

Financial Management (Territory Authorities) Declaration 2012 (No 1)

Notifiable instrument NI2012–128

made under the

Financial Management Act 1996, s3B(1) (Declaration that certain bodies are not territory authorities for Act)

EXPLANATORY STATEMENT

The Teachers Quality Institute (TQI) is to remain as a Territory authority under the *Financial Management Act 1996* (the Act). The declaration has been made to omit TQI from certain reporting requirements, which were imposed when TQI was established under the *ACT Teachers Quality Institute Act 2010* (TQI Act).

TQI operates as an authority with responsibilities to undertake pre-service teacher education accreditation, teacher registration and teacher certification. TQI was set up largely as a cost recovery operation – i.e. one funded from a mix of appropriations and fees.

Treasury considers that all provisions of Part 8 should apply to TQI, except for:

- ss61-62 (Statement of Intent);
- ss63-67 (Annual Financial Statements); and
- ss68-71 (Statements of Performance).

Further, TQI is to be exempt from Part 2 s10(c) of the FMA:

- presenting to the Legislative Assembly a proposed budget, as part of the Budget papers.

The Governing Board will still be responsible for the efficient and effective financial management of the authority under section 56 of the Act. While at present TQI's financial control is effectively exercised by Education and Training Directorate (ETD), the continued application of this section will ensure clear financial management accountability regardless of operational arrangements now and in the future.

While it is currently not envisaged that TQI will have investments, borrowings or guarantees, these FMA provisions should continue to be applicable to ensure robust controls are place if needed in the future.

The reporting requirements for a Statement of Intent, Annual Financial Statements and a Statement of Performance are not warranted for an organisation of the scale and complexity of TQI, nor for an entity with its regulatory focus.

Rather than requiring compliance with these sections of the FMA, Treasury considers that accountability and transparency can be adequately addressed through the annual report requirements in the TQI Act.

Section 26 of the TQI Act already requires the Institute to report on its performance for the year.

There is currently no requirement for TQI to report on its financials. Treasury will request TQI to prepare a direction under section 25 of the TQI Act requiring TQI to provide summary details of its income and expenses for the financial year in its annual report. In the absence of a requirement to prepare annual financial statements under the FMA, this direction will ensure a financial reporting requirement continues to exist.

Summary income and expense details are considered an appropriate level of financial reporting for a small regulatory authority closely tied to the financial operations of a directorate.