

Appendix 1: Our strategic plan

As this is the final year of the OAG Strategic Plan 2016-2020, our Executive will finalise a new 5-year strategic plan by the end of 2020.

Our people

Motivated, innovative, collaborative, accountable, valued, skilled, knowledgeable

Outcomes	Strategies
An appropriately skilled workforce capable of meeting current and future business needs	<ul style="list-style-type: none"> Maintain an environment where learning opportunities are readily available; employees actively pursue learning; and acquired learning can be applied Maintain a meaningful employee performance review process Ensure flexible and adaptive recruitment, contracting and employment arrangements to match work skills with demand
High performing people who contribute to strategic objectives	<ul style="list-style-type: none"> Invest in organisational capability that will give the OAG a long-term benefit Empower employees to complete all of their responsibilities on an audit or business project Encourage innovation and acknowledge employees for being innovative in their approach
A work environment that is recognised as a workplace of choice	<ul style="list-style-type: none"> Assist employees wishing to undertake relevant further studies Provide opportunities for professional growth within the OAG Provide national and international secondment opportunities Ensure a safe and healthy working environment

Our tools

Robust, efficient, user-friendly, flexible, agile, reliant, compliant

Outcomes	Strategies
Efficient, effective and responsive business operations that meet current and emerging needs	<ul style="list-style-type: none"> Work within a framework and governance structure which is current and effective Respond effectively to changes in our environment by maintaining a strategic focus Maintain an appropriate and effective approach to risk management Ensure accurate and reliable technical advice is available
Sound information systems that support operational needs	<ul style="list-style-type: none"> Ensure IT systems are efficient, effective and supported Capitalise where possible on our existing systems to improve our business operations Have an approach to IT that recognises and addresses operational and strategic business requirements Continuously improve internal and external accessibility and useability of our tools
Sound financial management of our business	<ul style="list-style-type: none"> Maintain a strong, sound and transparent financial management approach Use accurate business data that informs management decision-making Continuously improve our processes to ensure quality and compliance of internal financial management practices
Audit methodology tools are current, reliable and compliant	<ul style="list-style-type: none"> Ensure our methodology remains current and compliant

Our approach

Consistent, fair and balanced, independent, transparent, pragmatic, professional, contemporary

Outcomes	Strategies
Audits completed in accordance with auditing and professional standards	<ul style="list-style-type: none"> Maintain a contemporary and quality audit approach All reports to go through the OAG quality framework
Relationships with audit clients professionally managed	<ul style="list-style-type: none"> Communicate, consult and develop quality relationships with clients
Our reputation for independence, integrity and impartiality is maintained	<ul style="list-style-type: none"> Further enhance transparency and accountability of our topic selection process and outcomes Continuously reinforce to employees the OAG principles of independence, integrity and impartiality Maintain an awareness of the external perception of the OAG
A well informed Parliament and public	<ul style="list-style-type: none"> Set clear expectations and communicate our role and purpose to Parliament, entities and the community Identify and implement strategies to address Parliament's needs and expectations Prepare for performance and legislative reviews

Our products

Value for money, timely, relevant, accurate, quality, innovative

Outcomes	Strategies
Timely, relevant and quality reports on public sector performance and accountability	<ul style="list-style-type: none"> Table reports on time and on budget
Value for money reporting that addresses issues of public interest	<ul style="list-style-type: none"> Use benchmarking to ensure audit costs reflect value for money Produce reports that are considered valuable and relevant to Parliament Ensure that the right audit product is selected to achieve value for money
Reports and opinions that lead to improved public sector performance and accountability	<ul style="list-style-type: none"> Include consideration of topics important to Parliament and entities when developing forward audit program Ensure clearly articulated and accessible report findings and recommendations

Appendix 2: Financial audit clients 2019-2020

Audits under Financial Management Act 2006

Departments

Commissioner for Equal Opportunity
Department of Biodiversity, Conservation and Attractions
Department of Communities
Department of Education
Department of Finance
Department of Fire and Emergency Services
Department of Health
Department of Jobs, Tourism, Science and Innovation
Department of Justice
Department of Local Government, Sport and Cultural Activities
Department of Mines, Industry Regulation and Safety

