommendations on the audit budget to the pre-existing upper house committee.<sup>21</sup>

## TRANSPARENCY

If the audit office is treated as a consolidated fund department there would not be any requirement for disclosure of differences in view between the Auditor General and the parties in government involved in setting the funding levels in the Budget Bills presented to Parliament. Exceptions to this may be responses to questions raised during estimates hearings or, if the legislation permits, the Auditor General may table a report in Parliament that sets out the case for a certain level of funding.

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<sup>21</sup> Joint Standing Committee on Audit, *Review of the operation and effectiveness of the Auditor General Act 2006*, Parliament of Western Australia, 2016, p. 44. Accessed at: [https://www.parliament.wa.gov.au/Parliament/commit.nsf/\(ReportsAndEvidence\)/990219A1B6E07E0B4825801A000DD7AB?opendocument](https://www.parliament.wa.gov.au/Parliament/commit.nsf/(ReportsAndEvidence)/990219A1B6E07E0B4825801A000DD7AB?opendocument).

The work of the New Zealand the Officers of Parliament Committee in relation to the 2020 budget illustrates the transparency benefits of its role. Public access is provided to a detailed submission by the Auditor-General setting out the case for the funding requested, including key assumptions and risks; the Treasury assessment of this submission; and a report by the Committee which has assessed the submissions.<sup>22</sup>

A different transparency provision exists in the ACT where the legislation requires that the Treasurer present a statement on the reasons when the appropriation amount is less than the amount recommended by the Speaker.

The Western Australian COG identified that it is important that the Auditor General has the ability to report to the Parliament on any matter, including the adequacy of the resources allocated to the audit office.<sup>23</sup> and the WA legislation provides a broad power to report on any 'matter of significance' at any time.

Commonwealth legislation requires that the Minister must report to the JCPAA as soon as practicable any requirement made by a Minister for the Auditor-General to provide reports, documents or information to the Minister and that the reasons for requiring the information must be provided and disclosed in the annual report prepared by the Auditor-General. However, the ANAO highlighted the extent of Ministerial control of the budget process and the effects on transparency when there have been late budget changes such as in 2018 when the Auditor-General was advised by the Treasurer that he was not able to inform the JCPAA directly of the changes made to the ANAO's budget.<sup>24</sup>

Independence can be maintained while keeping the Executive informed but care is needed to ensure that such provisions do not impinge on independence by creating requirements regarding the content or structure of the information. For instance, the NSW audit office is subject to other aspects of the budget process, including that it is expected to report to the Department of Premier and Cabinet on budget and performance outcomes.<sup>25</sup>

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<sup>22</sup> Officers of Parliament Committee, *Alterations to the 2019/20 appropriations for Vote Audit: Report of the Officers of Parliament Committee*, Parliament of New Zealand, 2020. Accessed at:

[https://www.parliament.nz/resource/en-NZ/SCR\\_97587/6f12d5e426f4ee2ae7b090392d9424999d158202](https://www.parliament.nz/resource/en-NZ/SCR_97587/6f12d5e426f4ee2ae7b090392d9424999d158202).

<sup>23</sup> Commission on Government, *Report 1*, p. 239.

<sup>24</sup> ANAO, *Submission 2*, p.8.

<sup>25</sup> Public Accountability Committee, *Budget process*, p. 30.

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To protect independence financial reporting and disclosure requirements could more appropriately be set by a Parliamentary committee with it having considered submissions from the Executive and other stakeholders what and how an audit office should report on its performance and operations.

The New Zealand legislation requires that the budget Minister consult the Speaker over proposed significant changes to the format or content of information presented with Appropriation Bills and consider any comments received, this giving some protection to the information requirements that may be required of the Auditor-General.

## **ADEQUACY OF FUNDING**

The level of funding should be linked to the workload imposed by the legislation and the priorities of the Parliament. However, how it is not straightforward to establish in advance whether the funding provided is adequate.

A commonly aired concern is the number of performance audits that can be conducted each year. This has been a significant issue in discussion of the adequacy of the funding of the ANAO. However, the number of audits in isolation is a relatively weak guide to the adequacy of the resourcing as the scale and cost of a group of performance audits can vary by a substantial amount.

