



Annual Report 2022-2023





Designed by Noongar artist Justin Martin Wardong, the artwork reflects the work of the OAG. The black dots symbolise the Auditor General reaching out to people and public sector entities throughout Western Australia. It is drawn from Noongar and Yamatji country imagery of black dots representing a black crow, which also has a role in overseeing the countryside.

Vision

Supporting accountability and continuous improvement in the public sector through an informed Parliament and community.

Mission

Serve the public interest through independent auditing and reporting on State and local government finances and performance.

Values

Integrity – Quality – Service

The Office of the Auditor General acknowledges the traditional custodians throughout Western Australia and their continuing connection to the land, waters and community. We pay our respects to all members of the Aboriginal communities and their cultures, and to Elders both past and present.

National Relay Service TTY: 133 677 (to assist people with hearing and voice impairment).

On request, we can deliver this report in an alternative format.

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Welcome

Welcome to the Office of the Auditor General's Annual Report 2022-2023.

It describes our performance and the services we delivered during the year to inform Parliament on public sector accountability and performance. You can access this and earlier annual reports on our website at audit.wa.gov.au.



We have structured the report around our *Strategic Plan 2021-2025* and the four result areas – strengthening our capability, demonstrating excellence, delivering results, and adapting and innovating. Each year we choose a result area for our annual report theme. This year, our theme is adapting and innovating, examples are highlighted throughout the report in blue feature boxes.

The report also describes our functions and operations, and presents the audited financial statements and key performance indicators for the year ended 30 June 2023.

Feedback

To help us improve our future annual reports we value feedback and comments. You can contact us by:

- emailing info@audit.wa.gov.au
- completing our online form at audit.wa.gov.au/contact-us
- writing to PO Box 8489, PERTH BC WA 6849.



**THE PRESIDENT
LEGISLATIVE COUNCIL**

**THE SPEAKER
LEGISLATIVE ASSEMBLY**

ANNUAL REPORT OF THE OFFICE OF THE AUDITOR GENERAL FOR THE YEAR ENDED 30 JUNE 2023

In accordance with section 63, as modified by Schedule 3, of the *Financial Management Act 2006*, I hereby submit to Parliament for its information the Annual Report of the Office of the Auditor General for the year ended 30 June 2023.

The Annual Report has been prepared in accordance with the provisions of the *Financial Management Act 2006* and the *Auditor General Act 2006*.

Caroline Spencer
Auditor General
27 September 2023

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About us

The Auditor General is an independent officer of the Parliament with responsibility for auditing the Western Australian (WA) public sector.

The Auditor General has complete discretion in the performance of these functions. This independence and freedom from pressure, influence or interference is the cornerstone of public sector audit.

The Auditor General is appointed by the Governor of Western Australia for a 10-year term on the recommendation of the Treasurer and following consultation with parliamentary oversight committees. The Auditor General serves as an ex-officio member of the State Records Commission and has other responsibilities outlined in a variety of legislation, including the *Commonwealth Electoral Act 1918*.

Ms Caroline Spencer was appointed the State's 19th Auditor General in May 2018.

The Office of the Auditor General (OAG) supports the Auditor General and is one of the largest audit practices in WA. The OAG is a public sector entity and the Auditor General is the chief executive officer and employer of staff.

The Auditor General reports directly to the Parliament of WA. Three parliamentary committees have oversight of our operations – the Legislative Assembly's Public Accounts Committee, the Legislative Council's Standing Committee on Estimates and Financial Operations, and the Joint Standing Committee on Audit.

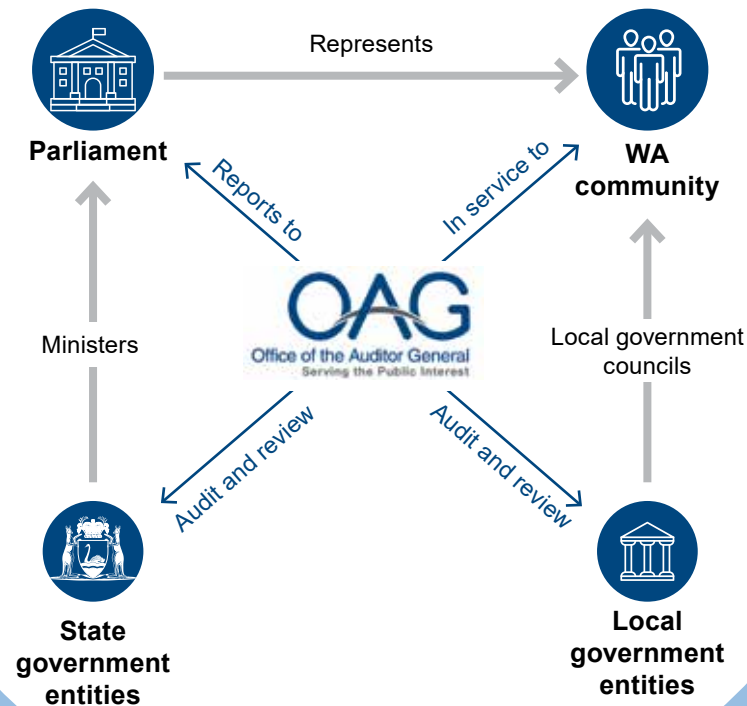


Figure 1: OAG reporting structure to Parliament

Our responsibilities

The Auditor General is responsible for:

- ✓ auditing the Annual Report on State Finances
- ✓ conducting annual financial statement, key performance indicator and control audits, and issuing audit opinions for State government entities
- ✓ conducting annual financial statement audits and issuing audit opinions for local government entities
- ✓ undertaking wide-ranging performance audits to ensure there are adequate controls within State and local government entities, compliance with relevant legislation and most importantly efficiency and effectiveness of operations or programs
- ✓ undertaking information systems audits on important non-financial computer applications and the general computer controls of entities with significant computer environments to determine whether these effectively support the accuracy and integrity of financial statements and key performance indicators
- ✓ performing forensic examinations and audits to determine if there are indicators of fraud or wrongdoing in the State sector
- ✓ providing an opinion on whether a minister's decision not to provide information to Parliament was reasonable and appropriate
- ✓ functions under other legislation such as for certifying compliance with grants or other conditions
- ✓ reporting the results of audits to Parliament in an objective, competent, insightful and timely manner.

In 2022-23, we achieved this with a budget of \$45 million, 210 employees, and the professional resources of our contract audit firm delivery partners.



Executive summary from the Auditor General

This year marked my fifth as Auditor General, the midpoint of my term and a chance to reflect on the achievements, growth in our audit functions and challenges we have faced as an Office.

At the same time, my focus is very much on the opportunities ahead in our vital role of monitoring and encouraging good financial reporting and governance across more than 300 State and local government entities.

Over recent years, we have worked to raise community awareness and understanding of our Office, reports and role serving the Parliament and the people of Western Australia. This work provides ongoing independent and robust checks and balances – particularly on executive power – that are invaluable in helping to sustain and build community trust in our democratic system of government.

More than ever, integrity bodies – especially long-standing audit offices – play a critical role in a healthy and thriving democracy, providing the Parliament and community with independent assurance across a broad range of government administration.

Good public governance is essential for quality public service delivery, including in education, health, transport, justice, waste, power, water, regulation and so much more. We are fortunate as Western Australians to be the beneficiaries of the dedication and commitment of successive generations in building and sustaining the services that many of us can too easily take for granted. Our standard of living is among the best in the world and it takes sustained vigilance to ensure its safeguarding.

My Office has a rare visibility of the public sector, with our auditors working with around 20% of WA's 300 public entities across the State in any given week, whether that be conducting detailed on-site audit fieldwork, or interacting in meetings, phone calls and emails.

Through our work, I am privileged to have an insight into the range of hard and thoughtful work that continues across our public sector each day in so many ways to serve the people of this State.

My Office's overarching purpose is to support good public governance, particularly focusing on whether entities are spending public money for its intended purpose and are efficient, effective and compliant in their operations.

While public entities' compliance with minimum standards is essential, more is required to satisfy community expectations

around integrity, accountability and transparency, and for our society to thrive. Our public sector should seek to operate in line not just with the letter of the law, but also the intent of the principles – the spirit – at the heart of established rules and frameworks.

Our audit work and reports are an important source of information for the Parliament to apprise itself of matters of public stewardship and for the public sector to reflect on its performance and for us all to learn from others' successes and failures.

In the performance of our duty to the Parliament, my Office has a shared responsibility with other public leaders to help foster a public sector that remains citizen-focused, accountable and committed to continuous improvement for the benefit of the community we jointly serve.

I recognise that our role often challenges public officers in a way that is uncomfortable and which can come at inconvenient or pressured times.

While the vast majority of public servants in our State understand the essential role of audit oversight – and willingly submit themselves to the checks and balances that are vital for trust in government – we do on occasion encounter delays and obfuscation that require assertion of the important powers and protections available in the *Auditor General Act 2006*.

The role of public servants is to act impartially, as part of a fearless and accountable public sector, which is enduring, professional and willing and able to give full and frank advice to ministers and their staff. Ethical behaviour – acting honorably, fairly and solely in the public interest – should guide public sector advice, decision making and actions.

It is the right and privilege of democratically elected governments to be able to efficiently, effectively and lawfully implement their policies, and ministers are able to take a different decision to that of the bureaucrats who advise them. But ministers need to be properly informed of the risks and consequences of their ideas, and be willing to ultimately explain to citizens the basis of their decisions.

As an Office, my auditors are driven in our goal of supporting good public governance, knowing that public administration is strengthened through robust independent scrutiny. We know that there is no excellence without challenge and accountability. We know that our role acts as an essential tension in our system, and we must do it without fear or favour, and do it well, even when uncomfortable because that is how we best serve the public interest.

Operating environment and record qualifications

This year, public entities continued shifting from an environment of disruption, fatigue and heightened stress due to frequently changing policy demands arising from the COVID-19 pandemic response to a more normal operating momentum.

Concerningly in State government entities, we have continued to see record numbers of audit qualifications (45 serious shortcomings at 25 entities) in their 2022 financial audits, due to a lack of attention to some foundational public financial management controls. I recognise the shared concern of public sector leaders, central agencies and ministers around this outcome and the efforts underway to support improvement. A lack of experienced public finance professionals represents a challenge to quickly fixing these matters.

The 2022 financial year marked our second year auditing all 148 of WA's local government entities and, disappointingly, too many weaknesses identified in previous years are not being resolved quickly enough.

Cyber security has long been a focus of our Office and, across both sectors, the ongoing failure to address control weaknesses regarding system access and network security runs the risk of data error and breaches, system outages and financial loss to governments and citizens.

Public sector entities must commit resources and effort to resolve significant issues or these concerning trends will continue, heightening the risks of error and fraud and potentially eroding public confidence in the administration of public finances and services.

Control weaknesses also add a great deal to the cost and time required for our audits. Additional procedures, analysis and senior briefings, judgements, documentation and consultation around their impacts are required. If my auditors find problems, and cannot rely on established controls within entities, Australian Auditing Standards oblige us to identify and test any compensatory controls, undertake alternative procedures and amend the audit approach including time-consuming

“Public sector entities must commit resources and effort to resolve significant issues or these concerning trends will continue, heightening the risks of error and fraud and potentially eroding public confidence in the administration of public finances and services.”

detailed transaction testing to determine whether financial statement balances are fairly stated. Such additional work essentially transfers the ongoing cost of good financial management from the public entity to the end of year audit process. Such work is unscheduled, requires resource allocation at more senior levels and results in late negotiations around reporting requirements and issuance of audit opinions, much to everyone's frustration and disappointment. Further, these control weaknesses need to be addressed as part of audit risk assessments in the following cycle, resulting in the baseline cost of audits increasing.

The year was not without its other challenges. Like many State and local government entities, and our audit contract delivery partners, we continue to be confronted with striking labour shortages. These shortages impacted our capacity to recruit skilled staff. We have also had to manage the loss of highly qualified staff to the mining and banking industries, and to promotions across the public sector. This continues to be most acutely felt in our Financial Audit business unit, where the State's current shortage of qualified finance and audit professionals has resulted in us diverting staff from all business units to best meet statutory financial reporting deadlines.

Of increasing concern, audit readiness and timeliness continue to be an issue for entities across the State and local government sectors, which, combined with increased audit findings and staffing constraints, has the potential to severely hamper the OAG's ability to complete financial audits and certifications within statutory deadlines.

Late finalisations this year caused considerable disruptions to our Office and delayed the local government 2022 annual results report which tabled in August 2023. We are increasingly taking firm steps with entities experiencing difficulties providing quality financial reports and supporting information. We have provided guidance and increasingly started to wrap-up audits sooner. Such an approach of not providing unlimited time and support to help entities over the line will limit delays and costs in our audits, and potentially provide a truer picture of the state of public sector controls and statutory reporting capability. However, these issues appear likely to continue to some degree in future years and pose considerable operational challenges for our Office.

