



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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Caroline Spencer
Auditor General

Our vision

Serving the public interest by an informed Parliament and community.

Our mission

To help improve state and local government performance and accountability by reporting independently to Parliament and entities.

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 state and local government sector.

Our clients

Our clients are Parliament, Western Australian public sector agencies and local governments, 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 state and local government accountability and performance to 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.

She 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, OAG standards and international best practice. The OAG 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 state and local government to ensure there is proper accountability of public 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. She must act, and be seen to be acting, independently in carrying out all her powers and duties.

This independence is the cornerstone of state and local government audit, and therefore to properly discharge her 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 state government departments, statutory authorities, tertiary institutions and on financial statements of corporatised entities
- conducting and issuing audit opinions on the annual financial report of local governments, regional councils, related entities and subsidiaries
- issuing audit certifications
- conducting performance audits of the efficiency and effectiveness of state and local government 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

We are one of the largest audit practices in Western Australia. We audit around 185 entities each year, and in the past 12 months we completed financial audits on over \$221 billion worth of assets.

On 28 October 2017, our mandate was broadened to include performance and financial audits of Western Australia's 148 local governments (including the 9 regional councils). Our performance audit mandate commenced right away, and we will take on the financial audits progressively, with responsibility for all financial audits by 2020-21.

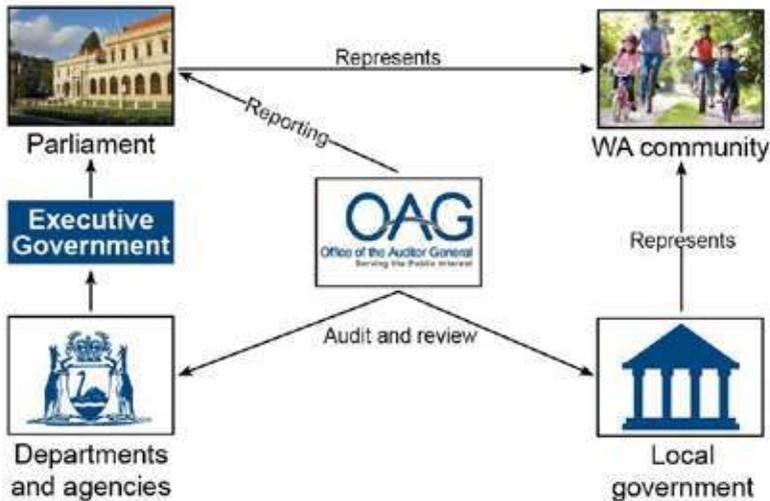
Serving the public interest

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 and local governments. Together with advice provided they assist state and local government management to improve governance and control environments and the cost effectiveness and responsiveness of their services.