Department of Planning, Lands and Heritage
Department of Primary Industries and Regional Development
Department of the Legislative Assembly
Department of the Legislative Council
Department of the Premier and Cabinet
Department of the Registrar, Western Australian Industrial Relations Commission
Department of Training and Workforce Development
Department of Transport
Department of Treasury
Department of Water and Environment Regulation
Governor's Establishment
Mental Health Commission
Office of the Commissioner for Children and Young People
Office of the Director of Public Prosecutions

Office of the Information Commissioner
Office of the Inspector of Custodial Services
Parliamentary Commissioner for Administrative Investigations
Parliamentary Services Department
Police Service
Public Sector Commission
Western Australian Electoral Commission

Statutory authorities

Agricultural Produce Commission
Animal Resources Authority
Botanic Gardens and Parks Authority
Building and Construction Industry Training Board
Central Regional TAFE
Chemistry Centre (WA)
Child and Adolescent Health Service

Combat Sports Commission
Commissioner of Main Roads
Construction Industry Long Service Leave Payments Board
Corruption and Crime Commission
Country Housing Authority
Curtin University
Disability Services Commission
East Metropolitan Health Service
Economic Regulation Authority
Edith Cowan University
Energy Policy WA
Fire and Emergency Services Superannuation Board
Forest Products Commission
Gaming and Wagering Commission of Western Australia
Gascoyne Development Commission
Gold Corporation
Goldfields-Esperance Development Commission

Government Employees Superannuation Board	Metropolitan Redevelopment Authority	Rottnest Island Authority	The University of Western Australia
Great Southern Development Commission	Mid West Development Commission	Rural Business Development Corporation	The Western Australian Museum
Health and Disability Services Complaints Office	Minerals Research Institute of Western Australia	School Curriculum and Standards Authority	Trustees of Public Education Endowment
Health Support Services	Murdoch University	Small Business Development Corporation	WA Country Health Service
Heritage Council of Western Australia	North Metropolitan Health Service	South Metropolitan Health Service	Western Australian Building Management Authority
Housing Authority	North Metropolitan TAFE	South Metropolitan TAFE	Western Australian Coastal Shipping Commission
Infrastructure WA	North Regional TAFE	South Regional TAFE	Western Australian Energy Disputes Arbitrator
Insurance Commission of Western Australia	Parliamentary Inspector of the Corruption and Crime Commission	South West Development Commission	Western Australian Greyhound Racing Association
Keep Australia Beautiful Council (W.A.)	PathWest Laboratory Medicine WA	State Supply Commission	Western Australian Health Promotion Foundation
Kimberley Development Commission	Peel Development Commission	Swan Bells Foundation Inc	Western Australian Institute of Sport
Landcare Trust	Perth Theatre Trust	The Aboriginal Affairs Planning Authority	Western Australian Land Information Authority
Law Reform Commission of Western Australia	Pilbara Development Commission	The Anzac Day Trust	Western Australian Meat Industry Authority
Legal Aid Commission of Western Australia	Professional Standards Council	The Board of the Art Gallery of Western Australia	Western Australian Planning Commission
Legal Contribution Trust	Public Transport Authority of Western Australia	The Burswood Park Board	Western Australian Sports Centre Trust
Legal Costs Committee	Public Trustee	The Coal Miners' Welfare Board of Western Australia	Western Australian Tourism Commission
Local Health Authorities Analytical Committee	Quadruplegic Centre	The Library Board of Western Australia	
Lotteries Commission	Racing and Wagering Western Australia	The National Trust of Australia (W.A.)	
Metropolitan Cemeteries Board	Racing Penalties Appeal Tribunal of Western Australia	The Queen Elizabeth II Medical Centre Trust	

