



Office of the Auditor General Western Australia

Auditing in the Public Interest

Serving the Public Interest





Office of the Auditor General for Western Australia

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A photograph of Colin Murphy, Auditor General, sitting at his desk in an office. He is wearing a dark suit, a white shirt, and a striped tie. He is smiling and looking towards the camera. On his desk, there is a laptop, a keyboard, a mouse, a red pen holder with pens, and some papers. In the background, there is a window with blinds and a framed picture on the wall.

Colin Murphy
Auditor General

Our vision

Serving the public interest by an informed Parliament.

Our mission

To help improve public sector performance and accountability by reporting independently to Parliament.

Our values

Integrity – we conduct our business in an independent, professional and ethical manner. We apply an open, honest and fair approach to our stakeholders.

Quality – we provide credible work that makes a difference. We take pride in our work and strive to deliver above expectations, using continuous improvement opportunities to improve our efficiency and effectiveness.

Respect – we value the contribution of our people, our clients and the community and encourage a collaborative approach to our work.

Who we are

We are an audit office of around 135 staff responsible to the Western Australian Auditor General for auditing the Western Australian public sector.

Our clients

Our clients are Parliament, Western Australian public sector agencies, and ultimately the people of Western Australia. In its widest context the Office serves the public interest; since the Auditor General is a key provider of independent and impartial information on public sector accountability and performance to the Parliament.

The Auditor General

The Auditor General is an appropriately qualified, independent, statutory officer appointed by the Governor under the *Auditor General Act 2006* (AG Act) for a non-renewable term of 10 years.

He is the Accountable Authority and Chief Executive Officer of the Office of the Auditor General (OAG), a department of the public service of the state under the *Public Sector Management Act 1994*.

As the Accountable Authority, the Auditor General must discharge responsibilities under the *Financial Management Act 2006*. As Chief Executive Officer, the Auditor General is also responsible for a range of staffing functions under the *Public Sector Management Act 1994*.

The Auditor General operates in accordance with professional accounting and auditing standards, Office standards and international best practice. The Office is committed to keeping abreast of the current and upcoming changes to standards and community expectations in this area.



Our role

The Auditor General scrutinises the public sector to ensure there is proper accountability of taxpayers' resources and that the resources are not wasted – rather, that they are used efficiently and effectively to benefit all Western Australians.

Accordingly, the Auditor General is an ally of the people and Parliament. He must act, and be seen to be acting, independently in carrying out all his powers and duties.

This independence is the cornerstone of public sector audit, and therefore to properly discharge his responsibilities the Auditor General must be free from pressure, influence or interference from any source that may erode that independence.

Our responsibilities

The Auditor General is responsible for:

- auditing the Annual Report on State Finances
- conducting and issuing audit opinions on financial statements, controls and key performance indicators for departments, statutory authorities, tertiary institutions and on financial statements of corporatised entities
- issuing audit certifications
- conducting performance audits of the efficiency and effectiveness of agency operations as well as compliance audits of legislation and policies, information systems audits and special investigations
- reporting the results of audits to Parliament in an objective, competent and timely manner.

Our operating environment

Our Office is one of the largest audit practices in Western Australia. We audit around 190 organisations each year, and in the past 12 months we completed financial audits on over \$218 billion worth of assets.

Serving the public interest

Independent reports tabled in Parliament by the Auditor General assist parliamentarians and the public to have a better understanding of the performance of public sector agencies. Together with advice provided to agencies, they assist agency management to improve governance and control environments and the cost effectiveness and responsiveness of their services.