While Western Australia is not alone in the pattern of growing cost and delivery timeframes for public sector audits, I am very keen to see this situation reverse as soon as possible and return to a more normal operating rhythm for our audit program.

Beyond our financial audit work, our reports covered wide-ranging topics, including the Public Trustee's administration of trusts and deceased estates, the management of long-stay patients in public



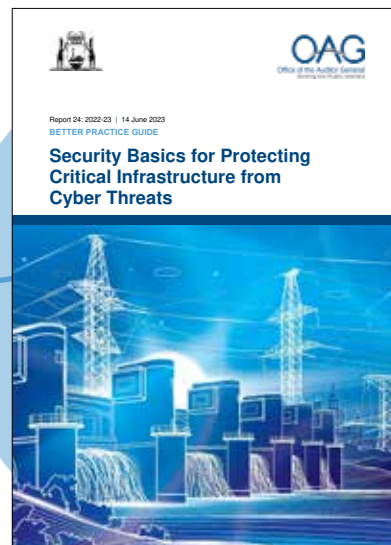
hospitals, the administration of the Perth Parking Levy special account and whether public entities effectively ensure mining companies comply with mining environmental conditions.

Our Office also continued its scrutiny of various aspects of administration of the COVID response, providing more evidence of the many lessons to be learnt from delivering changing policies in short timeframes under emergency powers.

Over the year, our forensic audits have identified multiple concerning findings and trends regarding lost data, inadequate maintenance of supplier information, poor fraud risk management and non-compliance with Commonwealth requirements in entities with a heightened risk of criminal activity. A number of in-depth examinations remain ongoing at the time of reporting.

Together our work provides unparalleled insight into the public sector, helping to inform Parliament and the community of the current standard of public administration.

“*The security of critical infrastructure is increasingly complex as information technology becomes more integrated with operational technology.*”



Continuing focus on strengthening capability across the public sector

As part of our ongoing commitment to supporting continuous improvement and building capability across the public sector, we added to our extensive body of better practice guidance, publishing a comprehensive resource that aims to help entities better manage cyber security threats to their critical infrastructure.

The security of critical infrastructure is increasingly complex as information technology becomes more integrated with operational technology. As cyber threats grow, governments worldwide are taking steps to improve cyber security measures and resilience of their critical infrastructure.

In addition, we released a new stand-alone guide and tools to assist entities to be better prepared for their annual financial audit. Our expectation is this will particularly help with the quality of information presented to our auditors and the timeliness and consequent cost of audits.

Our Forensic Audit team have also been engaging with entities to help improve fraud resilience, having held a number of forums in the past 12 months, including on the topics of integrity frameworks and knowing your supplier.

As we look to Australia implementing sustainability reporting, including climate-related financial risk reporting expected to be introduced from 2024, we are engaging with Departments of Treasury and Water and Environmental Regulation and preparing to build our capability to deliver assurance on another aspect of non-financial reporting of interest to stakeholders.

Reporting to Parliament

Pleasingly, we met our target of tabling 28 reports by June 30, five more than the previous year, despite the challenges that we and the sector faced during the year.

To meet our three-year target of 84, we will need to table 33 reports in 2023-24.

While we will be working with our usual commitment and diligence as we strive to meet our targets, we acknowledge this may not be possible due to various and complex challenges some of which are outlined below. We are also mindful of not sacrificing the quality of our audit work and reports to meet a quantitative target.

As previously mentioned, throughout the year, our Office faced considerable challenges with skill shortages and delays to State and local government financial audits, mainly because entities were not sufficiently audit ready and there were significantly more control gaps identified that needed additional audit work to properly understand, assess the impact and report on.

In addition, our audit staff have also been diverted to prepare, test and implement our new audit tool, which is now live in three of four audit divisions.

The new technology provides automation which will streamline compliance with auditing standards and support more efficient audits.

This critical project required replacing an outdated auditing system that had been in place for many years, to improve our capabilities as we seek to innovate and provide improved value for money quality services across the sector.

Auditor General Amendment Act

The *Auditor General Amendment Act 2022* (Amendment Act) was passed by Parliament on 22 November 2022 but has not yet been proclaimed.

While the Amendment Act sought to clarify the Auditor General's right to access confidential information, particularly cabinet-in-confidence material and material covered by legal professional privilege, it has also introduced a number of new provisions relating to the Auditor General's reporting powers.

My Office has identified areas of concern with the Amendment Act, including provisions that are inconsistent with the existing statutory independence of the Auditor General.

I feel particularly duty bound to inform the Parliament that the amendments will affect our ability to report directly to Parliament on matters that I and future Auditors General deem to be in the public interest. These concerns are outlined further on page 110.

It is critical that our State continues to have strong public audit legislation and that whoever is the Auditor General retains the unambiguous statutorily-enshrined independence necessary to fulfil their duties to the Parliament and the people of Western Australia.

To that end, my Office will seek to continue to work with the relevant ministers and parliamentary committees to ensure the Amendment Act delivers on the stated intention to enhance accountability, transparency and integrity across government to best serve the public interest.

Engagement with audit and other integrity entity peers

The post-pandemic environment provided important opportunities to again engage with our national and international audit peers – particularly the Australasian Council of Auditors-General (ACAG) – to identify and share important learnings from our common challenges.

It also provided for a further strengthening of our Office's relationship and knowledge sharing with other integrity agencies including the Corruption and Crime Commission, the Office of the Information Commissioner and the State Records Office of Western Australia.

This year, we formally established our association with the Pacific Association of Supreme Audit Institutions (PASAI) and, in March 2023, I attended the 24th Congress of PASAI in Palau.

In accordance with the practice of ACAG members twinning with PASAI offices, our Office, and the ACT Audit Office, were granted membership at the congress. This provides valuable opportunities to engage with Auditors General across our region who experience many of the same challenges we do in Australia despite their varying size and operating context, particularly regarding threats to independence, resources and availability of qualified staff.

We also confirmed, with the Victorian Auditor-General's Office, our co-twinning relationship with the Office of the Auditor-General of Fiji, which will help us share knowledge and grow together to improve systems, processes and enhance capability and skills in a focused way across jurisdictions.

As part of our commitment to participating, sharing and learning from multi-jurisdictional and professional forums, I'm excited that my Office will for the first time be hosting the Commonwealth Online Meeting of Performance Audit Critical Thinkers (COMPACT) conference in 2024 and the in-person International Meeting of Performance Audit Critical Thinkers (IMPACT) in 2025. IMPACT will provide a great opportunity to showcase our work to hundreds of auditors from Australia, New Zealand, the Pacific, Asia and further afield and promote our public accountability mechanisms as well as the many great places to see and explore in Western Australia. Taking our turn to host this conference means more of our WA auditors will be able to attend and not need to travel long distances to benefit from this important biennial professional development opportunity.



“This year, we formally established our association with the Pacific Association of Supreme Audit Institutions and, in March 2023, I attended the 24th Congress of PASAI in Palau.”

Thank you

I recognise the professionalism and dedication of countless senior leaders and staff across the State and local government sectors with whom we interact, often while working in some trying circumstances and with tight deadlines.

I sincerely thank all OAG employees and our contract audit delivery partners for their diligence, adaptability and continuous effort in delivering the important work we do for the benefit of the Parliament and the community we serve. While there have been some growing pains over the last five years due to our expanded functions, the ability of our team to adapt and deliver apace during a highly irregular period is commendable.

I wish to acknowledge the commitment and hard work of my Executive team, and Tim Hughes who retired as my Principal Adviser this year and the work he did during his four years with my Office to further strengthen the relationship between the OAG and the Parliament.


I look forward to continuing effective and active engagement with elected members, committees and the public we serve over the coming year.

Regardless of the challenges ahead, our Office will continue to be vigilant in the pursuit of good public governance and assisting to strengthen financial and other capabilities across local and State government entities, so that our community can have confidence that the public sector is serving them well.

It is truly a privilege to lead such a vital integrity function and I am optimistic about what the talented OAG team can achieve together over the next five years and beyond.



Caroline Spencer
Auditor General



“Regardless of the challenges ahead, our Office will continue to be vigilant in the pursuit of good public governance and assisting to strengthen financial and other capabilities across local and State government entities, so that our community can have confidence that the public sector is serving them well.”



Year in review

ABOUT US



210
employees



12
graduates
started with us in
February 2022

We held **2**
Audit Committee
Chair Forums and
2 Fraud Resilience
Forums



Nearly
25,000
hours spent on
professional
development



47%
of our people are
from culturally diverse
backgrounds



39
countries of birth



38
different first languages



We celebrated
7 cultural and social
events as an Office



24
people in and out
on secondments



WE AUDITED

State government



170 entities
and subsidiaries



employing over
159,000
people



managing over
\$218 billion
in assets

Local government



148
entities



employing over
16,000
people



managing over
\$51 billion
in assets

WE DELIVERED



28
reports to
Parliament

including
8 opinions
on ministerial
notifications

295
certifications of financial
and statistical information

315
opinions
on financial
statements

better practice
guidance on
2 topics



We received
3 awards
including

- ☆ 2023 ACAG Performance Audit Communications Award (national)
- ☆ Gold Australasian Reporting Award (Asia-Pacific)
- ☆ Gold IPAA WA W.S. Lonnie Award for the 101-1,000 FTE category (WA)



We
responded
to over
177
complaints
and referrals

Highlights of 2022-2023



Award winning excellence

This year, we were recognised for our excellence in reporting with three awards. *Our Public Trustee's Administration of Trusts and Deceased Estates* report won the 2023 ACAG Performance Audit Communication Award. Our second ACAG award in a row, it was recognised for its clear and concise messaging and demonstrated uptake of its messages.

Our Annual Report 2021-22 won two gold awards. The 2023 Australasian Reporting Awards recognised its excellence in the Asia-Pacific region. Within WA, it won an Institute of Public Administration Australia WA W.S Lonnie Award (page 69).



Quality engagement with stakeholders

Our initiatives successfully promoted quality relationships with Parliament and its committees. In March 2023, we held an inaugural mid-term briefing for new members of Parliament (MPs) as a refresher to foster a greater understanding of our valuable work. The MP survey results saw significant improvements in response rate this year, and revealed that MPs held favourable perceptions of the OAG (page 61).

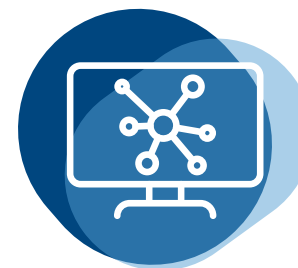
Our ongoing engagement with sector bodies such as the WA Local Government Association and Local Government Professionals Australia WA enhanced our culture of continuous improvement in the audit process (page 66).



Lifting quality of WA public sector

Our credible, independent reports and recommendations helped improve public sector performance and administration. On the day of tabling the *Public Trustee's Administration of Trusts and Deceased Estates* report, the Attorney-General confirmed the Government's commitment to review the fee structure and funding model – a key recommendation of the report (page 97).

We also added to our extensive body of better practice guidance covering security basics for protecting critical infrastructure from cyber threats and financial audit readiness. These resources help entities perform efficiently and effectively (pages 94 and 95).



Strengthening our performance

Despite many challenges associated with transitioning to a new system, we successfully deployed TeamMate+ to all but one audit business unit. This was a combined effort of the project team, business champions, subject matter experts, IT and our external service provider. Once embedded, TeamMate+ will assist us to deliver our audit program more efficiently (page 104).

Significant issues for 2023-2024



Capability and resourcing

The global shortage of specialist skills in financial and information systems audit, accounting and data analytics remains an issue for us. As well as exploring innovative recruitment and retention approaches, we have reiterated with entities the importance of audit readiness and the availability of key personnel at agreed timeframes. This is critical for us to complete financial audits and certifications within statutory deadlines and will have a direct impact on cost and the average number of days taken to complete audits. It also has a direct impact on resourcing our other audit functions. In 2022-23, we reprioritised resources from discretionary areas to deliver mandatory annual financial audits; this may need to continue in future years (page 72).



Increase in cost, time and complexity of financial audits

A rise of approximately 35% in contracted audit firms costs and inflationary pressures contributed to another increase in our financial audit fees. A key contributing factor is the growing complexity of audits, particularly relating to some of the shortcomings in a number of State sector entities and local government entities identified through growing audit findings and qualifications which require additional audit procedures, consultation and judgement at senior levels. Although entities may pay more for their financial audit, we will not recover more than what is needed to efficiently deliver an audit and all additional fees will be explained to the entity (page 72).



Technology transformation

The Financial Audit business unit will transition to TeamMate+, our new audit tool, this year after piloting the system for a small number of audits last year. We will also complete the process to review our financial audit methodologies to ensure they remain fit for purpose, incorporate professional best practice and reflect changes to international and Australian auditing standards. Once our reviewed methodology is embedded, we expect that it will deliver efficiencies to our audit process. As we adjust to the new approach, our audits may take longer (page 105).



