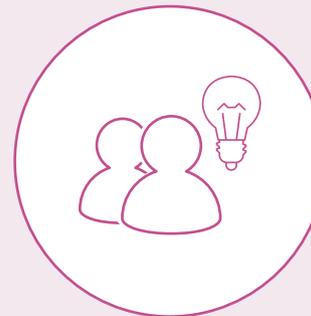
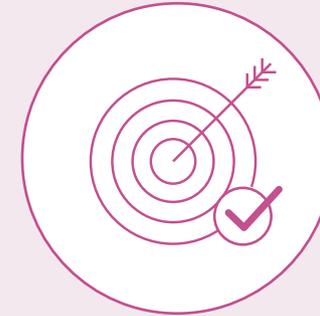


Our tools

Robust, efficient, user friendly, flexible, agile, reliable, compliant

We use

9 key principles to help us achieve good governance



We established **2** new committees to provide operational and governance support to Executive

We reviewed

40 policies

in line with our
approach of reviewing
each policy every
2 years



In March 2019,
Executive endorsed our
IT Strategic Plan
a blueprint of how information
systems will be developed and
managed to support our business

Contents

Governance	36
Key governance arrangements	37
Risk Management Framework	39
Policy framework	39
Technical advice	39
Information systems	40
Financial management	41

Governance

We are committed to achieving and demonstrating good governance. In monitoring and assessing our performance, we use the 9 key governance principles of the Public Sector Commission's Good Governance Guide to assist us to achieve a high standard of organisational performance.

Governance principle	Our commitment
1. Government and public sector relationship – <i>the agency's relationship with the government is clear.</i>	We have processes in place to ensure clear communication and interaction between us and members of Parliament and State and local government entities.
2. Management and oversight – <i>the agency's management and oversight are accountable and have clearly defined responsibilities.</i>	Our strategic plan clearly defines our vision and the strategies we will undertake to achieve our outcomes.
3. Organisational structure – <i>the agency's structure serves its operations.</i>	The leader of each business unit is a member of Executive, which is responsible for ensuring we achieve the outcomes articulated in our strategic plan. A number of committees support Executive.
4. Operations – <i>the agency plans its operations to achieve its goals.</i>	Each business unit has an operational plan that identifies its work program and progress towards initiatives. These plans are key supporting documents for our strategic plan and reported on at Executive strategic planning meetings.
5. Ethics and integrity – <i>ethics and integrity are embedded in the agency's values and operations.</i>	Ethical behaviour and integrity are core values that underpin our work. Our Code of Conduct defines the high standards we require from our employees.
6. People – <i>the agency's leadership in people management contributes to individual and organisational achievements.</i>	Workforce planning is a high priority and includes policies and strategies to enable the attraction, retention and management of people as well as development and growth.
7. Finance – <i>the agency safeguards financial integrity and accountability.</i>	Our finance policies and processes are consistent with accounting standards and we have formal structures to monitor actual versus budget. Financial performance is reported to Executive monthly.
8. Communication – <i>the agency communicates with all parties in a way that is accessible, open and responsive.</i>	We disseminate information efficiently and effectively following policies and guidelines to ensure our stakeholders are well informed, via the correct channels in a timely manner.
9. Risk management – <i>the agency identifies and manages its risks.</i>	A comprehensive Risk Management Framework forms an integral part of our strategic plan. The framework outlines the policies and processes relating to the management of risk and preventative measures to ensure our risk is within acceptable levels.

Table 11: Good Governance Guide references

Key governance arrangements

Executive Management Group

Our Executive Management Group is our team of senior managers who plan, manage and lead our business. They set the strategic direction and organisational values that define our activities. Chaired by the Auditor General, they meet monthly and hold informal weekly meetings.

Executive also holds specific strategic planning meetings to discuss strategic and tactical matters. They monitor the implementation of our strategies and measure performance against targets.

The Executive profiles are on page 17.

OAG committees

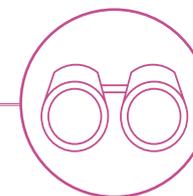
A number of committees with roles in governance, inter-office engagement and employee development provide Executive with operational and administrative advice. During 2018-19, we established 2 new committees: the Information Governance Committee and the Audit Tool and Methodology Project Steering Committee.