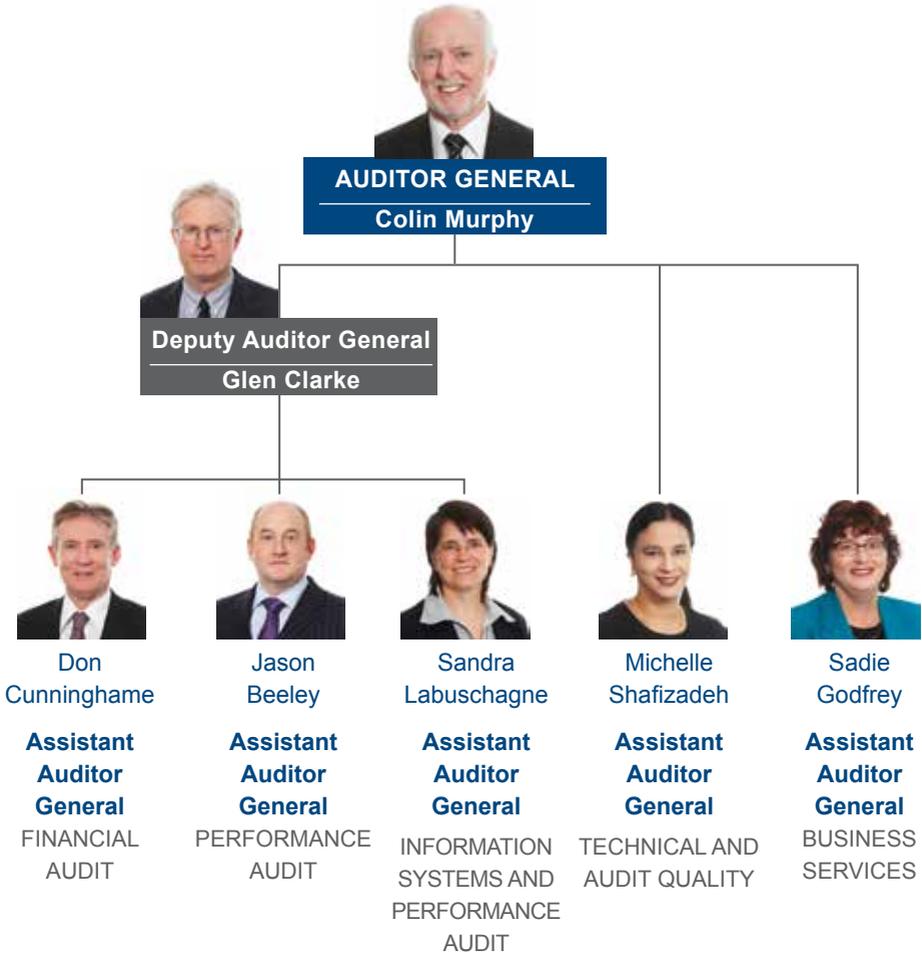
Accountability and authority

Accountability within the public sector is traditionally established when Parliament confers responsibility on a public sector agency, subject to the control of a Minister of the Crown, to account through that Minister for all that is done in the exercise of its authority, the manner in which it is done and the ends sought to be achieved.

The Auditor General's responsibility, conferred by Parliament, is to audit and report on the manner in which conferred responsibilities have been discharged by agencies. As such the Auditor General has a responsibility to the community generally and his role is superimposed on the accountability relationship between the responsible Minister and Parliament.