Uncertainty over new legislation

We will continue to work with the Government and Parliament to resolve issues with the *Auditor General Amendment Act 2022*, which has yet to be proclaimed. We are concerned that as it stands the Amendment Act presents issues of legal interpretation and practical application that would impact the Auditor General's independence and relationship with Parliament. We do not believe these issues can be resolved solely through regulations and protocols (page 110).

Our performance

Financial performance

Full details of our financial performance are presented in the financial statements from page 114. The following summarises our actual versus target financial performance for 2022-23.

	2022-23 Actual \$'000	2022-23 Estimate \$'000
Total cost of services	45,530	43,164
Total income other than income from State Government	10,685	10,821
Net cost of services	34,845	32,343
Net increase/(decrease) in cash and cash equivalents	(500)	35
Total equity	18,599	19,490
Number of approved full time equivalent (FTE)	201.8	209

Table 1: Key elements of our financial performance

The total cost of services is higher due to an increase in supplier and services expenditure, especially the increased costs associated with our contract audit firms. Other factors include a rise in volume of grant certification activities and an increase in the level of complexity with many audits across the State and local government sectors.

Key effectiveness performance

Our effectiveness indicator measures the extent to which we informed Parliament about public sector accountability and performance against four specified categories:

- service delivery – focused on the direct provisions of government services to the public and other entities
- economic development – focused on government operations that support the economic advancement of WA and its interaction with the private sector
- social and environment – focused on government operations that support the social and environmental wellbeing of the people of WA
- governance – focused on entities' internal operations such as accountability and compliance with legislation.

Report category	2022-23 Actual	2022-23 Target	Status
Service delivery	7	8	✗
Economic development	1	4	✗
Social and environment	3	4	✗
Governance	17	12	✓
Total	28	28	✓

Table 2: Our effectiveness indicator

We delivered 28 reports by 30 June 2023, matching our planned target for the year. While there was a variance in the categories, it was a positive result given the considerable resourcing challenges we faced in 2022-23, including staff vacancies and the diversion of audit staff to the Financial Audit business unit from our other audit units to meet the increased workload from a record number of financial audit qualifications.

We are two years into our three-year reporting period. This year, we increased our tabled reports to 28 from 23 in 2021-22. While we aim to table 33 reports next year to achieve the three-year target (84 reports), we are also determined that the quality of our reports will not be sacrificed to achieve a quantitative measure.

Report category	2021-22 to 2023-24	
	Tabled	Target
Service delivery	13	22
Economic development	4	13
Social and environment	5	13
Governance	29	36
Total	51*	84

* At 30 June 2023, two years into a three year cycle. Need to deliver 33 reports in 2023-24 to meet our three-year target.

Table 3: Three-year report target

Key efficiency performance

Our efficiency indicators measure our overall efficiency in delivering public sector auditing. The indicators report our costs (relative to government expenditure) and the average number of days taken to issue our audit opinions.

Efficiency indicator	2022-23 Actual (\$)	2022-23 Target (\$)	Status
Total audit cost per million dollars of gross government expenditure	582	605	✓
Attest (financial) audit cost per million dollars of gross government expenditure	476	455	✗
Performance audit cost per million dollars of gross government expenditure	106	150	✓
Average number of days taken after balance date to issue financial audit opinions for State government entities	90.1 days	68 days	

Table 4: Our efficiency indicators

The variance in financial audit cost per million dollars of gross government expenditure is due to several factors. These include an increase in the cost of services charged by our contract audit firms, additional audit effort due to control weaknesses in entities and consequent qualifications, and additional expenditure for training and development. The negative variances in total audit costs and performance audit cost are primarily due to the ongoing difficulties in recruiting and retaining skilled employees which has a direct impact on the number of performance audits performed and reports tabled.

This issue, along with increasing complexity of financial audits and number of reporting issues, contributed to the increase in average number of days to issue audit opinions.

Full details of our key performance indicators including five-year trend data are available from page 152.

Performance management framework

State government entities work together to achieve the four high level goals and broader strategic outcomes of the State Government. The services and activities they deliver are linked to the goals and contribute to achieving the Government outcomes.

The OAG is a public sector entity established to support the Auditor General. The Auditor General is an independent officer of the Parliament and as such reports directly to Parliament and ultimately the people of WA, providing assurance about the efficient and effective delivery of services and the responsible management of the State’s finances. We provide oversight of entities’ performance aligned to the Government’s four goals:

Government goal	Outcome
Safe, Strong and Fair Communities	Supporting our local and regional communities to thrive
Strong and Sustainable Finances	Responsible, achievable, affordable budget management
WA Jobs Plan	Diversifying the WA economy, creating local jobs for the future
Investing in WA's Future	Tackling climate action and supporting the arts, culture and sporting sectors to promote vibrant communities

Table 5: State Government goals

Our desired outcome against Government goals and the service we provide reflects this:

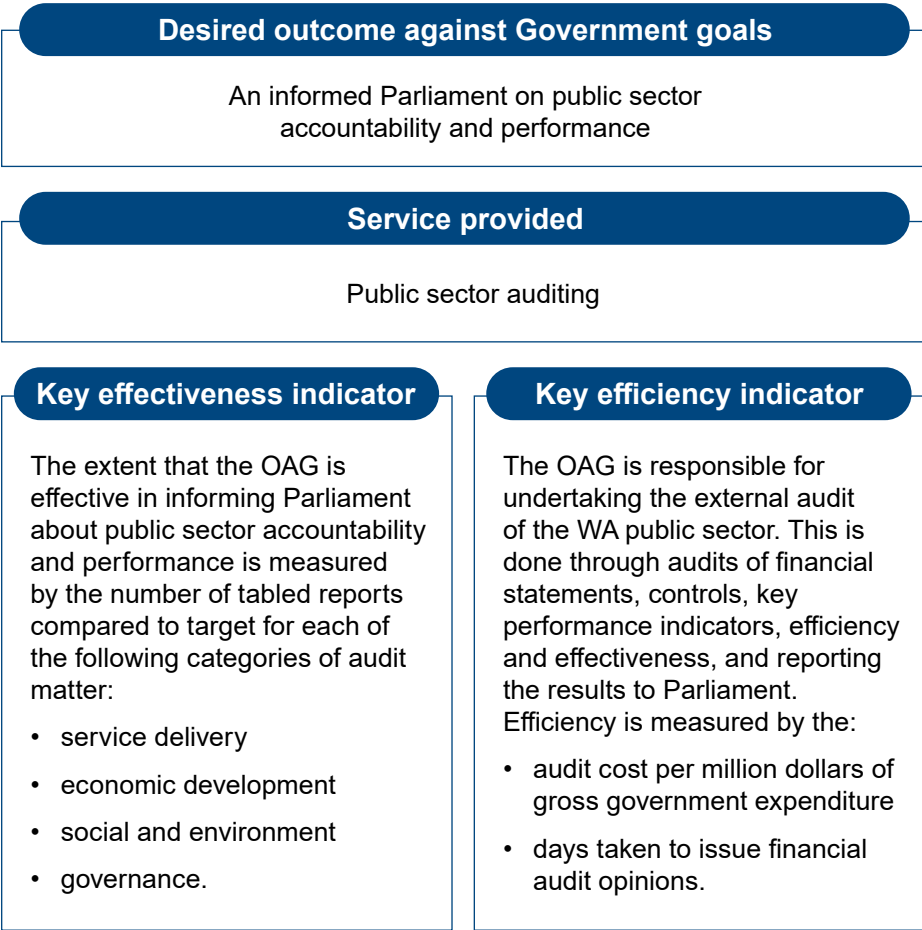


Table 6: Performance management framework

Enabling legislation

The Governor appoints the Auditor General under the *Auditor General Act 2006*. The OAG is a department of the public sector under the *Public Sector Management Act 1994*. As the accountable authority, the Auditor General must discharge responsibilities under the *Financial Management Act 2006*.

Key legislation

We have processes and controls in place to ensure that we comply with all State and Commonwealth legislation and regulations that affect our activities, including laws affecting entities and activities subject to audit by the Auditor General. The following laws have a direct impact on our operations:

- *Auditor General Act 2006*
- *Constitution Act 1889*
- *Disability Services Act 1993*
- *Equal Opportunity Act 1984*
- *Financial Management Act 2006*
- *Industrial Relations Act 1979*
- *Local Government Act 1995*
- *Minimum Conditions of Employment Act 1993*
- *Procurement Act 2020*
- *Public Interest Disclosure Act 2003*
- *Public Sector Management Act 1994*
- *Salaries and Allowances Act 1975*
- *State Records Act 2000*
- *Workers' Compensation and Injury Management Act 1981*
- *Work Health and Safety Act 2020*.





Executive Management Group

The OAG Executive Management Group (EMG) is our team of senior leaders who assist the Auditor General to govern, plan, manage and lead our business. They meet informally weekly, formally 10 times a year and hold strategic planning meetings approximately twice per year to set the strategic direction and organisational values that define the OAG's activities. They monitor the implementation of our strategies and measure performance against targets.

A number of committees provide EMG with strategic, operational and administrative support and advice:

- ✓ Audit, Risk and Compliance Committee (ARCC) provides independent assurance to the Auditor General and EMG about risk management, performance, compliance and control frameworks (page 52).
- ✓ Audit Quality Monitoring Committee (AQMC) monitors that the risks to quality across all functions are identified and responded to effectively (page 54).
- ✓ Information Governance Committee (IGC) governs technology, security and information management (page 102).
- ✓ Office Consultative Committee (OCC) facilitates two-way communication between EMG and employees about workplace issues (page 32).

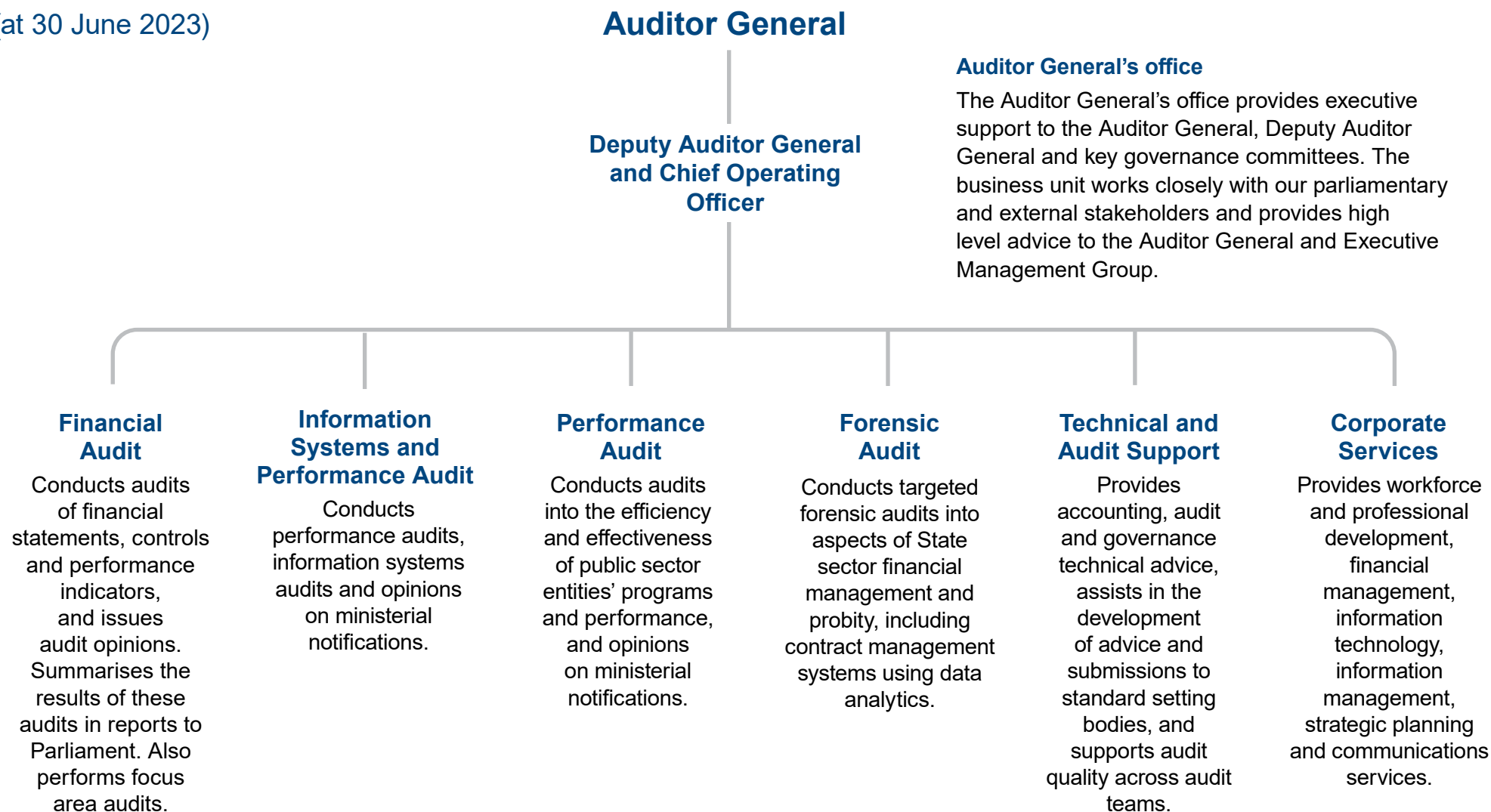


Review of EMG reporting

We reviewed formal EMG reporting, meeting frequency and the purpose of Auditor General catchups with individual EMG members and informal EMG meetings to improve the efficiency and reporting structure of EMG meetings, reduce the amount of duplication in reporting, and enable an opportunity for more efficient preparation and reporting for formal EMG meetings. We are currently testing the new work plan and approach.