Western Australian Treasury Corporation

Wheatbelt Development Commission

WorkCover Western Australia Authority

Zoological Gardens Authority

Subsidiaries

Australian Pathways Education Group Pty Ltd

Goldmaster Enterprises Pty Ltd

Homeswest Loan Scheme Trust

Innovative Chiropractic Learning Pty Ltd

Keystart Bonds Limited

Keystart Housing Scheme Trust

Keystart Loans Limited

Keystart Support Trust

Murdoch College Properties Pty Ltd

Murdoch Retirement Services Ltd

The University Club of Western Australia Pty Ltd

UWA Accommodation Services Pty Ltd

UWA Sport Pty Ltd

Young Lives Matter Foundation
UWA Ltd

Request audits

Alan and Iris Peacocke
Research Foundation

Perth USAsia Centre Pty Ltd

Tertiary Institutions Service
Centre Ltd

The Delegate to the Queen
Elizabeth II Medical Centre
Trust

Audits under other legislation

Cemeteries Act 1986

Albany Cemetery Board

Bunbury Cemetery Board

Chowerup Cemetery Board

Dwellingup Cemetery Board

Geraldton Cemetery Board

Kalgoorlie-Boulder Cemetery
Board

Port Authorities Act 1999

Fremantle Port Authority

Kimberley Ports Authority

Mid West Ports Authority

Pilbara Ports Authority

Southern Ports Authority

Other legislation

Annual Report on State
Finances

Bunbury Water Corporation

Busselton Water Corporation

Horizon Power – Regional Power
Corporation

Synergy – Electricity Generation
and Retail Corporation

Water Corporation

Western Australian Land
Authority

Western Power – Electricity
Networks Corporation

Subsidiaries

South West Solar Development
Holdings Pty Ltd

Synergy Renewable Energy
Development Pty Ltd

Vinalco Energy Pty Ltd

Vinalco Energy Trust

Local government audits by transition year

2017-18

City of Belmont

Shire of Brookton

Shire of Bruce Rock

City of Bunbury

Bunbury-Harvey Regional
Council

Town of Cambridge

Shire of Capel

City of Cockburn

Town of Cottesloe

Shire of Cranbrook

Shire of Cue

Shire of Cunderdin

Shire of Dandaragan

Shire of Denmark

Eastern Metropolitan Regional
Council

Shire of Exmouth

Shire of Jerramungup

City of Joondalup

City of Kalgoorlie-Boulder
Shire of Kellerberrin
Shire of Kondinin
Shire of Koorda
Shire of Laverton
Shire of Menzies
Shire of Moora
Shire of Morawa
Shire of Narrogin
Shire of Northampton
Shire of Nungarin
Shire of Perenjori
City of Perth
Pilbara Regional Council
Shire of Ravensthorpe
Rivers Regional Council
City of Rockingham
Shire of Sandstone
City of South Perth
City of Stirling
Shire of Tammin
Shire of Three Springs
City of Wanneroo
Shire of West Arthur
Shire of Woodanilling

Shire of Wyalkatchem
Shire of Yalgoo
Shire of York
2018-19
City of Albany
Shire of Ashburton
Town of Bassendean
City of Bayswater
Shire of Boddington
Shire of Boyup Brook
Shire of Bridgetown-
Greenbushes
Shire of Broome
City of Busselton
City of Canning
Shire of Carnamah
Shire of Christmas Island
Town of Claremont
Shire of Cocos (Keeling) Islands
Shire of Coorow
Shire of Corrigin
Shire of Cuballing
Shire of Dalwallinu
Shire of Derby-West Kimberley
Shire of Donnybrook-Balingup

Shire of Dowerin
Shire of Dundas
Town of East Fremantle
City of Fremantle
Shire of Gnowangerup
Shire of Goomalling
City of Gosnells
City of Greater Geraldton
Shire of Halls Creek
Shire of Irwin
City of Kalamunda
City of Karratha
Shire of Katanning
Shire of Kojonup
Shire of Kulin
City of Kwinana
Shire of Lake Grace
Shire of Meekatharra
City of Melville
Shire of Merredin
Shire of Mingenew
Town of Mosman Park
Shire of Mount Magnet
Shire of Mukinbudin
Shire of Mundaring

Shire of Murchison
Murchison Regional Vermin
Council
Shire of Nannup
City of Nedlands
Shire of Northam
Shire of Northampton
Shire of Nungarin
Shire of Peppermint Grove
Shire of Pingelly
Shire of Serpentine-Jarrahdale
South Metropolitan Regional
Council
City of Subiaco
City of Swan
Shire of Upper Gascoyne
Town of Victoria Park
Shire of Victoria Plains
City of Vincent
Shire of Wagin
Western Metropolitan Regional
Council
Shire of Westonia
Shire of Wickelbin
Shire of Williams
Shire of Wiluna