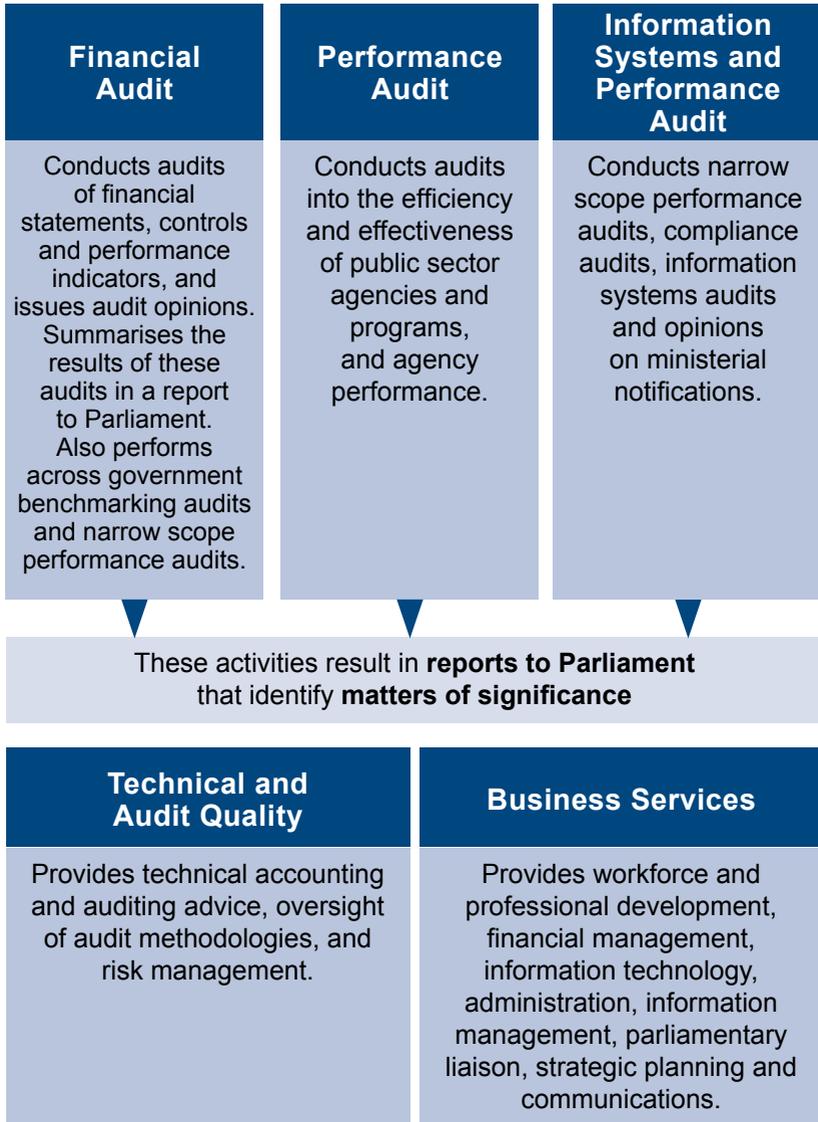


Our organisation



How we go about our business

The Office of the Auditor General is structured into five distinct units representing individual centres of professional excellence.



Public sector auditing

Public sector auditing is a total audit service, encompassing: auditing public sector agencies' financial statements and performance indicators; ensuring controls within agencies are adequate and that all relevant legislation has been complied with; and importantly, direct examinations into the efficiency, effectiveness and economy of agency operations or programs.

Elements fundamental to the provision and ultimate success of this service are independence, integrity, objectivity, professional and technical skills, and a broad understanding of public sector operations.

Improving financial management and accountability

The operations of the Financial Audit and Information Systems and Performance Audit units serve a two-fold purpose – providing Parliament with opinions on the integrity of public sector agency financial statements, key performance indicators and related legislative controls, while concurrently generating greater agency accountability in the use of public resources through the conduct of controls, compliance and accountability audits.

While focused on achieving the corporate outcomes and divisional objectives sought by the Office, the scope and nature of the work and the results delivered have an impact beyond simply ensuring that the 'books balance' and agencies comply with the rules.



At a wider level it is about serving the public interest, through providing Parliament with quality information through reports tabled in Parliament that identify matters of significance. Such information can then be factored into Parliament's decision-making when resourcing agencies to deliver programs and services.

Hence audit operations have the potential to initially improve financial management and accountability across the public sector, increase the transparency of public sector operations, and thus ultimately provide Parliament with assurance about public administration. In turn that assurance, complemented by our scrutiny of any changes in public sector strategic direction, has the propensity to build public trust in the process of government and improve public confidence in government.

Improving public sector performance

The role of the Auditor General is not simply about ensuring public money is spent according to the rules – it is also about ensuring that the community receives value for its tax dollars.