OAG structure

(at 30 June 2023)



Executive Management Group biographies



Caroline Spencer

BBus, FCPA, FCA, GAICD, FGIA, FCIS

Auditor General

Caroline was appointed Auditor General in May 2018. Caroline led a public sector audit and governance firm in Canberra prior to her appointment. She has held a number of board and committee roles in various sectors across several jurisdictions. Caroline is an ex-officio member of the State Records Commission and a member of the Australian Accounting Standards Board.



Sandra Labuschagne

BCompt, Hons BCompt, CA (SA), CA

Deputy Auditor General and Chief Operating Officer

Sandra joined the OAG in 2012 and was appointed Deputy Auditor General in December 2018. She was designated as Chief Operating Officer in 2020. Sandra has extensive public and private sector auditing experience in South Africa, New Zealand and Australia.



Grant Robinson

BCom, FCA, FAICD

Assistant Auditor General Financial Audit

Grant joined the OAG in 2021 as Assistant Auditor General Financial Audit. Prior to this he was a partner of KPMG and has more than 38 years' experience as a Chartered Accountant and business advisor, as well as being a non-executive director of various organisations. Grant is experienced in external audit, financial analysis, compliance, governance and risk management.



Aloha Morrissey

BBus, Grad Dip Bus Admin, CPA

Assistant Auditor General Information Systems and Performance Audit

Aloha joined the OAG in 2002 and was appointed Assistant Auditor General in 2019. Prior to joining the OAG, Aloha held a range of investigation and audit positions with the Australian Securities and Investments Commission and the Australian Taxation Office.



Jason Beeley

BA Hons (Oxon), Dip Strategic Studies

Assistant Auditor General Performance Audit

Jason joined the OAG in 2006 and was appointed Assistant Auditor General in 2009.

Jason previously worked with the UK National Audit Office conducting and managing value for money studies, mainly of the Ministry of Defence.



Carl Huxtable

BCom (Acc), CA

Assistant Auditor General Forensic Audit

Carl joined the OAG in 2020 and was appointed Assistant Auditor General in January 2022. A registered liquidator for 15 years prior to joining the OAG, Carl has extensive experience in financial investigations involving fraud and misconduct, many of which resulted in reports to regulators, enforcement entities and the courts.



Wian Oosthuizen

BAcc, Hons BCompt, Hons BAcc,
CA (SA), CA

Acting Assistant Auditor General Technical and Audit Support

Wian joined the OAG in 2021 and since January 2022 has been Acting Assistant Auditor General of Technical and Audit Support. He has over 18 years of State and local government auditing experience of which 13 years was with the Auditor General of South Africa, mostly working as a Senior Technical Manager.



Michael Cooper

BSc, GAICD, AFAIM

Executive Director Corporate Services

Michael joined the OAG in 2020 and was appointed Executive Director Corporate Services in September 2021. He has over 15 years' experience in the information technology sector and extensive experience leading large, dynamic teams across both public and private sectors.



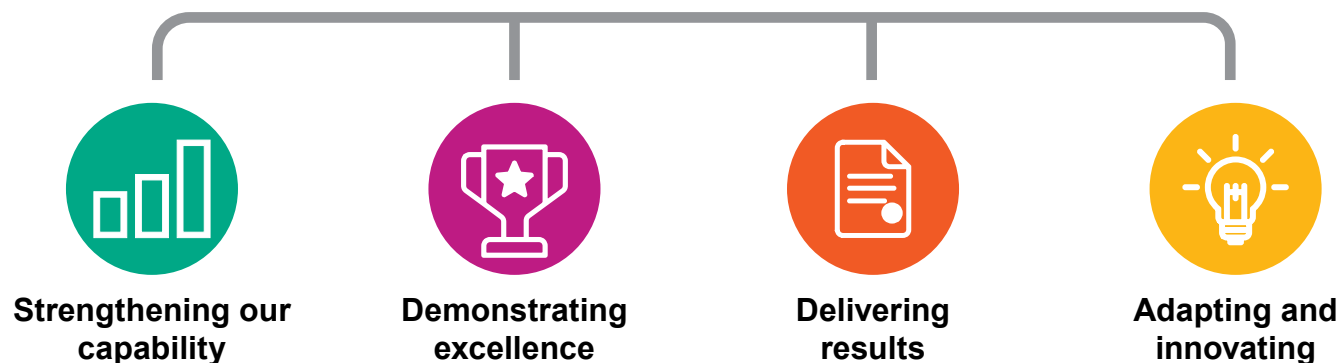
Our strategic plan and direction



This is our second year reporting against our *Strategic Plan 2021-2025*. It is centred around the following four pillars which we have identified as important in achieving our vision and mission.



Four pillars form the basis of our strategic plan:



Our people will always be our priority and this is why strengthening our capability is one of our four pillars. We will focus on building the skills and leadership abilities of our current employees as well as positioning ourselves to be an employer of choice. Having a capable and adequately staffed workforce will better equip us to deliver on our strategy and help us meet our vision of supporting accountability and continuous improvement in the public sector.

We will demonstrate excellence through leading by example and by setting the benchmark for other public sector entities. We always strive to meet, if not exceed, the good governance standards that we expect to see in the entities we audit.

The delivering results pillar encourages us to focus on the purpose of our work to help improve public sector accountability and performance. We will deliver credible assurance reports and advice that give Parliament, entities and the public confidence in our findings and recommendations. While we will always strive to meet our targets, we will prioritise quality reports over quantity.

Through adapting and innovating we will focus not only on our tools, but also our mindsets. We will implement modern, secure and resilient information systems and develop an office culture supportive of

change, questioning and innovation. Embracing new technologies and enhancing approaches will enable us to streamline processes and become a more efficient and effective audit office to meet current and future needs.

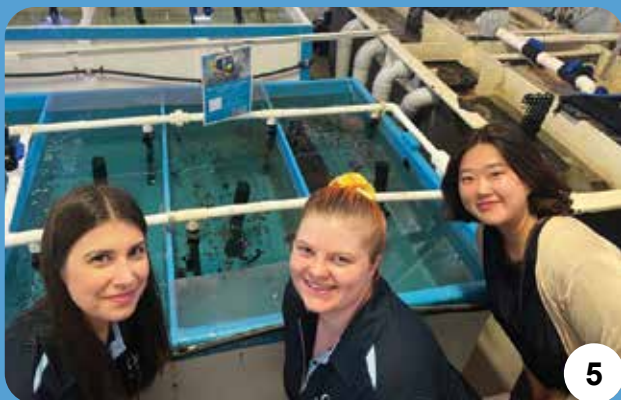
The strategic plan is supported by individual business unit plans, as well as people, IT, data and communication strategies. The individual plans identify initiatives each business unit will undertake to deliver the whole-of-office strategic plan. For each initiative, a key performance indicator was identified, which guides reporting to EMG meetings.

Following our focus on strengthening our capability in last year's annual report, this year we have highlighted how we have been adaptive and innovative.

During the year, EMG conducted a strategic planning day that focused on the status of business unit plans and results of the employee survey. Changes were made to the respective business unit plans to ensure we meet our strategic goals. EMG members track progress against their respective business unit plans and provide feedback to EMG as per the workplan.

Our employees out and about





5



6



7



8



9



10

- 1 Members of our Information System Audit team attending the Australian Cyber Conference 2022 in Melbourne
- 2 Auditor General, Caroline Spencer and members of our Performance Audit team attending the International Meeting of Performance Audit Critical Thinkers (IMPACT) 2022 conference in Canberra
- 3 Our OAG Social Sport basketball team
- 4 2022 graduate auditor Nitin Khurana getting suitably outfitted at the WA Country Health Services audit
- 5 Financial auditors Cindy Angelova and Tamara McCarthy with 2022 graduate auditor, Raina Jee at the aquaculture hatchery of Central Regional TAFE during the audit
- 6 Assistant Auditor General Financial Audit, Grant Robinson presenting at the Department of Treasury's Chief Finance Officers' Forum
- 7 Financial auditors Ali Shah, Raghav Singhal and Tamara McCarthy at the University of Western Australia Accounting Association Careers Panel and Networking Event
- 8 2022 graduate Susmietha Ravinder during the Shire of Cocos (Keeling) Islands audit
- 9 Corporate Services team members Chloe Kincaid and Sumudu Nanayakkara with Edith Cowan University work placement student Malkeet Singh enjoying the tasty food offerings around Albert Facey House
- 10 Principal Adviser, Tim Hughes; Assistant Auditor General Financial Audit, Grant Robinson and Deputy Auditor General, Sandra Labuschagne at Parliament for a PAC briefing



Strengthening our capability



In 2023-24 we will:



finalise a new Reconciliation
Action Plan



offer a range of wellness initiatives
so our employees can achieve a
positive work-life balance



support development of our
employees through professional
accreditation and internal, local,
interstate and international training.

Strengthening our capability



What is our objective?

- build on our solid foundations to strengthen the skills and leadership capability of our motivated workforce

How will we do it better?

- broaden the appeal of the OAG
- enhance the efficiency of our recruitment processes
- reinforce a supportive work environment that presents interesting opportunities that challenge and develop people
- offer professional development journeys that support career pathways
- promote and support cross-portfolio experiences and networking opportunities
- provide regular messages and experiences for our staff that reinforces the value of our unique and important mission and their contribution to that

What we do

- attract, develop and retain the people we need

What does success look like?

- a resilient and collaborative workforce
- a published training menu aligned with our workforce capability framework that includes leadership development pathways
- positive employee satisfaction survey

Office Consultative Committee

The Office Consultative Committee (OCC) supports positive and constructive consultation by facilitating two-way communication between our EMG and employees about workplace issues.

The OCC is comprised of employees from across the OAG to ensure broad representation and diverse views.

Members

- Grant Robinson, Chair
- Adam Dias, Information Systems and Performance Audit
- Charli Nguyen, Corporate Services
- Katie Hilgendorf, Forensic Audit
- Laura Sawers, Corporate Services
- Natalie Garland, Human Resources
- Niki Goulios, Human Resources
- Sean Spiegl, Information Systems and Performance Audit
- Sheri Hudson, Technical and Audit Support
- Steven Hoar, Financial Audit
- Tuck Owyong, Information Systems and Performance Audit
- Xuan Ong, Union representative



Report from the OCC Chair

I am very proud to chair the OCC for the second year in 2022-23. This year, after taking some time to operate as a newly formed committee, we refined our terms of reference and ran an expression of interest to fill vacant positions. To ensure fair representation, specific interest was requested from employees with cultural and linguistic diversity in level three to five positions. As a result, the OCC now has nine members, with two representatives from Human Resources and one union representative.

The OCC is well placed to seek input from employees about proposed projects and initiatives and feed this back to EMG. Given the impact of a tight labour market with fewer auditors available, the OCC discussed the best ways to attract new and retain existing employees. We sought ideas from employees and provided feedback to both EMG and our Human Resources team. We also ran two pulse surveys to gain insight into employees' perspectives on the OAG's overtime trial and progress to address feedback from the biennial employee survey.

This year, we started a blog called the OCC Quarterly to keep employees up-to-date on the topics being discussed and the results of pulse surveys. It also helps remind employees of their business unit representatives and that the committee can support them to have a positive and constructive communication line to management.

Grant Robinson

Chair, Office Consultative Committee





Our people

We have a diverse workforce. Our people have a broad range and depth of experience, well beyond simply accounting and auditing, in the private and public sectors with academic, not-for-profit, international, regulatory, economic and industry backgrounds, and bring perspectives from their cultural and social backgrounds.

We are very proud of this diversity because it strengthens our capability, better reflects the vibrant WA community and makes the OAG a more dynamic place to work.

At 30 June 2023, we employed 210 people which equates to 201.80 full time equivalent (FTE) employees.

