

PUBLIC ACCOUNTS COMMITTEE

Review of the 2001-02 Annual Report of the Auditor General

MR J.B. D'ORAZIO (Ballajura) [10.06 am]: I present for tabling the Public Accounts Committee's "The 2001-2002 Annual Report of the Office of the Auditor General: A Performance Review: Report No. 3".

[See paper No 1118.]

Mr J.B. D'ORAZIO: On 5 March, the Public Accounts Committee resolved to undertake a review of the 2001-02 annual report of the Office of the Auditor General of Western Australia. The Auditor General provides a great review function for Western Australia. Over the past 12 months, he has produced an impressive annual report, the details of which are contained in the committee's report. The Auditor General has produced 10 extensive reports. This is the first time that the Public Accounts Committee has reviewed the role of the Auditor General, and it is appropriate that it continue to do so. The committee assessed the reports and their implementation. More importantly, the committee assessed the report that Parliament receives about the efficiency of the Office of the Auditor General.

The committee found that the information that explains how potential audits are prioritised is inadequate, and believes that when the Auditor General picks topics for investigation, priority should be given to certain issues. There should also be a basis upon which the parameters for the investigations are decided and a determination is made of how the resources will be allocated to the investigations.

The committee also found that the implementation of the Auditor General's recommendations are not clear cut. In a small number of cases the Auditor General reviewed issues two years after they were initially considered. There must be a more effective way of ensuring that the Auditor General's recommendations are taken on board and, more importantly, implemented by agencies. The parliamentary survey that the Auditor General relies on to determine the effectiveness of the Auditor General's office is inadequate. There must be a further strengthening of that process to ensure that the report of the Auditor General and the effectiveness of his office are judged in a more extensive way. The committee found that matters of significance identified in reports must be clearly identified. The basis upon which they are included in the reports and the context in which they are delivered must also be clearly identified.

To that end, the Public Accounts Committee has made 12 recommendations that it believes will improve this process. The annual report should provide a brief background on the way the terms of reference are determined for performance examinations. That is important for not only agencies but also those who are reading the reports. The information regarding follow-up performance examinations is limited at best. There should be brief summaries on the examinations and relevant conclusions from the examinations. Further, there must be better implementation processes for the recommendations. The committee's main recommendation is that from now on the Public Accounts Committee will require agencies who have performance examinations to report on the progress of the implementation of those recommendations within 12 months. The Public Accounts Committee would like to put agencies on notice that if the reports are not adequate, the committee will take further action by either referring matters back to the Auditor General for further investigation or conducting a public hearing. In that way, we will be able to establish why the agencies have not complied with the recommendations in the Auditor General's report. It is important that the Office of the Auditor General be effective. It is also important that agencies understand that recommendations are made for a reason and that they must be implemented as quickly as possible. Of course, there will be circumstances in which agencies cannot comply because of a lack of technology, resources or other factors. In such cases, the Public Accounts Committee would like to be informed. More importantly, Parliament must be made aware of why the recommendations have not been implemented. It can then consider ways of solving the problems, because it is important that once weaknesses are identified, we implement change.

The committee was happy with the performance of the Office of the Auditor General. However, the reporting of the office's effectiveness depends on a parliamentary survey that is filled out by members of Parliament. That in itself is inadequate. There must be greater depth in the process that determines the effectiveness of the Office of the Auditor General. To that end, the committee is of the view that more face-to-face interviews with some of those involved in the process would be adequate. Filling in a questionnaire that has boxes to tick is an inadequate way of assessing the performance of the Auditor General. The annual report should contain extra information on projects that the Auditor General has undertaken and time frames that have not been met. For example, if the Auditor General undertakes an investigation, he allocates resources and imposes time lines. It is important that his report informs the Parliament of the reasons for not meeting time lines, the fact that the Office of the Auditor General has needed extra resources, and any other problems encountered. Giving us merely the conclusions may not necessarily give us the full picture.

It is very important for both agencies and the Parliament that when matters of significance are identified, their background be highlighted so that they become understandable in the context in which they have been raised. The committee believes that reports of the peer review of the Office of the Auditor General should be made available. Auditors around Australia have a peer review group, and it is important that the feelings and acknowledgments of that group be incorporated in annual reports.

It is important that the Parliament obtain from the Office of the Auditor General as much information as possible so that it can see that the agencies working for the Parliament and the people of Western Australia are operating in the most efficient way. It is important that the Auditor General's role be strongly supported. If further resources are required, highlighting some of the issues, as has been done in the report, will allow us to have a more efficient Office of the Auditor General, which in the long term will make the public service in Western Australia that much more efficient. I believe that the key item in the end is that it will deliver better outcomes for the community of Western Australia.

I thank the deputy chairman, the committee members and the staff, Andrea McCallum and Simon Kennedy for their work on this report. I look forward to working with the Office of the Auditor General and, more importantly, delivering a message to the agencies in Western Australia that once parameters have been examined through the Office of the Auditor General, the Public Accounts Committee will have a watching brief on all departments to make sure on behalf of the Parliament of Western Australia that those recommendations are implemented.

MR M.P. WHITELEY (Roleystone) [10.13 am]: Let me start by thanking Andrea McCallum and Simon Kennedy for the work that they did on the inquiry. Their work was of high quality, and I greatly appreciate it, as do the other committee members. I echo the comments of the member for Ballajura: the committee appreciates the work of the Auditor General and acknowledges the need for the independence of the Office of the Auditor General.

I refer to some of the key recommendations. I believe the most important are recommendations 3, 4 and in particular, 5, which are really designed to ensure that better follow-up work occurs so that the good work done by the Auditor General is not wasted. There is not much point in the Auditor General identifying issues and making recommendations for implementation if appropriate follow-up work does not occur.

Recommendations 3 and 4 are particularly aimed at ensuring a better and more cooperative approach between the Auditor General, Public Accounts Committee and the agencies. Recommendation 5 is probably the most significant because it requires that agencies respond to the Public Accounts Committee 12 months after the tabling of the Auditor General's report and that they comment upon the implementation of every recommendation of the Auditor General. It is a key recommendation because it ensures that the good work done by the Auditor General will not be wasted. It is one thing to have a well-resourced Office of the Auditor General that does effective work, but unless follow-up work can be ensured with the authority of the Parliament behind the Public Accounts Committee, the potential is that the work will not be followed up. I commend the work of the committee and particularly those recommendations that ensure that the good work of the Auditor General is followed up.

MR J.L. BRADSHAW (Murray-Wellington) [10.16 am]: The report has been well prepared. I congratulate our research assistants, Andrea McCallum and Simon Kennedy, for the great work that they have done. The Office of the Auditor General had never been examined by the Public Accounts Committee, so this was a first and was worthwhile. It is a question of who watches the watchdog. In this case the Public Accounts Committee has that role. It has therefore examined the performance of the Office of the Auditor General. It is important that the Auditor General have an independent role to ensure that he is not put under pressure.

The main recommendation of the report is that the departments subject to performance examination must report back to the Public Accounts Committee. That is important because all too often reports and recommendations are made but nothing comes of them because reports sit on a shelf and are forgotten about. The implementation of this recommendation will mean that those departments must come back to the Public Accounts Committee and outline what they have or have not done and why they have or have not done it. The Public Accounts Committee can then assess its performance and bring to bear any pressure that might need to be brought to bear. The committee's recommendations are important and will play an important role in ensuring that government agencies perform better and give the best value to the taxpayers.