

On 30 March 2022, the OAG hosted its fourth Audit Committee Chair Forum featuring 2 keynote presentations. Rob McDonald presented his observations as specialist independent chair of audit and risk committees and Dan Volaric, Executive Director, Integrity and Risk at the Public Sector Commission (PSC) discussed a series of PSC resources available to help entities develop, or evaluate and strengthen, their own integrity frameworks.



Key points of the presentations are provided below.

### **The relationship between audit committees and entity management**

Given the limited time available at audit and risk committee (ARC) meetings for each entity, Rob suggested chairs regularly maintain direct lines of communication with relevant entity corporate executive members to ensure the ARC is able to effectively review, monitor and assess risk to protect the entity head.

### **Risk management and internal audit observations**

Despite TI 825, risk management in the sector has a way to go – risk identification is “easy”, but managing risks is more difficult. Quality internal audit staff are hard to find but are out there and key to ensuring entity internal audit performance is at an acceptable level. Individual internal audits need to be scoped well to avoid missing key details.

Demonstrated proof of entity policies working to the required level should be pursued, as the mere existence of a policy is not sufficient. Internal audits can be conducted into the effectiveness of policies achieving their aim, Rob has found these to be successful.

### **Audit and risk committee operational observations**



All ARC members' opinions are valuable and should always be sought to provide a perspective on all material agenda items.

Given time limitations, ARC meeting papers should be available early. Ideally in the interest of accountability, existing management papers should be used in preference to papers being specifically prepared for the ARC. If such management papers are not available, questions should be asked why not.

In the interest of transparency and to develop a greater understanding of entity operations and controls, Rob also recommends inviting a representative from the OAG to attend as an observer.

Rob always ponders at meetings what as ARC chair he doesn't know that he should, and what questions he should therefore be asking to bring any concerns to the fore.

Most importantly, ARC chairs need the courage to call out poor, incorrect or unacceptable papers and/or recommendations. If

necessary, advise the Director General/Commissioner or CEO outside of ARC meetings of your concern/s.

## Fraud and misconduct management observations

Good organisational culture is key to avoiding or minimising fraud and corruption in entities.

It is good practice to maintain awareness from other organisations examples of fraud and corruption including intelligence gathering from Corruption and Crime Commission reports, OAG reports, media and existing ARC networks, so you can apply the findings to your own ARCs.

## Integrity update from the Public Sector Commission

In 2019, the PSC released the [Integrity Strategy 2020-2023](#) which provides a framework to apply quality integrity practices.

The PSC also produces resources that entities can use to deal with integrity issues appropriately:

- [good practice guidance](#) for managing risks of gifts, benefits and hospitality
- a [financial management checklist](#) for entities to self-assess their ability to control, detect and prevent integrity risks
- [governance e-Learning resources](#) for boards and committees
- a [template and guide](#) to assist in the development of best practice integrity frameworks.



If you have any feedback on the forum or topics you would like presented, email [communications@audit.wa.gov.au](mailto:communications@audit.wa.gov.au). Our next forum is scheduled for October and will include a presentation from our Forensic Audit team.