Business unit	2018-19	2019-20	2020-21	2021-22	2022-23
Auditor General (AG)	5.00	5.60	5.50	4.00	5.00
Corporate Services (CS)	23.10	20.90	26.30	32.99	34.80
Financial Audit (FA)	88.48	86.80	97.80	97.60	100.53
Forensic Audit (FOR)		2.90	8.50	14.90	12.50
Information Systems and Performance Audit (ISPA)	20.84	20.55	20.87	28.88	28.10
Performance Audit (PA)	19.82	14.00	16.27	14.64	13.07
Technical and Audit Quality *	1.00	na	na	na	na
Technical and Audit Support * (TAS)		2.00	7.20	4.80	7.80
Total	158.24	152.75	182.44	197.81	201.80

* Following the successful embedding of audit quality into our operational business units, we restructured to create a Technical and Audit Support business unit.

Table 7: FTE at 30 June for the last five years

This year, 31 permanent employees left. Of those, 15 transferred to other State government entities and one retired.

With an increase in attrition and the current labour shortages in the auditing profession, we have reviewed our attraction and retention strategies. Initiatives include promotion of the workplace, rewards and benefits, learning and development, diversity, equity and inclusion, and culture.

To increase our competitiveness in the job market, we have started to trial open pool recruitment processes. We have established a six-month open pool for full or part time, permanent and fixed term vacancies for financial auditors. This means auditors wanting to join the OAG can submit an application at any time and not wait for a specific job to be advertised. The panel will periodically assess applicants and can make appointments up until 30 April 2024. While still in its early stages, we hope this new initiative will allow us to recruit talented professionals in a more timely manner; who are driven to serve the public interest in a supportive and challenging environment.



Graduate Program



• Jason Tieng

• Mushirah Codabaccus

• Kenneth Smyth

• Genaz Lim

• Kelvin Mufuka

• Kate Sarmiento

• Jason Bhawoo

• Chris Coombs

• Edith Guo

• Jaqueline McLernon

• Delfin Koothursunny

Figure 2: Our 2023 Graduates

Our Graduate Program allows us to develop skillsets that deliver continual growth and future sustainability of our workforce. In February 2023, we welcomed 12 graduates – 10 financial auditors and two information systems auditors. The program includes a comprehensive two-week induction and ongoing training program covering an introduction to the OAG and the broader public sector, technical skill development and mandatory professional studies. This year, we also expanded the program to include key soft skills training such as building resilience, improving communication and critical thinking, and effective time management.

During the year, our Human Resources team, current and past graduates attended various events to promote the Graduate Program including the AAGE Big Meet, Edith Cowan University and Murdoch University career fairs and the Careers Expo. The OAG also participated in the Public Sector Commission's Place of Opportunity campaign with one of our 2022 graduate financial auditors participating in an interview to promote the public sector and the OAG.

Next year, we are planning to expand the program to include performance audit graduates, in addition to information system and financial audit graduates. We hope this will broaden the appeal of the OAG and will allow us to develop skillsets in business areas that are typically hard to recruit for.



Figure 3: 2022 graduates with Auditor General, Caroline Spencer at the completion of the OAG Graduate Program

Shamal's story

One of the most enriching and valuable experiences during the Graduate Program was meeting and shadowing senior auditors. I was able to attend meetings with them and observe their work firsthand, which provided invaluable insights into the profession and enhanced my understanding of the intricacies involved in auditing.

By the end of the program, I gained a deeper understanding of the practical application of auditing principles and techniques, and it helped me bridge the gap between theoretical knowledge and real-world scenarios.






Shamal Dangmali,
2022 Graduate Program
– Information Systems
audit stream

Figure 4: Information Systems Auditor, Shamal Dangmali



University liaison program

To attract people to our workplace, we maintain a strong liaison with WA universities through:

-  targeted sponsorship of business school prizes and scholarships
-  placement opportunities for Edith Cowan University students in our information systems audit and information technology teams
-  advertising graduate opportunities through university career hubs
-  building relationships with university career advisors for direct engagement with students
-  employees presenting to students about auditing, accounting and their professional experience.

In March 2023, employees from our Financial Audit team attended The University of Western Australia Accounting Association Careers Panel and Networking Event. Senior Director Patrick Arulsingham participated in a panel discussion alongside other senior employees from private accounting firms, while the other employees spoke to students and provided information about our Graduate Program.

These valuable strategic relationships promote not only the OAG, but the broader public sector as a potential employer to high calibre students.

Supporting student achievement



Figure 5: Deputy Auditor General, Sandra Labuschagne with award recipient Rowarne Leith

Each year we sponsor prizes for auditing subjects at each of the four public universities. In August 2022, Deputy Auditor General, Sandra Labuschagne was pleased to present Rowarne Leith with the prize for achieving the highest mark in Principles of Auditing at The University of Western Australia for 2021.

Providing on the job experience

Edith Cowan University cyber security student Jonny Kilgallon joined our Information Systems audit team for two months as part of an Integrated Learning unit placement opportunity. Jonny said prior to working at the OAG, he had no real practical IT working experience.



Figure 6: Cyber security student, Jonny Kilgallon

“

The OAG has taught me not only what life is like in a working environment, but also essential career skills regarding system administration.

My experience at the OAG will help my career drastically due to the various tools I have been able to become familiar with, that I will likely use frequently in my career path. Getting experience with Active Directory and Group Policy is also vital, as the majority of organisations use these in their IT setup.

”

We're happy to support students like Jonny to learn practical on the job skills which will support them to complete their qualifications and be better equipped for their subsequent careers.

Secondments



Placements	2018-19	2019-20	2020-21	2021-22	2022-23
Into OAG	7	16	5	6	7
Out of OAG	10	12	14	14	17
Total	17	28	19	20	24

Table 8: Secondments in and out of the OAG for the last five years

Secondments between WA public sector entities are a cost-effective, efficient practice as all employees carry acquired skills and knowledge back to their home entities. Employees seconded in from other entities benefit the OAG through their different perspectives, ideas and suggestions. Seconding OAG employees out broadens and increases their experience, expertise and skillsets, and helps build further understanding of the OAG's unique role in the sector.

Our Financial Audit graduate alumni were once again invited to apply for a one-year secondment to the Corruption and Crime Commission's unexplained wealth division. The secondment arrangement is beneficial for skill sharing and development across our two entities. Two OAG employees were seconded during 2022-23.

Professional development

Our annual professional development program is designed to meet the needs of the OAG and the career goals of individuals. It's varied, comprehensive and adaptive to legislative and policy framework changes, professional and technical standard updates, feedback from audited entities and input from our people.

Our program is primarily delivered through regular in-person technical and non-technical training, at a whole-of-office and business unit level. We source specialist internal and external speakers to lead sessions. Governance and wellness strongly featured this year, to provide our employees with the skills and knowledge to support themselves during a particularly busy year.

Our internal subject matter experts deliver targeted sessions on specific topics and provide specialist or technical guidance. This is of particular importance and value to employees undertaking Certified Practising Accountant (CPA) or Chartered Accountants Australia and New Zealand (CA ANZ) post graduate accounting studies. Our status with these two accounting bodies continues and as a Recognised Employer Partner with CPA Australia our member employees have automatic continuing professional development recognition. Our status as a Recognised Training Employer with CA ANZ offers similar benefits to our employees who are provisional members.

We also ran a range of specialised training courses including Effective Auditor training, facilitated by the Institute of Internal Auditors and David Mallard. It focused on teaching our Financial Audit teams tools to better communicate with audit clients, stakeholders and teammates, and navigate professional and social complexities to enable more effective relationships. This training will be rolled out to other employees next year. We also held change management training for those involved in significant projects, including our new audit tool and financial audit methodology, and training on risks and threats for our forensic auditors.



Celebrating success

Tiffany Foo from our Financial Audit team received the top mark in WA for her CA ANZ Business Performance unit. We are very proud of her success and to support all of our employees who are completing their professional qualifications with both training and financial support.

Figure 7: Senior Auditor Financial Audit, Tiffany Foo



Each year we support our employees to participate in a range of local, interstate and international external training and events relevant to their area of work. In 2022-23 this included:

- Propel leadership development program provided by the Public Sector Commission
- Introduction to Performance Audit Workshop provided by the Australasian Council of Auditors General
- Evidence Collection Techniques Workshop provided by the Australian National Audit Office
- Emerging Leaders course provided by the Canadian Audit and Accountability Foundation
- Australian Cyber Conference run by the Australian Information Security Association
- Global Fraud Conference run by the Association of Certified Fraud Examiners.



Developing our next leaders – Propel

Run by the Public Sector Commission in collaboration with the Australian Graduate School of Management at the University of New South Wales, Propel is a suite of three topics that are each run over a 10-week virtual learning program. It's designed to help new leaders meet challenges by building capabilities and insights crucial for effective and dynamic leadership in the WA public sector. The three online units are higher performance and crucial conversations, culture and leadership, and changes and strategies.

Earlier this year, some of our OAG team participated in the learning program, including Laura Sawers, Corporate Performance Analyst. Laura completed all three topics and said *'I found this program immensely valuable – I was able to learn theory in an hour of one week and then discuss the practical application of the theory the next. It was helpful to understand the priority given to leadership in the context of the public sector and was grateful for the opportunity to network with colleagues from other public sector entities. I loved the theoretical study and feel that the best value comes from applying new learning in a real-world context. It has really made a difference to how I operate on a day-to-day basis'*.



Figure 8: Corporate Performance Analyst, Laura Sawers



We also provide online training through our learning management system. This year we refreshed the system with a new name and branding, more online training courses for technical and core skills, and better capability for managers and employees to view what courses have been completed. Following an internal competition, the system was renamed to kaditj, which is a Noongar term meaning to think or to reflect.

Team building

Since taking on local government and forensic auditing over the past five years, the size of our organisation has grown significantly, with many new and changing employees. To enhance our teamwork and communication skills, some of our business units participated in team building activities and personality profiling. Our financial auditors developed their collaboration, leadership and delegation skills while building bikes for children in foster care. Corporate Services employees practiced their problem solving, negotiation and strategic thinking skills while competing in Perth Zoo's Zoomazing Race. Other teams completed DISC or similar personality profiling sessions, learning how they and their colleagues prefer to work and communicate.



Figure 9: Members of our Financial Audit team at their team building activity

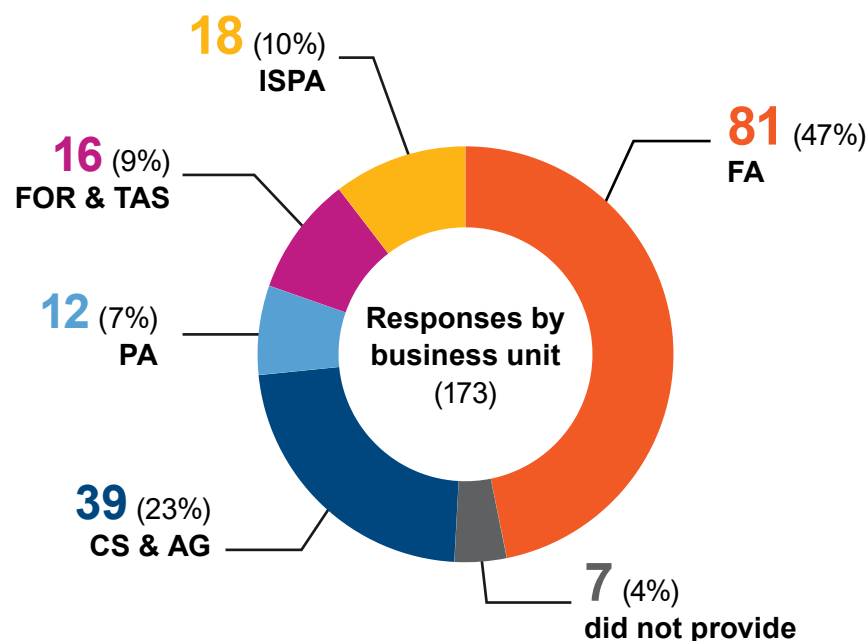


Figure 10: Our Corporate Services team at the Perth Zoo

Employee survey

In September 2022, we launched a new employee survey. We revised the questions, keeping links to previous employee surveys where we could, to facilitate trend analysis. The survey received 173 responses which represents about an 80% response rate. The volume of feedback was significant and we were grateful so many employees invested in such a crucial improvement mechanism.

Employees raised concerns around levels of work-related stress. We acknowledge that we are in an increasingly difficult audit environment which creates additional pressures on our staff. To help our employees manage their stress, we have increased our professional development focus on minimising stress and learning meditation, mindfulness and ways to improve our sleep. We have also increased our offering of wellness initiatives (page 46). Additionally, we trialled overtime so we can at least remunerate people when they are required to work excessive hours in a market where we cannot recruit additional staff to relieve their load.