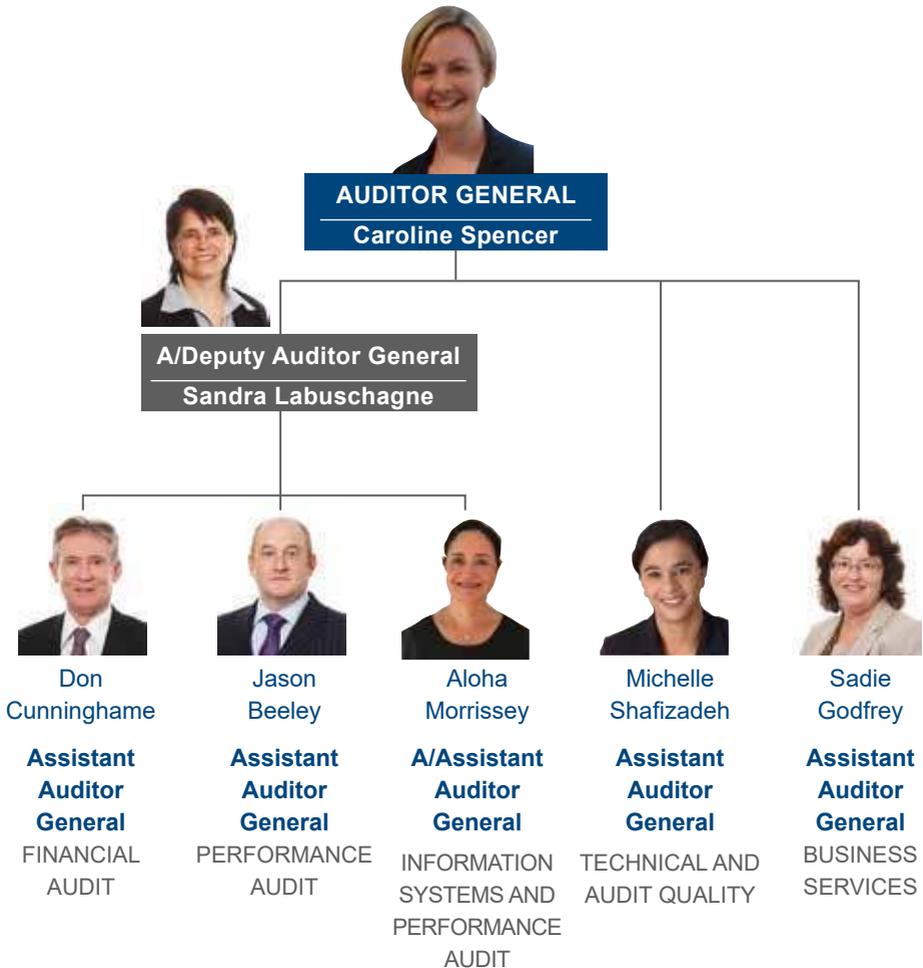
Accountability and authority

In the Westminster system of government, all authority for state and local government activity ultimately stems from Parliament.

To assist it to oversee state and local government, Parliament seeks independent assurance that state government agencies and local governments are operating, and accounting for their performance, in accordance with Parliament's purpose. It is the Auditor General's role to provide this assurance to Parliament and ultimately the Western Australian community.