Audit office resources as a share of all government expenditure has been used to identify the resourcing of the ANAO over a 30 year period<sup>26</sup> and government expenditure could reasonably be extended to consider government revenue and assets.

While the Auditor-General has sought an exemption from efficiency dividends from 2020-21 onwards, the JCPAA's majority recommendation was that the ANAO not be exempt from the efficiency dividend as the majority was of the view that the measure continues to serve an important role in ensuring efficiencies are generated across a broad range of agencies.

It is important that a range of indicators are used and that it is recognised that they require interpretation and consideration of changing contexts when assessing changes

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<sup>26</sup> Brown et al, *Australia's National Integrity System*, p. A-09.

over time. However, most legislation does not specify the types of workload information that would be required to support the budget bids by the audit office. An exception is Victoria where the Auditor-General must provide to the Committee a draft annual plan describing the proposed work program and the legislation specifies that ‘... the budget for each financial year is to be determined in consultation with the Parliamentary Committee concurrently with the annual plan’.

In addition to assessing the adequacy of resourcing by linking it to workload, another perspective is the value generated. While this is illustrated in the content of annual reports and similar presentations, there is potential that modelling based on the return on investment could be helpful. An assessment of the resourcing of integrity agencies resulted in a call for guaranteed sustainable funding and suggesting a ‘more detailed analysis such as a Productivity Commission inquiry would shed light on the full return on investment (ROI) and investment needs of Australia’s integrity agencies’.<sup>27</sup>

## **CERTAINTY FOR THE YEAR AND YEARS AHEAD**

The funds appropriated to an audit institution need to be ring fenced so that they cannot be transferred to other purposes. It should be possible for additional funding to be provided during the year if it is needed to meet unforeseen circumstances. Drawing rights should not be subject to the control of the Executive, and for this reason, the appropriation should be to the audit institution and not as part of a larger grouping or subject to transfers under decisions by a Minister.

Within the budget year, the Commonwealth legislation guarantees availability of the full amount of the Parliamentary appropriations, although the Finance Minister can issue directions that control the timing of when funds will be released. In Victoria, the Auditor General is empowered to incur expenditure up to the appropriated amount.

The New Zealand Speaker is the ‘Vote Minister’ responsible for the audit appropriation, ensuring that the Executive is not able to constrain the use of the appropriation. Furthermore, as the vote is specifically for audit the Speaker can’t shift funds from audit to other areas during a budget year.

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<sup>27</sup> Brown et al, *Australia’s National Integrity System*, p. A-03 and A-09.

More generally, most other jurisdictions do not protect the Auditor General's drawing rights up to the appropriated amounts leaving the potential for this in effect being reduced by the Executive. The NSW audit office is exceptionally vulnerable to government influence, for example as the appropriation is in effect to the Premier, the Auditor-General having commented that the arrangement threatens independence.<sup>28</sup>

All jurisdictions operate on a single year appropriation with forward estimates so like other entities coming under the budget it is difficult to schedule work and implement longer term initiatives. Audit institutions like many other agencies would benefit from greater certainty than a single year's appropriation. An assessment of the resourcing of integrity agencies resulted in a call for '4-year, direct budget allocations by parliament'.<sup>29</sup>

## DISCUSSION AND CONCLUSION

It is evident from the assessment of the four categories above that, on a spectrum between the Executive or the Parliament having a dominant role, the legislation in NSW, NT, SA and Tasmania indicates a tight rein is maintained over the resourcing of audit. The legislation in Qld, Vic, WA and the Commonwealth shows a recognition for a significant role for the Parliament whereas in the ACT this role is dominant and in NZ it provides a high degree of financial independence.

The NSW ICAC identified that '... it would be to the substantial benefit of the Parliament to have an independent and objective assessment undertaken for it by a person who possesses a requisite degree of financial and budgetary experience.<sup>30</sup> It went on to propose a central role for an eminent person as an option which could eliminate the roles of both the Executive and the Parliament in determining its appropriation. It indicated that the eminent person would assess ICAC's funding requirements and also have the role of '... approving the need for any additional funding during the course of

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<sup>28</sup> Public Accountability Committee, *Budget process*, p. 32.

<sup>29</sup> Brown et al, *Australia's National Integrity System*, p. A-03.