Employees also raised the flow of information from senior leaders and managers, change management and performance feedback as areas for improvement. We have started with localised improvements to communication flows through business unit stand-up meetings. We are considering ways to build on this and address the other areas of concern.

Our employees told us that the best thing about working at the OAG is their colleagues and the teams they work in. Most also feel empowered to make improvements, which is a sign that they are invested in the work we do.

The survey, generally conducted every two years, is an important step in refining our workplace priorities and we will continue to refer back to the results of the survey when setting internal processes.

What our people said



60%
the people are
the best thing
about working
at OAG



54%
survey
feedback would
be used to
make positive
change



98%
had accessed
flexible working
arrangements in
last 12 months



30%
improvement
in career
development
should be a
priority

Equity and diversity



We appreciate the value of our diverse organisation and respect our employees' different backgrounds, perspectives and broad life experiences. Participating in Public Sector Commission sectoral surveys, we see that over 47% of our employees are from culturally and linguistically diverse backgrounds, compared with 16.5% across the wider public sector. We also have a young workforce, with 8.5% of our employees 25 and under, compared to 5.4% across the public sector.

Equity and diversity	2018-19 (%)	2019-20 (%)	2020-21 (%)	2021-22 (%)	2022-23 (%)
Women	56.00	57.58	56.20	55.98	55.90
Aboriginal and Torres Strait Islander people	0.59	0.61	1.00	0.47	0.40
People from culturally and linguistically diverse backgrounds	53.84	47.27	45.90	48.80	47.50
People with disability	0.59	2.42	3.10	2.39	2.60
Youth (age 24 and below)	4.73	4.85	8.80	6.22	8.50

Table 9: Various diversity groups as a percentage of our workforce

This year, we published our *Disability Access and Inclusion Plan 2022-2027* (DAIP) which outlines actions we will take to improve access to our services, building, information and practices for people with disability, their families and carers. Before finalising the plan, we sought feedback on the draft from members of the public via our LinkedIn page. The feedback we received was considered and used to update the plan. Some of the ways we have been meeting our plan include being an equal opportunity employer, having clear signage in our building (including braille on our bathroom door signs), ensuring people can contact us and access our resources in a variety of ways, and educating our employees on the importance of diversity and inclusion. We do this regularly as part of inductions and this year we also invited Paul Montague from Evolve WA to talk to us about neurodiversity in the workplace and how neurodiverse employees can contribute to a more innovative and collaborative culture.

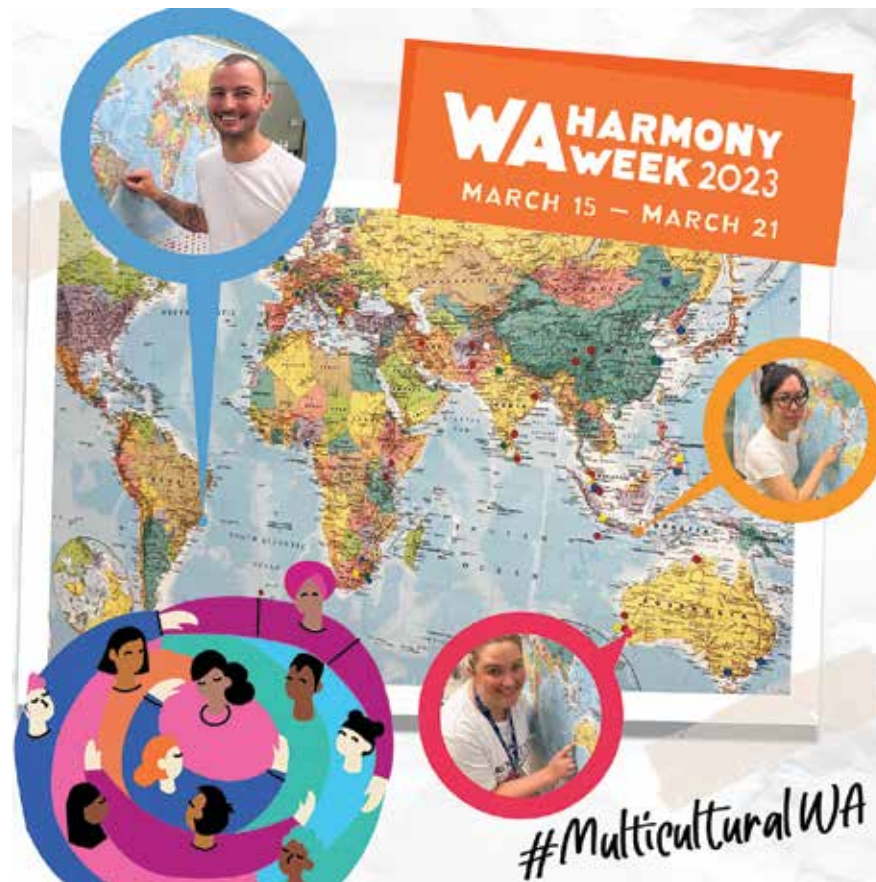
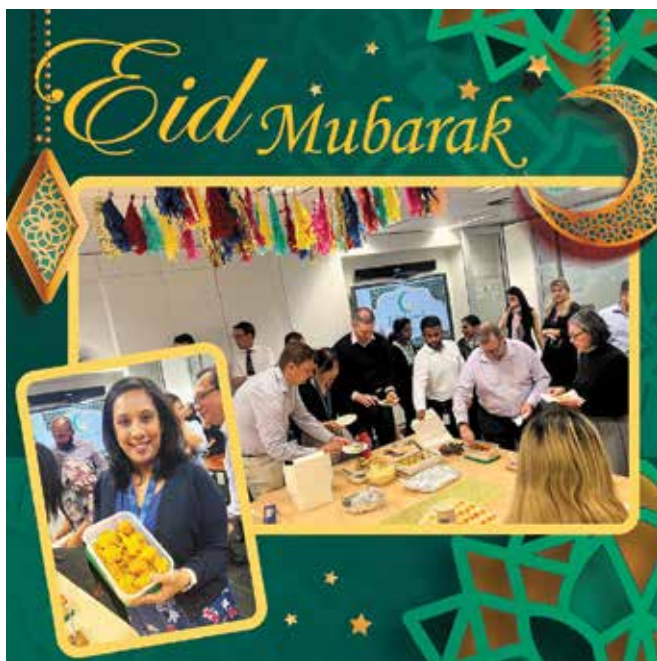
Our *Reconciliation Action Plan 2018 to 2021* is being updated. While this happens, we are continuing to implement new ideas to help us meet our goals. This year, we renamed our meeting rooms to Noongar animal names, helping to embed cultural elements into our activities and to promote cultural understanding. A local Noongar women provided us with the animal names and a recording so our employees can learn their correct pronunciation.

To help create a more diverse and inclusive workplace, we have started providing training on gender and sexual diversity inclusion. Over 90 employees have completed the training, with more sessions intended for 2023-24. Run by IPAA WA and Sexual Health Quarters, the course breaks down key terminology, shares experiences of LGBTIQ+ people and promotes strategies to address discrimination. We also include training on unconscious bias in our recruitment panel training.



Disability Access
and Inclusion Plan
2022-2027





Celebrating our diversity

We celebrate a wide range of events across the year and invite all employees to contribute plates of food and speak about what the days mean to them. During 2022-23, this included events for Lunar New Year, Eid, Diwali, Christmas, International Day of People with Disability, Wear it Purple day and Harmony Week. During Harmony Week we asked our employees to place a sticker on a map to show where they were born. While we knew we had a culturally diverse team, it was fascinating to see the far-reaching places our employees come from and just how much of the world our people have links to.

Wellness

We want to ensure our employees achieve work-life balance and actively care for themselves so they can lead a full and healthy life. We offer a range of wellness initiatives including:

- ergonomic assessments and accessories, including professional assessments for special requirements
- corporate discounts for gyms and private healthcare providers
- Well at Work e-magazines with strategies, tips, recipes and exercises
- lunch and learn sessions on superannuation, salary sacrifice options and wellness
- time to provide blood donations.

This year, mental health was a focus and we invited external speakers to provide our employees with reminders on its importance and to share improvement tips and tricks. In September, we came together for a special R U OK? Day breakfast which included a presentation from the Willow Training Centre's Rachel Tyrer on looking after our own mental health as well as checking in on our families, friends and colleagues.

During the year we also heard from Kevin Hume from Perth Meditation on the basic neuroscience and medical research around stress and the benefits of mental fitness using meditation and mindfulness techniques. Katie McGrath from Absolute Balance also presented to our employees on sleep and fatigue, sharing techniques on how to improve both.

In May, we provided financial support for employees to participate in the HBF Run for a Reason. Ten took up the opportunity, with many joining the OAG team, RunTheNumbers. The team completed three different distances: 4km, 12km and one employee even tackling the half marathon. Not only did they have a great day socialising and getting active, they helped fundraise over \$350 for Lifeline WA.

Employee assistance program

Our people are not solely employees and many factors affect their lives. Sometimes they need additional assistance or resources to help manage external factors that can impact emotional as well as physical wellbeing. One of the ways we offer support is through our employee assistance program. It provides independent counselling, advice, online articles, podcasts, meditations and support for a range of life issues. To ensure full support, we extend the program to immediate family members.

We use the provider's annual de-identified reports to determine any trends and take action such as awareness raising, health and wellbeing promotion and training. While employees can raise issues directly with us, our provider's contact and appointments are highly confidential. It is a program that is valued by our employees and that EMG remains committed to supporting for the wellbeing of our people.



Figure 11: Our OAG team, RunTheNumbers

Giving back

Many of our employees contribute to their local communities including as Justices of the Peace and members of school boards and community sporting clubs. We are proud their professional skills can be used outside of the workplace to the benefit of the community.

To help give back to our community, this year we asked employees to make a gold coin donation when wearing casual dress on Fridays. Employees nominated charities for us to support that were put to the vote. This year we donated to the Perth Homeless Support Group Inc and the Dogs' Refuge Home. Employees also donated to Lifeline WA, in support of their colleagues participating in the HBF Run for a Reason, and to Cancer Council WA as part of Australia's Biggest Morning Tea.

Each year we invite our employees to donate to a chosen charity's Christmas appeal. This year we joined with our Albert Facey House neighbours, the Equal Opportunity Commission, Mental Health Tribunal, Office of the Information Commissioner, Office of the Inspector of Custodial Services and Commissioner for Children and Young People WA, to deliver 16 boxes of food and grocery gift vouchers to Foodbank WA to help Aussie families who are doing it tough.

Cait McGowan from our Financial Audit team has been volunteering for the Special Olympics both in Australia and in America for 24 years. We were proud to support her volunteering commitment by approving her special leave request to attend the Special Olympics World Games held in Germany. Cait was the Assistant Coach for golf and said the experience was one of the highlights of her life.



Figure 12: Our Australia's Biggest Morning Tea was held on 25 May 2023

Volunteering for the Special Olympics



Figure 13: Financial auditor, Cait McGowan with members of Team Australia

The Special Olympics World Games is the world's largest inclusive sports event where thousands of athletes with intellectual disabilities compete together. Team Australia competed in nine of the 26 sports alongside 6,500 athletes from 190 delegations.

This was my second World Games with Team Australia and I am still awestruck by the athletes – their dedication, enthusiasm, sportsmanship and overall attitude towards life. This Games was particularly impactful as I was able to experience first-hand the positive influence the Special Olympics can have, witnessing one of our 16 year old athletes not only achieve her personal best on the golf course but also overcome one of her personal challenges and complete three highly publicised interviews.



Demonstrating excellence



In 2023-24 we will:



work with the WA Local Government Association and Local Government Professionals WA to improve the audit process



develop our twinning relationship with the Office of the Auditor-General of Fiji and the Victorian Auditor-General's Office



foster quality relationships with Parliament and its committees.

Demonstrating excellence



What is our objective?

- model exemplary standards in how we undertake our business

How will we do it better?

- streamline and standardise the audit process through robust and fit-for-purpose methodology and tools that comply with applicable standards
- actively identify, validate and implement efficiencies and innovations to our internal control environment
- participate, share and learn from multi-jurisdictional and professional forums
- practice what we preach – good governance underpinned with accurate, timely value-for-money audits

What we do

- strengthen and continuously improve business processes and our performance against key performance metrics

What does success look like?

- recognised as champions of good governance, integrity and probity
- our practices set the benchmark for public sector entities
- audits are delivered on time and on budget
- relatable and impactful reports that focus on serving the public sector and that stakeholders engage with





OAG oversight

We are often asked who audits the Auditor General and the answer is, many people do. We are subject to various oversight and review processes, which we value as they hold us accountable to those we serve, and provide us and our stakeholders with assurance that our processes are effective, efficient and evolving as necessary.