2019-20


City of Armadale
Shire of Augusta-Margaret River
Shire of Beverley
Shire of Broomehill-Tambellup
Shire of Carnarvon
Shire of Chapman Valley
Shire of Chittering
Shire of Coolgardie
Shire of Dardanup
Shire of Dumbleyung
Shire of Harvey
Shire of Leonora
Shire of Manjimup
Mindarie Regional Council
Shire of Mount Marshall
Shire of Murray
Shire of Narembeen
Town of Port Hedland
Shire of Shark Bay
Shire of Trayning

2020-21

Shire of Collie
Shire of East Pilbara
Shire of Esperance
Shire of Gingin
Shire of Kent
City of Mandurah
Shire of Ngaanyatjaraku
Shire of Plantagenet
Shire of Quairading
Tamala Park Regional Council
Shire of Toodyay
Shire of Wandering
Shire of Waroona
Shire of Wongan-Ballidu
Shire of Wyndham-East
Kimberley
Shire of Yilgarn

Appendix 3: Guidance issued to public sector entities in April 2020

COVID-19 Financial control matters




We recognise that State and local government entities are spending significant time and effort dealing with the operational ramifications of the COVID-19 public health response. We have prepared consideration points to prevent key control breakdown during this period.

It is vitally important that entities are aware that times of disruption present a heightened risk environment. Those who are dishonestly inclined will be keen to take advantage of any sense of crisis. Good control over finances and key decisions during this period means that entities and senior decision-makers will be better prepared to resume normal operations when the crisis is over. It also means they won't be left dealing with the ramifications of fraud, error or decisions taken in haste that may be regretted when conditions are calmer. Importantly, public trust will be upheld.

Management should ensure staff maintain good controls, particularly over cash, expenditure and assets. Good controls are also important for any regulatory or non-financial decisions that bind the entity, or the State, into the future, such as for approvals, concessions, operating permits, or conditions.

Some contextual considerations for entities

- Consider if there is an exaggerated sense of urgency that may persuade or permit staff to override important controls.
- Recognise that existing gaps in controls, which in normal times may not be exploited, can become gaping holes when staff are not overseen as closely when working from home or key people are distracted by other matters.
- Have you explicitly promoted a culture encouraging staff to speak if they see something that poses a risk during this period? If staff or stakeholders see something, they should say something, are they aware of fraud control reporting, including public interest disclosures.
- Are credentials (for example, qualifications, working with children checks and police checks) and references still checked before on-boarding new personnel?
- Are delegations and authorisations valid, and changes to delegations approved (for example, if there are senior management absences due to illness or secondments)?
- Are licenses and/or permits lawfully issued/approved, and with due probity? A sense of urgency or chaos may override due process as well as bring opportunistic requests. Be cautious, weigh risks and benefits with probity to prevent conflicts of interest and good record keeping.
- Are debt waiver/acts of grace authorised in accordance with law?
- Are purchasing/corporate credit cards issued in line with policy? [See our better practice guidance on [Purchasing cards](#) (for State government) and our May 2018 report [Controls over Corporate Credit Cards](#) (for local government).]
- Are senior management continuing to monitor and scrutinise spending against the budget, with genuine understanding of the reasons for variances? And monitoring cash flow and balances?
- Is there timely cancellation of automatic/periodical payments for services that are no longer being provided?
- Are working from home conditions clearly defined and approved? [See our better practice guidance on [Security considerations for remote working arrangements](#)]



Office of the Auditor General WA

Assets – Risk of misappropriation, unauthorised purchases or disposals

Entities should ensure:

- all purchases are in line with their procurement policy and any temporary divergence from the policy is approved by the DG or CEO and recorded in a central registry
- asset acquisitions are approved in line with the delegation of authority
- asset reconciliations between the register and the general ledger are prepared and reviewed on a timely basis
- asset disposals/write-offs are appropriately authorised
- loans of assets to other entities are properly recorded and authorised
- where necessary, key responsibilities continue to be segregated in relation to asset acquisition, recording, custody, disposal and reconciliation
- appropriate records of portable and attractive assets are maintained, particularly those that staff may take home to use when working from home.