<sup>30</sup> Independent Commission Against Corruption, *Special Report: The need for a new independent funding model for the ICAC*, New South Wales, 2020, p. 32. Accessed at: <https://www.icac.nsw.gov.au/about-the-nsw-icac/nsw-icac-publications/nsw-icac-corporate-publications/section--75-reports>.

the financial year to cover unexpected demands'.<sup>31</sup> It argued that this model can provide both certainty and flexibility and explored in detail how the eminent person would be appointed and how the funds would be appropriated. A variant is the proposal for an Independent Funding Tribunal.<sup>32</sup> These approaches have not been adopted in any Australasian jurisdiction, but given concerns expressed about potential conflicts of interest for the Executive and for Parliamentary committee members the idea is worthy of consideration.

There are many differences of detail in the provisions and there isn't a coherent framework to assess current legislation and guide discussion about potential changes. For this reason the information above has been used to develop a checklist of key provisions to achieve the purpose of ensuring resourcing of audit offices is independent of the Executive and adequate to enable it to meet the needs of the Parliament and the community (Table 1).

**Table 1. Checklist of key provisions**

<b>Control and influence on the level of funding</b>
Eliminate control by the Executive but ensure it is consulted Consider if financial and similar audits should be funded by the Parliament.
After receiving information from the Auditor General and the Government enable a Parliamentary committee to recommend to the Parliament (1) the budget amounts as a direct appropriation; and (2) the form and content of the budget information. Adopt measures to ensure the committee is not dominated by Government or Opposition members.
Consider a role for an independent budget assessor or tribunal
To the extent that Ministers or the Parliament have the power to direct an Auditor General to undertake any kind of work ensure that additional funding is made available for this purpose
<b>Transparency</b>
Have the advice provided by the Auditor General and the Government to the committee made public as soon as possible

<sup>31</sup> Independent Commission Against Corruption, *Special Report*, 2020, p. 34.

<sup>32</sup> Centre for Public Integrity, 'Protecting the integrity of accountability institutions: an independent funding model', 2021. Accessed at: <https://publicintegrity.org.au/wp-content/uploads/2021/05/Briefing-paper-Independent-Funding-Tribunal.pdf>.

To the extent the Government has some control over setting the office's budget, ensure that it must take account of the committee's recommendations and makes public reasons for any variation as soon as possible
Empower the committee to vary any reporting requirements imposed on the audit office by the Executive
Ensure that the Auditor General has a broad power to report on any matter of significance at any time
<b>Adequacy of funding</b>
Level of funding to be linked to the workload imposed by the legislation and the priorities of the Parliament. Include a work plan, a range of indicators, qualitative information, and modelling of the return on investment.
<b>Certainty</b>
Prevent (1) transfer of appropriated funds to purposes other than audit; and (2) any restrictions on when the funds can be accessed through the year. Any changes during the year to require the same process as setting the appropriation.
Have budgeting set on a four-year rolling cycle.

The four resourcing-related characteristics for independence and effectiveness warrant detailed consideration in relation to the legislation of any independent agency. How Parliaments view the resourcing arrangements for their integrity agencies may be influenced by how they are themselves resourced, although differences can be accommodated. For instance, the New Zealand Auditor-General has greater resourcing independence from the Executive than the Parliament, the Parliament being treated largely as if it is a department for resourcing purposes.

An increasing dependence on Parliament for funding can raise new challenges for independence including the tensions between the interests of Government and Opposition MPs, potential conflicts of interest for MPs and the ability of committees to function effectively. It has been argued that integrity agencies should be conceived of as satellites, dependent on the Parliament but being neither too close or too distant.<sup>33</sup> This creates an onus on both the Parliament and the integrity agency to monitor and respond to any situations where resourcing issues are creating tensions regarding independence or effectiveness.

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<sup>33</sup> P. Wilkins, 'Watchdogs As Satellites Of Parliament'. *Australian Journal of Public Administration* 75(1), 2015, pp. 8-27.

Further research and the application of characteristics relating to the resourcing of integrity agencies would assist in advancing understanding and potentially strengthening the independence and effectiveness of the agencies involved. This research could build on existing research and reports and assist Parliaments to decide on integrity agency funding arrangements suited to the context. Consideration could also be given to the oversight and accountability of the the integrity agency's performance and financial management as an important complement to any funding system.