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Auditor General finds improvement needed in public sector management and monitoring of external supplier information

The Western Australian Auditor General, Ms Caroline Spencer, has today presented her latest report to Parliament, [*Management of Supplier Master Files*](#).

The narrow scope focus area audit assessed whether 5 state and 5 local government entities had suitable policies, procedures and controls for the management of supplier master files, to promote effective payment processes.

Ms Spencer said most of the 10 entities audited did not have comprehensive policies or procedures, which resulted in a lack of formal monitoring and review of their supplier master files.

'More than half the entities had weaknesses in controls when creating or amending their supplier records, and 3 entities did not manage conflicts of interest processes adequately,' she said.

'Effective controls around these files can prevent things going wrong, and are particularly important in financial management processes where there is an inherent risk of financial misappropriation.'

A supplier master file is a central, comprehensive file that holds information about suppliers; including method of payment, bank account details, ABN and contact details.

In 2017-18, the WA public sector paid a total of \$23 billion in operating expenses, and services and contracts. In 2016-17, local government entities reported over \$4 billion in expenditure. The vast majority of these payments were made through accounts payable systems that rely on the accuracy of information in supplier master files.

'I encourage all entities, and not just those audited, to periodically assess themselves against these risks and controls on an ongoing basis.' Ms Spencer said.

'I am pleased to have included specific better practice guidance in this report to assist local and state government entities to periodically run their own checks and address any shortcomings in this area.'

'Fostering understanding about the importance of strong internal control frameworks, around not only the management of supplier master files, but also areas such as procurement, information system security, and regulatory functions, will continue to be a priority in my future work.'

The Auditor General's report, *Management of Supplier Master Files* is available at www.audit.wa.gov.au and better practice guidance is available at <https://audit.wa.gov.au/reports-and-publications/better-practice-guidance/>.

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