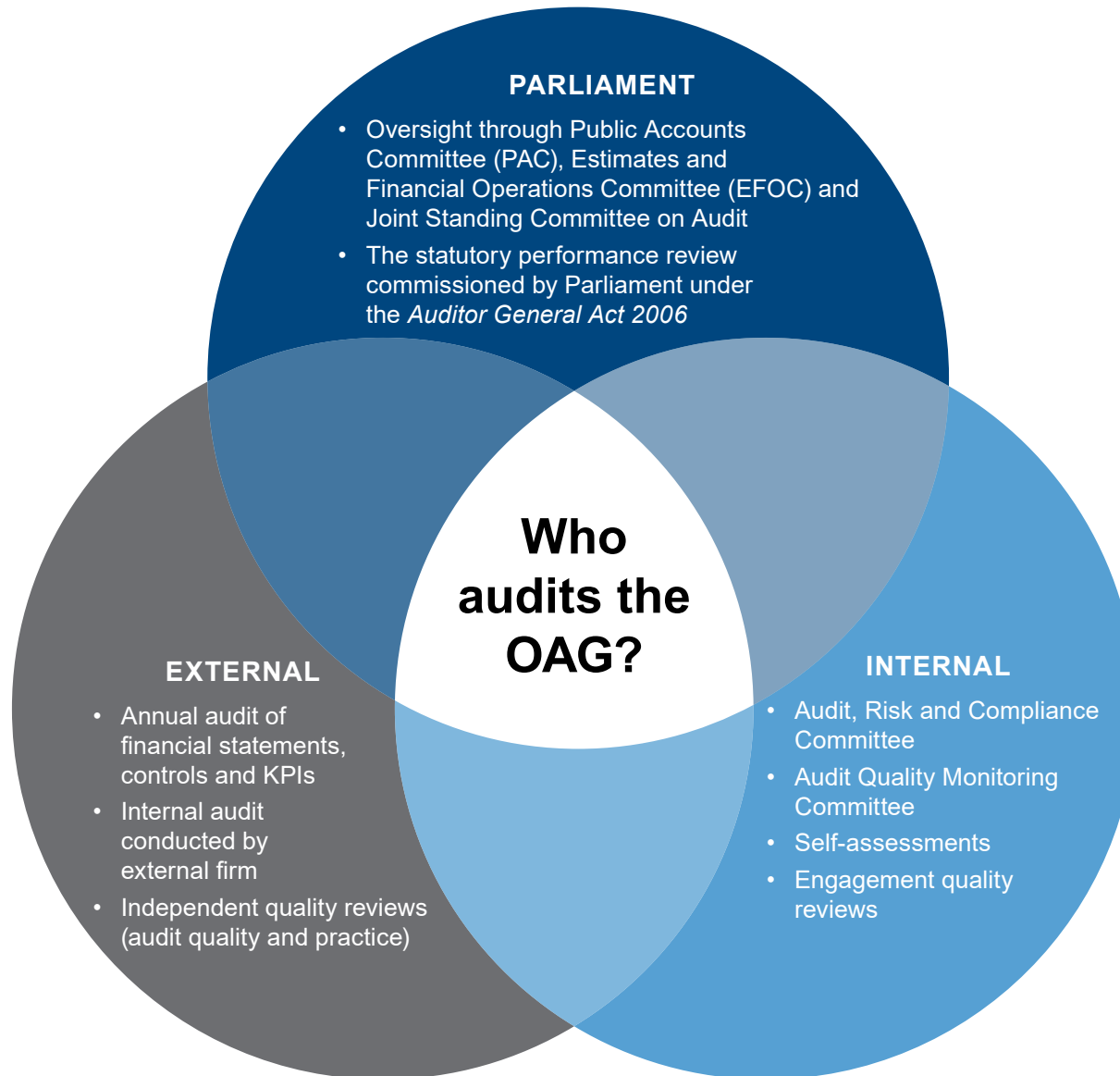


Figure 14: Oversight of the OAG

Audit, Risk and Compliance Committee

Members

- Peter Wilson AM, Independent Chair, holds non-executive director and chair roles across sectors
- Trish Ridsdale, Independent Member, holds senior executive and non-executive director roles in various sectors with significant experience in governance and risk
- Aloha Morrissey, Assistant Auditor General Information Systems and Performance Audit
- Kamran Aslam, Senior Director Information Systems and Performance Audit
- Kevin Ng, Assistant Director Forensic Audit

Michael Cooper, Executive Director Corporate Services, and Elli Gougoulis, Chief Financial Officer, are invited to attend each meeting as observers.

The committee changed its name this year to the Audit, Risk and Compliance Committee (ARCC) to better reflect the function of the committee.

The ARCC provides independent assurance to the Auditor General and EMG by monitoring, reviewing and providing advice about risk management, performance, compliance and control frameworks of the OAG and its external reporting and accountability obligations.

Internal control

An effective internal control system provides reasonable assurance that:

- assets are safeguarded
- financial and other information is reliable
- laws, directions and policies are being complied with
- errors and fraud are prevented.

Internal controls are used to help us achieve our goals and objectives. We can identify what controls we need to have in place by identifying uncertainty that could prevent us from achieving results or allow us to be exploited. We have implemented the four lines of defence model to provide assurance over our internal control environment. The ARCC oversees our internal controls and provides advice and input into continuous improvement activities.

Risk management

We are committed to embedding a culture of achieving sufficient confidence when making decisions, by ensuring decision-makers are equipped with appropriate skills, experience and training. To achieve this, our risk management policy and framework have been designed to ensure decision-makers consider the impacts of uncertainty on our objectives and appropriately manage risks in the public interest.



Report from the ARCC Chair

The ARCC is an important part of the OAG's governance framework and continued to provide advice and assurance to the Auditor General.

During the year, the ARCC:

- updated the committee charter to continue compliance and reflect the expectations of the Office
- considered and provided guidance over risks related to work, health and safety in particular remote working arrangements and how contractors manage work, health and safety
- considered and advised EMG about attraction, recruitment and retention risk, relating to staff shortages being experienced by the sector and audit profession
- oversaw the outstanding internal and external audit recommendations and recommended opportunities for improvement on how issues were reported
- monitored the procurement and implementation of major projects such as the audit methodology tool and infrastructure refresh.

I would like to thank Trish Ridsdale, the other independent ARCC member, and all members for their contribution throughout the year and the robust discussions. Also, thank you to the Auditor General and Deputy Auditor General for their time updating the ARCC on major projects, controls over fraud risk and various other strategic updates.

Peter Wilson AM

Independent Audit, Risk and Compliance Committee Chair



Audit Quality Monitoring Committee

Members

- Sandra Labuschagne, Chair, Deputy Auditor General
- Patrick Arulsingham, Senior Director Financial Audit
- Adam Dias, Director Information Systems Performance Audit
- Andrew Harris, Director Performance Audit
- Tim Hughes, Principal Adviser

Efthalia Samaras, Senior Director Practice Manager Financial Audit, completed her tenure in August 2022.

Wian Oosthuizen, Acting Assistant Auditor General Technical and Audit Support, is a permanent observer.

The objective of the Audit Quality Monitoring Committee (AQMC) is to monitor that risks to quality across all OAG functions are identified and effectively responded to. This is done through:

- risk-based monitoring of the system of quality management to provide the Auditor General with reasonable assurance that the OAG complies with the requirements of Australian Auditing and Assurance Standards
- reviewing the efficiency and effectiveness of the OAG's quality management processes
- enabling a collegial and constructive quality monitoring and remediation process that provides appropriately contextualised and calibrated advice to support continual improvement.



Quality is one of our values. It is essential to how we provide credible work that makes a difference. We strive to deliver above expectations, being agile to improve our efficiency and effectiveness. To us, audit quality is more than just meeting professional standards and public sector compliance requirements.



Quality management

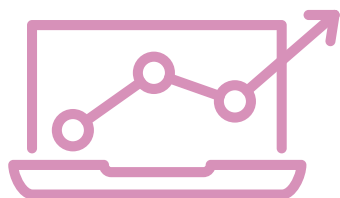
The AQMC assures that the OAG's system of quality management achieves its objectives and is consistent with the requirements of applicable quality management and ethical standards issued by itself, the Auditing and Assurance Standards Board, the Accounting Professional & Ethics Standards Board, and relevant legal or regulatory requirements.

This is accomplished through the operation of a continual and iterative system that is responsive to changes in the nature and circumstances of the OAG and its engagements. It results in calibrated and contextualised advice to the Auditor General, ARCC and EMG.

Our system of quality management has been developed to provide reasonable assurance that:

- the OAG and its employees fulfill their responsibilities in accordance with Auditing and Assurance Standards Board standards and applicable legal and regulatory requirements, and conduct engagements in accordance with the standards and requirements
- the engagement reports issued by the OAG are appropriate
- the public interest is served by the consistent performance of quality engagements.

The design, implementation and operation of our system of quality management enables the consistent performance of quality engagements by providing the OAG with reasonable assurance that the objectives of the system are achieved.





Quality review

We have an Audit Quality Management Monitoring Framework that is supported by an annual quality assurance plan. Each year the AQMC engages external independent quality assurance reviewers to complete audit quality, thematic and peer reviews. These reviews are a key part of our quality assurance program. The outcomes of reviews allow us to identify ways to continually improve our approach to auditing and the quality of our products.

Root cause analysis

The AQMC acknowledges that if any significant or repeat findings arise from quality reviews, there is a need to undertake root cause analysis. Root cause analysis is also a key component in the evaluation of the system of quality management process that we need to perform by 15 December 2023 as required by the new Australian Standard on Quality Management 1. This year we will train AQMC committee members and EMG members in root cause identification and analysis.

The Technical and Audit Support business unit has contributed to the committee through knowledge sharing in how to consider quality review findings and the most appropriate actions to achieve improvements.

Complaints and matters of non-compliance

The AQMC reviews the receipt and resolution of all referrals and complaints about audit work. Where relevant, opportunities for improvement are identified and actions created to address them. Recommendations from this review process shapes our training and development program, enhancing the quality of our work.



Report from the AQMC Chair

The AQMC continued its role of oversight for the effective implementation and maintenance of the system of quality management and audit quality monitoring framework.

Quality assurance activities for the year were determined based on various considerations to ensure continuous improvement of audit quality, including audits that received a lot of parliamentary and public interest, and audits that had experienced a change in key personnel during conduct. Independent audit quality reviews were conducted on financial audit and performance audit files. Findings and recommendations from these reviews, and from the prior year's peer review, were considered and allocated to the responsible business unit to implement.

We outsourced the financial audit work of 42% of State government entities and 86% local government entities to private audit firms to perform on our behalf with a final review by us before we issue the audit opinions. A significant area of focus for the AQMC during the year was following up on ethical or audit quality concerns we became aware of affecting our contracted audit firms. We temporarily suspended one of the firms from any new work pending finalisation of our investigation into matters of concern and how these could affect audit quality and the OAG's reputation.

The frequency of publicly reported integrity concerns has increased during the year and has remained an area of key consideration by the AQMC. We have tasked the Assistant Auditor General Technical and Audit Support to formulate a framework and guidance for more structured consideration of the significance and impacts to our work where we become aware of integrity or quality matters concerning our contracted audit firms.

Other activities undertaken by the AQMC during 2022-23 included:

- acquittal of the 2022 Quality Assurance Plan
- consideration of complaints and referrals, identifying opportunities for improvement
- consideration of audit quality related emerging issues and topics arising locally, nationally and globally, identifying actions and opportunities for improvement
- monitoring of recommendations arising from a forensic data analytics review
- consideration of audit season and program reporting to identify trends for analysis.

The AQMC continues to ensure the effectiveness of our approach in managing audit quality and I thank the members for their collegial and constructive approach to their responsibilities and to the committee.

Sandra Labuschagne

Audit Quality Monitoring Committee Chair



Australian Standard on Quality Management review

This year, we reviewed and updated our quality monitoring system to align with the objectives of the new Australian Standard on Quality Management (ASQM) 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements* and ASQM 2 *Engagement Quality Reviews*. The most significant changes related to being more risk based and improved monitoring and remedial action processes.

We strengthened our quality management approach to improve our focus on proactively identifying and responding to quality risks that may have an impact on audit engagement quality. The enhanced approach is customised to the nature and circumstances of the OAG and the audit engagements we do. It addresses eight core components:

1. the firm's risk assessment process
2. governance and leadership
3. relevant ethical requirements
4. acceptance and continuance of client relationships and specific engagements
5. engagement performance
6. resources
7. information and communications
8. monitoring and remediation process.

We are currently evaluating our improved system of quality management, as required by ASQM 1.

Internal audit plan

Five internal audits, conducted by an external firm, were completed this year. The audits focused on procurements under section 29 of the *Auditor General Act 2006* (Auditor General may appoint person to audit), the OAG's fraud and corruption control plan, the transition to our new financial management information system, asset stocktakes and organisational change management. These audits gave rise to 10 findings and one recommendation, most of which have been resolved.