Cash – Risk of misappropriation

Entities should ensure:

- regular bank reconciliations are prepared and reviewed, reconciling items are investigated and resolved
- all bank accounts have at least 2 signatories
- online purchasing policies are reviewed to reflect the current period
- increases in purchasing card limits are appropriately approved
- there are appropriate and timely reviews of credit card usage.


Expenditure – Risk of unauthorised or invalid payments, incorrect or invalid suppliers, and increased risk of fraudulent payments

Entities should ensure:

- all purchases are in line with their procurement policy and any temporary divergence from the policy is approved by the DG or CEO and recorded in a central registry
- changes to vendor master files are documented and approved (see our better practice guidance on [Management of supplier master files](#))
- there is separation between the vendor creation and payment approval functions
- a 3-way match is performed of invoices, receipt of goods and purchase orders
- payment authorisation is made in line with the delegation of authority and requires 2 to sign. Signatories should pay particular attention to the delivery addresses of goods received
- purchase orders are prepared and appropriately authorised
- appropriate security and checks are in place over EFT payment data
- there is segregation of duties between officers performing the functions of ordering, receiving, incurring and certifying (for State government entities, in line with [Treasurer's Instruction 304](#))

Queries

If you have any queries please contact your OAG financial audit engagement leader or our general enquiries via info@audit.wa.gov.au or phone (08) 6557 7500. For information on making a [Public Interest Disclosure](#) (PID), phone (08) 6557 7500 and ask to speak to a PID officer.



Office of the Auditor General WA

Appendix 4: Acronyms

AAS	Australian Accounting Standards	JAC	Joint Audit Committee
ACAG	Australasian Council of Auditors General	KPI	key performance indicator
AFP	Australian Federal Police	LG	local government
AQMC	Audit Quality Monitoring Committee	MOU	memorandum of understanding
ARMC	Audit and Risk Management Committee	NAIDOC	National Aborigines and Islanders Day Observance Committee
CA ANZ	Chartered Accountants Australia and New Zealand	OAG	Office of the Auditor General
DAIP	disability access and inclusion plan	OCC	Office Consultative Committee
DoF	Department of Finance	OSH	occupational safety and health
EFOC	Estimates and Financial Operations Committee	PAC	Public Accounts Committee
Executive	Executive Management Group	PDR	performance development and review
FTE	full time equivalent employee	PID	public interest disclosure
GCC	general computer control	TAFE	technical and further education
GESB	Government Employees Superannuation Board	TI	Treasurer's Instructions
GSS	Gold State Superannuation Scheme	W3C	World Wide Web Consortium
GST	Goods and Services Tax	WA	Western Australia
IPSAM	Integrated Public Sector Audit Methodology	WSS	West State Superannuation Scheme
IS	information systems		
IT	information technology		

Appendix 5: Glossary

Accountability is traditionally established when Parliament confers responsibility on public sector entities 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.

Annual Report on State Finances is a report prepared in accordance with the *Government Financial Responsibility Act 2000* that provides the State's whole-of-government 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 a State or local government entity. For State government 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.

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 and, if necessary, the key performance indicators are relevant and appropriate and fairly represent indicated performance, or controls are adequate.

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 entity 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.

Focus area audit are audits which assess how well public sector entities perform common business practices and related controls. They are carried out as an extension of our annual financial audits.

A **follow-up audit** reviews the extent to which recommendations from a 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.

A **local government entity (LG entity)** is one of the 139 local governments or 9 regional councils in Western Australia.

Management letter is a letter to senior management of an entity that conveys the audit findings and results of an audit.

It may include recommendations for improvements in controls and other matters.

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 entities.

Public sector entities is the collective term for all Western Australian State and local government entities.

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

A **State government entity** is a Western Australian government department or agency, parliamentary department, statutory authority, university or State training provider, superannuation fund, corporatised entity, cemetery board or subsidiary entity

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

Treasurer's Instructions (TI) 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 State government entities under the *Financial Management Act 2006*.