

PUBLIC SECTOR — AUDITOR GENERAL'S REPORT

**827. Ms M.J. DAVIES to the Premier:**

I note the report released today, which reveals that this government has been handed the highest number of audit qualifications ever issued by the Office of the Auditor General.

- (1) What is the Premier's explanation for the more than quadrupling of qualified opinions reported since 2018–19?
- (2) Does the Premier now concede that his machinery-of-government changes have undermined and stretched the public service, leading to a very concerning and significant upward trend in qualifications and breakdown in controls in our government departments?

**Mr M. McGOWAN replied:**

- (1)–(2) The answer to the last question is no. In relation to the broader question, the Auditor General's report acknowledges the massive additional workload the public sector is under to respond to COVID-19, including over \$9 billion in measures to respond in capital services, recurrent spend and other initiatives that were taken across the entire public sector.

In the wake of the Paul Whyte corruption scandal in Housing, which occurred from 2008 to 2019, a range of significant reforms were put in place to financial management, including improving internal governance and audit arrangements across the public sector, ensuring the segregation of duties and payment authorisations so the officer issuing the invoice is separate from the officer paying the invoice; the regular rotation of accounting firms conducting internal audits; and mandating that agencies have independently chaired audit committees by a person external to the agency, which we brought in after the Paul Whyte affair came to light.

In addition to that, we resourced the Auditor General to undertake targeted forensic audits of agencies, supported by data analytics. As a result of our new mandatory requirements, this has identified weaknesses that had existed prior to us resourcing the Auditor General to undertake that work. That shows that the additional resources we gave the Auditor General to do this sort of work are bearing fruit. I expect agencies to work with the Office of the Auditor General, Treasury and the Public Sector Commission to find a way to eliminate any weaknesses. The reforms have meant that qualified audits on procurement controls received by the housing function within the Department of Communities have been removed by the Auditor General in the 2020–21 financial report. There are two other things we have done to mitigate any of these issues. Firstly, the \$500 million investment in the digital capability fund will ensure that there are enhanced cybersecurity initiatives, additional funding for payroll, and HR initiatives to support the public sector. Secondly, we also announced recently, and funded, agency capability reviews across the public sector to ensure performance and accountability and to drive improvement.