The Performance Audit unit conducts broad scope audits of government activities to ensure they are both efficient and

effective. Performance audits do not focus on government policy, but rather on the efficiency and effectiveness of agency programs and activities.

Ultimately they deliver reports to Parliament detailing findings, identifying matters of significance and making recommendations on changes that will improve public sector performance.

By highlighting examples of good practice in these reports, Parliament becomes better informed in assessing government performance. To make sure such audits are adding value to government activities, the unit conducts follow-up audits of selected audits.

An important contributing factor for the Auditor General's effectiveness is a follow-up process performed by the Public Accounts Committee of Parliament. The Public Accounts Committee has a review process in place to follow-up on agency progress towards addressing the key findings and implementing the recommendations of tabled Auditor General reports.

Opinions on ministerial notifications

The Auditor General also has a role in responding to notifications from a Minister under section 82 of the *Financial Management Act 2006*. These notifications require the Auditor General to give an opinion as to 'whether a decision by a Minister not to provide information to Parliament concerning any conduct or operation of an agency is reasonable and appropriate'.

Audit topic selection

Deciding what to audit is a key part of the Auditor General's independence and is not subject to direction from Parliament or government. We must exercise this independence responsibly, so we have processes in place to make sure our selection of topics is objective, robust and transparent.

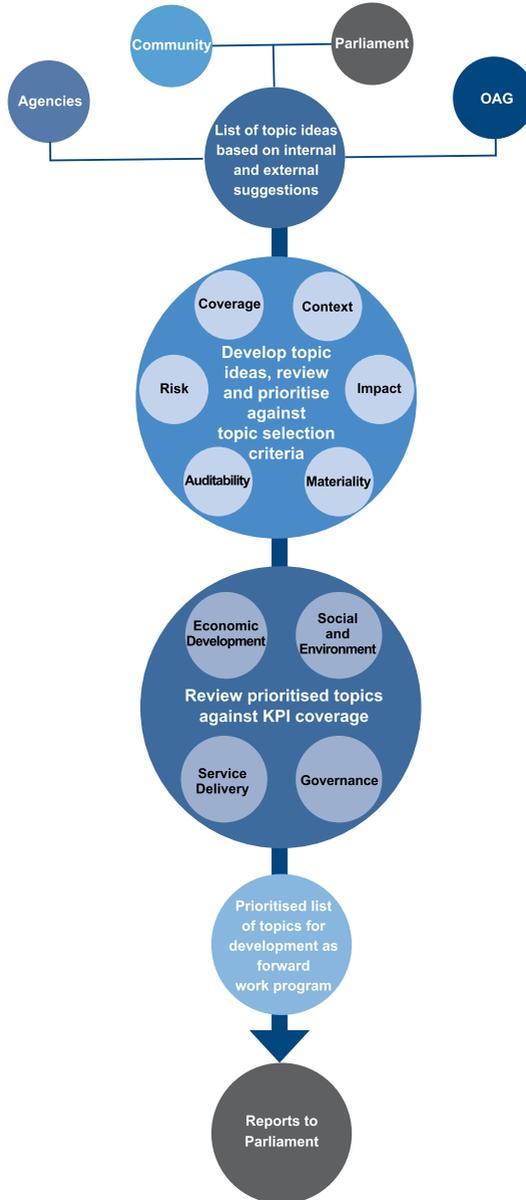


Topic ideas are drawn from a range of sources including parliamentary committees, individual Members of Parliament, agencies, the community and staff. Twice a year, potential topics are assessed against our criteria and reviewed against our KPIs.

We seek to select a program that is balanced in its coverage, contains topics that matter to Parliament and the community, and that reflects how and where the state is spending taxpayer's money.

Once established, we discuss our forward work program with the Public Accounts Committee and the Estimates and Financial Operations Committee. When an audit commences, we make its objective, focus and timeframes public on our work in progress section on our website at www.audit.wa.gov.au/work-in-progress/.

Topic selection framework





Auditor General's reports

The Auditor General's reports are available on our website at www.audit.wa.gov.au/reports

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