



Briefing on the Controller and Auditor-General

Report of the Officers of Parliament Committee

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Briefing on the Controller and Auditor-General

Recommendation

The Officers of Parliament Committee, having been advised of Martin Matthews' resignation as Controller and Auditor-General, recommends that the House take note of its report.

Summary

We undertook a briefing to review Martin Matthews' suitability for the role of Controller and Auditor-General in light of the fraud perpetrated at the Ministry of Transport in his time as Chief Executive.

As we were concluding our consideration of the matter, Mr Matthews tendered his resignation, in writing, to the Speaker of the House. His resignation concluded the matter we were considering.

Background to the review of Mr Matthews' appointment

Martin Matthews was appointed as Controller and Auditor-General in late 2016, on the recommendation of this committee. He took up the position on 1 February 2017.

In the following months, Mr Matthews' appointment was the subject of considerable public and media interest because of a major fraud committed by Joanne Harrison at the Ministry of Transport while he was its chief executive. Concerns were raised about Mr Matthews' suitability to hold the role of Controller and Auditor-General.

In response to these concerns Mr Matthews asked that a review be conducted by an independent person to determine his suitability to hold the role. He informed us that he would stand aside while the review took place. (We note that he elected not to receive any remuneration during this period.) On 24 May 2017, we agreed unanimously to initiate a briefing, and through the Clerk of the House we appointed Sir Maarten Wevers as an independent adviser to conduct the review and report back to us.¹

Terms of reference for the review

As the terms of reference for the review, we asked the independent adviser to:

- investigate and report on the suitability of Martin Matthews to hold the role of Controller and Auditor-General based on his career history and performance, including but not limited to his time as Chief Executive of the Ministry of Transport

¹ Report of the Officers of Parliament Committee, Briefing on the Controller and Auditor-General, 24 May 2017.

- investigate and report on whether there were any material and relevant matters that could have made a difference to the committee's decision to recommend Martin Matthews' appointment as Controller and Auditor-General that were not available to the committee at the time it made its decision.

Statutory basis for the Auditor-General's position

Under the Public Audit Act 2001, the Auditor-General is an officer of Parliament, appointed by the Governor-General on the recommendation of the House of Representatives for a fixed term of up to seven years.² An Auditor-General may not be reappointed. This, and the unusually long term, recognise the important independence expected of the office as the public watchdog and auditor of every public entity.

At the heart of our consideration was the constitutionally important role performed by the Controller and Auditor-General, and therefore the need for the office holder to demonstrate the highest standards of judgement, and to have a reputation that is beyond question.

Process followed in our consideration

Sir Maarten Wevers completed his review at the end of June, and provided his draft report to the Clerk of the House. In the interests of natural justice, we did not ask to receive the report at that stage, as we wanted first to allow Mr Matthews to read it and have an opportunity to respond. We therefore arranged for the draft report to be provided to Mr Matthews for comment, without it being seen by members of the committee. We resolved to give Mr Matthews until 24 July to provide a response to the committee. We also authorised the Clerk of the House to provide Mr Matthews with such documents collected during Sir Maarten's review as the Clerk considered appropriate to release. This amounted to a significant volume of documents.

On 24 July we received both Sir Maarten Wevers' draft report and a report in response prepared by Mr Matthews' legal counsel.

Resignation of Mr Matthews

As we were considering this matter Mr Matthews tendered his resignation in writing to the Speaker of the House, with immediate effect. His resignation therefore brings to an end the matter before us.

² Public Audit Act 2001, s. 7(1) and (2), and Schedule 3, cl. 1(1).

Appendix

Committee procedure

We met between 24 May and 2 August 2017 to consider this briefing.

Committee members

Rt Hon David Carter (Chairperson)
David Clendon
Hon Te Ururoa Flavell
Hon Trevor Mallard
Jami-Lee Ross
Carmel Sepuloni
Barbara Stewart

Rt Hon Winston Peters and Ron Mark replaced Barbara Stewart for some of our consideration.

Eugenie Sage replaced David Clendon for some of our consideration.