Information Governance Committee

This committee is responsible for examining our Information, Technology and Security Governance Framework and identifying areas where we can make improvements. It replaced the former Information and Communication Technology Committee and held its first meeting in May 2019. More information on this committee is on page 41.

Audit Tool and Methodology Project Steering Committee

This committee is responsible for providing governance and oversight of our new project to implement a whole-of-office audit tool and replace our financial audit methodology. It held its first meeting in November 2018.



>> Looking forward

New audit tool and methodology

During the year we were advised our financial audit tool was no longer being updated and that our technical support would soon cease. We are taking the opportunity to procure a new audit tool (software) that will meet the needs of both financial and performance auditors.

In April 2019, we went out to tender for a new whole-of-office audit tool and financial audit methodology. The new tool is expected to increase opportunities for collaboration within the office, bring training efficiencies and improve audit reporting.

The audit tool and financial audit methodology are expected to be piloted during the coming financial year.

Audit and Risk Management Committee

Our Audit and Risk Management Committee (ARMC) meets regularly to improve the effectiveness of financial and performance reporting, internal audit, external audit, compliance and risk management. Des Pearson, former Auditor General for Western Australia and Victoria, started as the independent chair on 22 June 2018. The remuneration detail for this role is on page 121.

The ARMC proactively oversees the risk management and reporting of the OAG. An important component of this is setting and managing our annual internal audit program and overseeing the external audit process.

The key responsibilities of the committee are to:

- monitor the oversight of the Risk Management Framework
- coordinate our internal audit and external audit program
- monitor the effectiveness of the internal control system and ensure that it is reliable, complies with legislation and reduces the risk of fraud and error
- oversee and manage our actions to address any internal audit, quality assurance and external review findings
- monitor the financial and key performance indicator (KPI) reporting process
- oversee our Business Continuity Management Program and treatment action plans.

The Committee, led by the independent chair, also includes:

- Michelle Shafizadeh – Assistant Auditor General, Technical and Audit Quality (biography on page 17)
- Jordan Langford-Smith – Senior Director, Financial Audit
- Andrew Harris – Director, Performance Audit
- Kamran Aslam – Associate Director, Information Systems and Performance Audit.

Audit methodology user groups

We have audit methodology user groups for performance and financial audit. The groups facilitate user feedback about audit methodologies to ensure they are appropriate to our needs and operating environment. They also ensure the methodologies are aligned to the relevant Auditing and Assurance Standards and are effectively and efficiently used within the OAG. The groups meet at least twice a year.

The groups are currently assisting the Audit Tool and Methodology Project Steering Committee in procuring the new whole-of-office audit tool and financial audit methodology.

Other committees

Several other committees provide focused advice and support to Executive, including the:

- Culture Committee – chaired by the Auditor General, the committee fosters a culture of respect, support and innovation within the OAG and provides advice and recommendations to Executive on improvements to our workplace culture
- Office Consultative Committee – facilitates the efficient and effective conduct of OAG activities by enabling the views of employees to be taken into account in decision-making
- Professional Development Committee – plans and implements the OAG's annual professional development program for employees
- Technical Determination Committee (see page 39).

Risk Management Framework

We consider risk management to be a fundamental component of our work. Our comprehensive Risk Management Framework forms an integral part of the strategic planning processes.

The purpose of the framework is to:

- provide an overview of our risk management processes
- define the key attributes and objectives for the OAG's risk culture
- describe roles and responsibilities for managing risk
- outline the process for reporting on risk and ongoing monitoring and review.

The framework is complemented by the OAG Risk Register and business unit risk registers that identify and assess relevant strategic and operational risks, and the treatment action plans to address them.

Our Risk Register is supported by the OAG Fraud and Corruption Control Plan and the OAG Business Continuity Management Program, which address particular types of risks within specific areas of the OAG's operational activities.



>> Looking forward

Embedding quality practices into our operations

We will start 2019-20 with a trial initiative to embed quality practices into our operational business units. This involves changes to our Technical and Audit Quality business unit and moving 4 employees into our Performance Audit and Financial Audit teams. This change puts quality up front in our processes, and will also make some of our highly skilled people more accessible to the business and part of day-to-day audit delivery operations. We will review the trial after 12 months.

Policy framework

Our policies are designed to answer the most frequently asked questions on audit, administrative, accounting and personnel matters. They support and promote efficient and effective administration by providing consistent operational rules and procedures containing administrative and other compliance requirements.

