



22-23 March 2017

Themes from recent Inquiries by the Auditor-General

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Inquiries

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- Public Audit Act 2001
 - (1) The Auditor-General may inquire, either on request or on the Auditor-General's own initiative, into any matter concerning a public entity's use of its resources*
- Ability to find out and tell a story about something of public interest and concern
- “Descriptor-General”



Inquiries – recent themes and messages

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- Transparency
- Commercial sensitivity and behaviour vs public scrutiny
- Process does matter – supports transparency and fairness
- Competing interests where there are public and private involvement, and private sector expertise
- Conflicts of Interest



Saudi Sheep Inquiry

- Arrangement between NZ and a company of a Saudi Arabian investor
- Established an 'Agrihub' in Saudi Arabia (a breeding operation) and the export of live sheep for breeding
- A contract for services - \$4m payment and \$6m of goods and services for the Agrihub
- Not a simple story



Saudi Sheep Inquiry

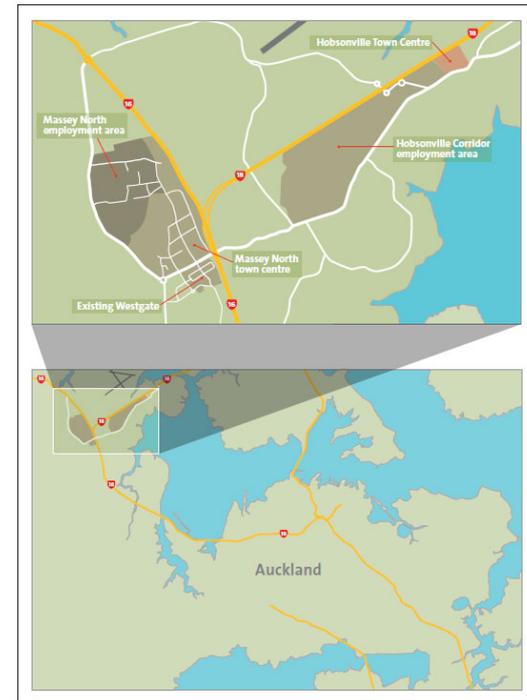
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- No evidence of corruption.
- Significant shortcomings in the paper put to Cabinet ... The contract's benefits, settlement component and calculation of amounts were unclear.
- “Without transparency, people will speculate. This report is an opportunity for the complete story to be told.”
- “We should all continue to demand transparency in how our public resources have been used and what was achieved with our money.”



Massey North/Westgate

- Concerns about the balance of public and private costs and benefits of Auckland Council's project
- Transition from Waitakere City Council to Auckland Council 1 November 2010
- Law firm report to Auckland Council about pre-1 Nov arrangements (treated as commercially sensitive and legally privileged)
- Details about that report and the development were not readily available to councilors and the public





Massey North/Westgate

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- Need the right balance between commercial sensitivity, legal privilege and being open
- That openness encourages public debate and accountability
- Negotiations with private parties might be sensitive now – can/should make more information available later
- “... this exercise has highlighted once again the importance of not just making good decisions but also being able to show that good decisions have been made. This is especially so in times of change.”



Conflicts of interest

- Conflict of interest not a problem in itself
- Especially significant in the public sector – private sector expertise
- No simple set of rules; careful judgement required
- Queenstown Lakes District Council
 - CE family trust owning land in a proposed special housing area
 - No influence by the CE; appropriate mitigation steps; affected responsibilities
- Ashburton District Council
 - Elected members and a decision to build a second bridge
 - Questions about conflicts are “more likely to be grey than black and white”.



A couple of “final thoughts”

- Process does matter - not an end in itself or barrier to innovation but ensures transparency and fairness (Sky City)
- “...complacency is not an option....Transparency is the best foil for corruption (Saudi Sheep *Auditor-General’s Overview*).



Questions