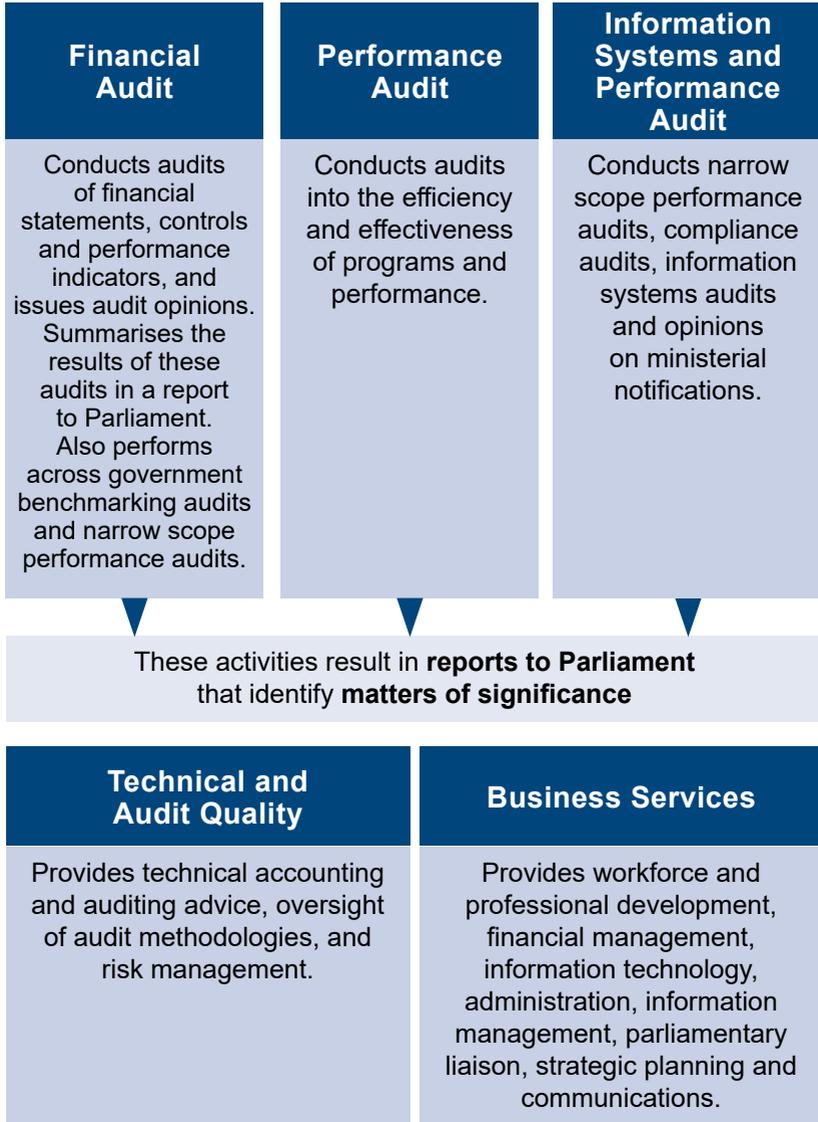


Our organisation



How we go about our business

The OAG is structured into 5 distinct units representing individual centres of professional excellence.



State and local government auditing

We provide a total audit service, including financial statements and ensuring controls within agencies and local governments are adequate and that all relevant legislation has been complied with; and importantly, direct examinations into the efficiency, effectiveness and economy of operations or programs. This also includes the performance indicators of state government agencies.

Elements fundamental to the provision and ultimate success of this service are independence, integrity, objectivity, professional and technical skills, and a broad understanding of state and local government 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 and local government financial statements, and related legislative controls and state government key performance indicators, while concurrently generating greater 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 OAG, the scope and nature of the work and the results delivered have an impact beyond simply ensuring that the ‘books balance’ and agencies and local government comply with the rules.



At a wider level it is about serving the public interest, through providing quality information in reports tabled in Parliament that identify matters of significance. Such information can then be factored into Parliament's decision-making about state and local government issues.

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

Improving 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 rates and tax dollars.

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

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

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

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

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

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.

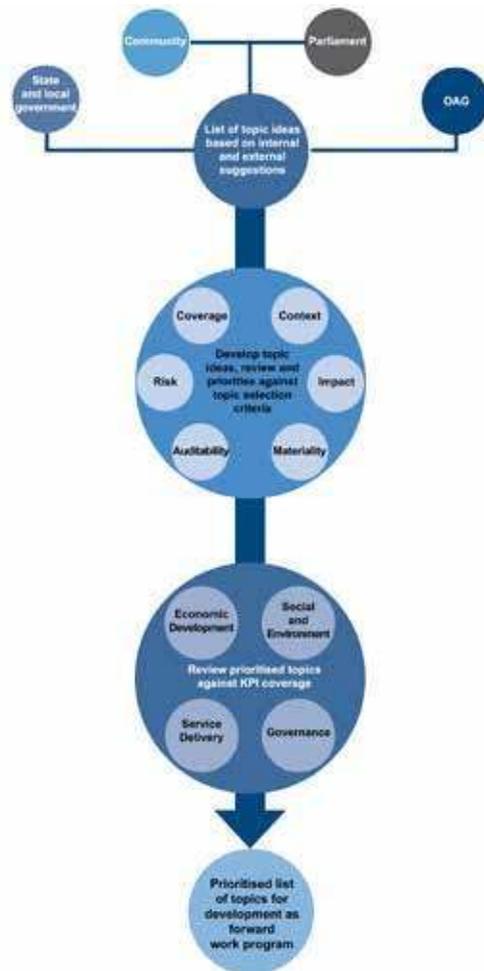
Topic ideas are drawn from a range of sources including parliamentary committees, individual Members of Parliament, agencies, local government, the community and staff.

Throughout the year, potential topics are assessed against our criteria and reviewed against our key performance indicators.

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 public 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 website at www.audit.wa.gov.au/work-in-progress/.

Topic selection framework





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'.

Auditor General's reports

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



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