We formally review our policies every 2-years undertaking an evaluation and assessment based on feedback from staff, and changes to legislation or other external environments.

This year we reviewed 40 policies. One was newly created, 2 were rescinded and 13 were updated. All were approved by Executive. Staff are informed of policy changes by email, on the intranet and at staff professional development days.

Technical advice

Auditing, accounting and financial reporting knowledge and skills are fundamental to audit quality and performing efficient and effective audits.

A Technical Determination Committee comprising senior staff from across the OAG is convened to provide advice on complex and contentious technical matters, to resolve differences of opinion about such matters, and to review all proposed modifications to auditor's reports. This committee may seek advice from external sources where necessary.

Information systems

In September 2018, we embarked on an ambitious but vital project for improving the management and governance of our information systems and data management. This was driven by 2 key factors. Firstly, a number of our systems were nearing the end of their useful life. Secondly, our Information Technology (IT) Strategic Plan was due to be revised in November 2018.

It is imperative that any replacement systems are contemporary and fit-for-purpose, provide value-for-money and facilitate improved operations. They also need to align with our long term strategic plan and the delivery of key projects and initiatives. Consequently, we put into place a Technology Transformation Project.

A key focus of the project is to improve alignment between business requirements and efficiency opportunities by using appropriate technology platforms which ensure the security and continuity of information systems, address risks and maintain the confidentiality and integrity of our information.

In March 2019, Executive endorsed 2 key deliverables of the project: a revised IT Strategic Plan and the establishment of an Information Governance Committee.

IT Strategic Plan 2019-2022

The IT Strategic Plan provides a blueprint of how information development, management and systems will be used to support the OAG's core business activities and organisational objectives. It establishes a framework to drive improved project and service delivery.

The plan was developed through a range of workshops focusing on the questions *Where are we? What is important to us? and What must we achieve?* An important step was to refine our enterprise architecture and define the IT infrastructure needed to effectively achieve our current and future objectives.

The end result, endorsed by Executive, is a 3-year roadmap of projects and initiatives including a prioritised list of improvement opportunities, justifications for each project and estimated cost and duration of each project.



Developing our IT Strategic Plan

In developing our IT Strategic Plan, we identified the following principles that underpin our decision-making and strategic IT activities.

-  We use technology to deliver high-quality audit products.
-  We manage information securely and responsibly.
-  We maintain technology independence.
-  We enable internal stakeholders.
-  We use integrated business solutions.
-  We prioritise digital engagement.
-  We are preparing for the future.

Information Governance Committee

The second aspect of the project was to examine our existing Information, Technology and Security Governance Framework and identify areas where we could make improvements.

The OAG is responsible for a significant amount of information held in both electronic and paper-based formats, and it is critical that this information be protected appropriately. We have an information security framework that considers people, processes and technologies. It includes effective security controls at the process level and management oversight, monitoring and appropriate reporting at an executive level.

Our framework ensures:

- alignment between our strategic priorities and investment in information and technology
- that the performance of information and technology projects and operations meets our expectations
- information under our care is protected appropriately for its value and impact.

Our review identified and recommended the establishment of an Information Governance Committee. Chaired by the Deputy Auditor General, this committee replaced the former Information and Communication Technology Committee and held its first meeting in May 2019.

GovNext-ICT program

The GovNext-ICT program has been promoted to entities as a coordinated and mandated opportunity to modernise information and communication technology (ICT) functionality and delivery, at less cost. We have a staged decision-making process to transition to GovNext-ICT with consideration for technical, financial and our independence requirements.

We successfully implemented the first stage in April 2019. This was the uptake of GovNext-ICT internet connectivity services to replace services previously provided by ServiceNet, the internet service provider for Western Australian Government.

As we are a customer of the program as well as the auditor, careful consideration is required prior to the adoption of any additional GovNext-ICT services.

Financial management

We use financial data to monitor and report on our performance and inform our decisions. In addition, budget forecasting and meeting long-term resourcing requirements are key aspects of our strategic planning. Ensuring sound financial management of our business is crucial and more critical as the sector is striving to deliver efficiencies in all aspects of operations.

This year we have continued with a procurement process to replace our 25-year-old finance system. We are investigating all financial management options available and assessing the most cost-effective and efficient approach that matches our needs. We expect to have our decision finalised so any changes to our system or processes can be implemented prior to June 2020.