Appendix 3: Glossary

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

**Across government benchmarking audits** build on the annual assurance audits and are aimed at providing an indication to Parliament and agency management of how agencies are performing relative to each other on selected key control activities.

**Agency** means a department, a sub-department or a statutory authority as defined in the *Financial Management Act 2006*.

**Annual Report on State Finances** is a report prepared in accordance with the *Government Financial Responsibility Act 2000* that provides the state’s public sector financial results for the financial year and outlines material differences between these results and the financial forecasts contained in the State Budget for that financial year.

**Assurance audit or financial audit** is audit work performed to enable an opinion to be expressed on the financial statements of an entity. For most entities, it also includes audit work to enable an opinion to be expressed on their controls and key performance indicators.

**Audit** includes to examine, investigate, inspect and review.

**Auditor General’s report** is the vehicle used to report to Parliament the results of audits and examinations conducted under sections 12 to 20 of the *Auditor General Act 2006*.

**Clear audit opinion** is expressed when the audit concludes, based on the audit evidence obtained, that, in all material respects, the financial statements are free from material misstatement, the key performance indicators are relevant and appropriate and fairly represent indicated performance, or controls are adequate.

**Compliance audits** are audits that provide information about agency compliance with legislation, public sector policies and good practice.

**Corporatised entities** operate under enabling legislation in a similar manner to companies under the *Corporations Act 2001*.

**Department** means a department of the public sector established under the *Public Sector Management Act 1994*.

**Effectiveness indicators** are key performance indicators that provide information on the extent to which agency level government desired outcomes have been achieved, or contributed to, through the delivery of services.

**Efficiency indicators** are key performance indicators that generally relate services to the level of resource inputs required to deliver them.

**Financial statements** are a structured set of financial information including explanatory notes derived from accounting records to communicate for a period of time an entity’s financial performance and cash flows, and at a point of time its financial position, that is useful to a wide range of users in making economic decisions.
A **follow-up audit** reviews the extent to which recommendations from the previous performance audit have been implemented, generally 3 to 5 years after tabling a report.

A **follow-on audit** examines the progress in implementing recommendations from a previous report and has additional scope in covering significant issues or developments in the area or activity.

**Key performance indicator (KPI)** is information about critical or material aspects of service performance or outcome achievement.

**Key performance indicator audit** is an audit performed to enable an opinion to be expressed about whether or not the key performance indicators are relevant and appropriate having regard to their purpose and fairly represent indicated performance.

**Management letter** is a letter to senior management of an agency or other entity that conveys the audit findings and results of an audit. It may include recommendations for improvements in controls and other matters.

**Matters of significance (MoS)** are the ‘key messages’ in Auditor General’s reports defined as the issues a general parliamentary reader would take away from the report after the detail of specific findings and recommendations has receded into the background.

**Outcomes** are the effect, impact, result on or consequence for the community, environment or target clients of government services.

**Performance audits** are audits that examine efficiency and effectiveness of public sector agencies or specific areas within an agency or across a number of agencies.

**Service** means the supply of an activity or good to a user external to the entity providing the service. Services comprise programs and outputs.

**Statutory authority** means a person or body specified in Schedule 1 of the *Financial Management Act 2006*. These agencies are established by Parliament under legislation for specified purposes.

**Sub-department** means an entity in respect of which a declaration under section 56(2) of the *Financial Management Act 2006* has effect.

**Treasurer’s Instructions** are prescribed requirements at a minimum level with respect to matters of financial administration that have the force of law and must be observed by public sector agencies under the *Financial Management Act 2006*. 