An independent internal and external penetration test on our IT environment was undertaken in February. This test included a social engineering component to test our employee's awareness and ability to deal with sophisticated phishing emails. The test made several recommendations, which are expected to be implemented during the refresh of our IT infrastructure in the second half of 2023.

Our 2023 Internal Audit Plan is being developed and will focus on: people management, accounts payable and procurement, information systems and technology, cyber security, information management and record keeping, and audit quality control. These topics were selected to provide assurance around existing controls to address our strategic risks. The plan is anticipated to be implemented in the second half of 2023.

Self-assessment against our audit reports

Many of the audits we conduct also have relevance to us, especially our focus area audits, as they focus on common business practices across the public sector. Our information systems audits also give us the opportunity to assess our internal information systems management. We use relevant audits to self-assess our own internal processes and controls. This enables us to identify and address any improvement opportunities coming out of the reviews.

This year, our Finance team used the positions paper, templates and checklists from our *Western Australian Public Sector Financial Statements – Better Practice Guide* to provide accounting advice to EMG and planning for the financial statements and key performance indicators. We also completed a self-assessment against our *Staff Exit Controls* report (Report 3: 2021-22) and implemented recommended improvements.



Independent reviews

Each year, our AQMC develops a quality assurance plan.

Recommendations from independent quality reviews as well as external practice peer reviews are implemented as soon as necessary and practicable, which may be during the audit or incorporated into methodology updates or training.

In 2022, the AQMC selected two information systems performance audits, two performance audits and eight financial audits for independent quality review. The reviews have been finalised and the results demonstrated satisfactory quality had been achieved.

In 2023, the AQMC selected two performance audits and eight financial audits for independent quality review. These reviews will be finalised by the end of October 2023.

The AQMC monitors the implementation of the recommendations from all independent reviews to ensure the relevant business units take appropriate action to address any significant matters that are identified and thereby ensure continuous improvement of audit quality. At year end a number of outstanding recommendations are being considered or implemented by the relevant Assistant Auditor General. Our new audit methodology and tool will address many of the outstanding findings.

The external peer review of our office governance and audit practice management processes conducted by Mike Blake AM, former Tasmanian Auditor-General in late 2021, found no areas for remediation. The suggestions for enhanced maturity or optimisation in some areas are being considered as internal capacity allows.

Working with Parliament

Unlike other State government entities, we do not report to or through a government minister but report directly to Parliament. As our key client, we strive to keep Parliament informed on public sector accountability and performance. We have developed a number of initiatives to promote quality relationships with Parliament and its committees.

Parliamentary liaison program

Our parliamentary liaison program ensures that we provide Parliament with relevant and timely information, in keeping with our obligations under the *Auditor General Act 2006*. This benefits Parliament (and through it, the community) and us, and supports our mission to help improve public sector performance and accountability by reporting independently to Parliament.

The program includes:

- briefing ministers and parliamentarians on our audit reports as tabled
- briefing our parliamentary oversight committees on our proposed forward audit program, current audits and key operational matters
- briefing new ministers, members of Parliament (MPs) and parliamentary committees on the role of the Auditor General and the ways in which they can use our reports to inform their work within the Parliament and their local community
- providing submissions to parliamentary inquiries and appearing before committees to give evidence on matters relevant to our remit.



Mid-term briefing introduced for new MPs

In March 2023, we held our first ever mid-term briefing for new MPs, who in their first couple of months received an induction from all the integrity agencies. We took the initiative to provide refresher training, as MPs were two years into their term and more aware of our role and reports, and how our work helps them as parliamentarians.

The Auditor General updated MPs on the role of the OAG and detailed how they can use our reports in their work representing their communities and informing their decisions and scrutiny. The members who attended were grateful for the presentation, found it valuable and were impressed with the coverage, volume and quality of our work.



Figure 15: Members of the Administration of Perth Parking Levy audit team attending the parliamentary briefing on the report

Parliamentary inquiries and interactions

We regularly interacted with our oversight committees over the past year. The Auditor General provided briefings with both the Public Accounts Committee (PAC) and the Standing Committee on Estimates and Financial Operations (EFOC) to update them on matters relevant to the OAG, including the State sector financial and information system audit cycle and the recent amendments to the *Auditor General Act 2006*.

On request, the Auditor General provided preliminary views on the Auditor General Amendment Bill 2022 to EFOC, which is published on its website. We also provided a confidential report to these committees under section 25 of the Auditor General Act, as the findings were of a nature that it was not considered in the public interest to report publicly.

In its 89th report, EFOC summarised the work it did on scrutinising a selection of 2021-22 annual reports of State government and made nine recommendations, of which six aimed to improve the quality of information contained in annual reports. The report also referenced the record number of qualifications the Auditor General issued in 2021-22 and noted EFOC had sought information from qualified entities on how the qualifications will be addressed.

The Auditor General, Deputy Auditor General and Assistant Auditor General Financial Audit were pleased to attend a briefing with PAC in March 2023 to meet new members following the change in the composition. This allowed the Auditor General to discuss her role, the work of the OAG and how it can be used by PAC, and seek feedback on the OAG's forward audit program.

We acknowledge and very much value the work that both PAC and EFOC do in engaging with our reports as part of their scrutiny of entities and oversight of public finances and performance. It is a core component of the Westminster system of governance and we remain committed to assisting these committees with their vital roles.

This year, we prepared a summary of our 2023-24 Budget submission and an update on our operations for the Joint Standing Committee on Audit. The Joint Committee, which comprises all members of both EFOC and PAC, is tasked with considering our budget and may make recommendations to the Treasurer around it.

The Joint Committee is also required to carry out a five-yearly review of the *Auditor General Act 2006* and a performance review of the Auditor General and the OAG. The performance reviews are particularly important accountability and continuous improvement mechanisms for the Auditor General and the OAG, and we look forward to supporting the Joint Committee with its work in this area.

We remain available to provide evidence before other committees where our work is relevant to their lines of inquiry. During 2022-23, the Auditor General appeared before the Joint Standing Committee on the Corruption and Crime Commission as part of its inquiry, *What happens next? Beyond a finding of serious misconduct*. The Deputy Auditor General and Assistant Auditor General Forensic Audit also attended the hearing.

Members of Parliament survey

Prior to launching our MP survey in June 2022, we undertook an extensive review of the process and questionnaire. We are pleased the changes we made resulted in a response rate of 49%, which is significantly improved from 2020 (25%) and 2019 (29%).

Many MPs held favourable perceptions of OAG reports and the accessibility and responsiveness of the Auditor General (both 77% approval). As a direct result of MP feedback, we held a mid-term briefing, primarily for the large number of first term members (page 60).

We are grateful for any feedback from MPs as they are critical to informing our work and processes to ensure we continue to best serve the Parliament and public interest. We will continue to engage with them to gain their feedback and attempt to increase our response rate in 2024.

Working with our peers

Australasian Council of Auditors-General

The Australasian Council of Auditors-General (ACAG) was established in 1993. The association allows Auditors General to share information and business intelligence, and supports the development of effective and efficient auditing methods and practices.

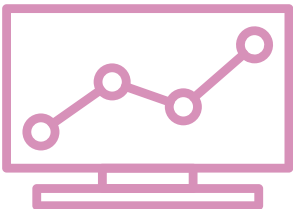
ACAG also enables Auditors General to provide a collective public sector perspective on auditing, assurance and accounting standards, and exposure drafts issued by the Auditing and Assurance Standards Board, the Australian Accounting Standards Board and their international equivalents. We also participate in ACAG’s subgroups, which provide mutual benefits and learning opportunities between audit offices, and seek to support Pacific audit offices through formal channels (page 68).



Figure 16: Auditor General, Caroline Spencer attended ACAG business meeting in Melbourne in June 2023 with Auditors General from Australia, New Zealand, Papua New Guinea and Fiji supported by the ACAG Executive Director

Australasian Council of Auditors-General macro benchmarking survey

We have participated in the ACAG macro benchmarking exercise each year since 1994. This allows us to compare our operations with other Australian audit offices on a variety of quantitative and qualitative measures, and with our own performance over time.



When measuring our performance audit timelines and costs against other ACAG offices, our average performance audit time and costs remain below the state and territory average.

Average time to undertake a performance audit	2020-21 (months)	2021-22 (months)	2022-23 (months)
OAG	10.2	8.7	10.0
Average of states and territories	12.1	10.7	11.4

Table 10: Average time to undertake a performance audit benchmarking result

Average cost of performance audits	2020-21 (\$'000)	2021-22 (\$'000)	2022-23 (\$'000)
OAG	328	351	376
Average of states and territories	366	390	404

Table 11: Average cost of performance audits benchmarking result

Although all states and territories conduct annual financial audits of local government entities, they offer different additional assurance services which makes it difficult to compare the average cost per local government audit opinion.

There were several local government opinions outstanding from the prior year which we completed during 2022-23. This increase in the number of opinions has reduced the average cost per local government opinion for the year. It is likely that this anomaly will resolve as audits are completed in the relevant financial year.



Cost per local government financial audit opinion

	2020-21	2021-22	2022-23
OAG	\$58,078	\$68,132	\$62,750
Average of states and territories	\$56,281	\$62,003	\$69,619

Table 12: Cost per local government financial audit opinion benchmarking result

As with the local government sector, each state and territory audit office can provide a different number or even type of opinion. The OAG provides certifications, controls opinions and performance indicator opinions for the State sector as well as the financial audit opinion – the most overall of any ACAG office.

Cost per state government financial audit opinion

	2020-21	2021-22	2022-23
OAG	\$77,873	\$84,617	\$143,047
Average of states and territories	\$84,053	\$86,003	\$101,857

Table 13: Cost per state government financial audit opinion benchmarking result

The significant increase in our cost per State government financial audit opinion can be directly attributed to:

- the increase in audit complexity and number of audit findings and qualified opinions in the State sector for the 2022 financial year end audits, which required a large volume of additional audit work due to control failure, and increased hours and costs for those entities
- the increase in contract audit costs due to a scarcity of accounting and auditing professionals and right-sizing of audit fees to fit audit demands
- wage increases for OAG staff in line with public sector agreements.

This benchmarking allows us to compare productivity, cost and resourcing and ensure we are broadly aligning with our peers in delivering our mandate. It assists us in identifying where changes may be needed and where efficiency improvements can be sought.

While we are pleased with our performance audit efficiency, we will implement further measures to seek to address the growing State financial audit costs.

Working with our stakeholders

We engage with a wide range of stakeholders and professionals to ensure we remain relevant in our skills, receive feedback and share our insights to build our capability and that of the entities and sectors we audit.

Public Sector Audit Committee Chair Forums

We held two Public Sector Audit Committee Chair Forums this year. The forums provide us with the opportunity to engage with chairs from across the sector who play a fundamental role in assisting directors general, councils and boards to fulfil their governance and oversight responsibilities.

At the October 2022 forum, Auditor General Caroline Spencer gave an overview of the 2022 audit season as well as a presentation on considerations for audit committees in the era of sustainability reporting. Assistant Auditor General Forensic Audit, Carl Huxtable outlined the tools and guidance available in the OAG's *Fraud Risk Management – Better Practice Guide*.

In April 2023, Emily Roper, Director General of the Department of the Premier and Cabinet, shared insights into the operations of the Office of Digital Government and the role of CEOs and audit committees in helping to mitigate cyber security risks. The Auditor General gave an update on recent financial and information system audit findings and outlined suggested areas of focus for audit committees.

We intend to continue holding them twice a year, as audit committees develop across the sector and feedback from attendees indicates ongoing value. We firmly believe an appropriately established and effective audit committee is vital and cost-effective to help entities fulfil their corporate governance and oversight responsibilities.



Figure 17: Auditor General, Caroline Spencer presenting at the October 2022 forum



Figure 18: Department of the Premier and Cabinet Director General, Emily Roper presenting at the April 2023 forum

Fraud Resilience Forums

This year, we held two Fraud Resilience Forums, to bring together State government entities who are proactive in fraud and corruption prevention and detection. The forums provided an opportunity to share insights and knowledge to further enhance and build capability among anti-fraud professionals in the State sector.

The topic of our first forum for the year was Do you know your supplier? The Department of Finance's Angela Corbett presented on WA's new debarment regime and ASIC's Rhian Richards provided an update on company data and legal structures.

Our second forum for the year focused on integrity frameworks. Public Sector Commission (PSC) Manager of Integrity Promotion and Review, Melissa Watson presented on promoting integrity and preventing misconduct and corruption. She discussed the PSC's integrity framework maturity self-assessment tool. Assistant Auditor General Forensic Audit, Carl Huxtable discussed the *Fraud Risk Management – Better Practice Guide* and its integration with the integrity framework.

We plan to facilitate a couple of forums each year to support knowledge sharing and networking opportunities for WA State sector anti-fraud and integrity leaders. We invite other public sector entities to engage with us on topics, hosting and presenting opportunities.

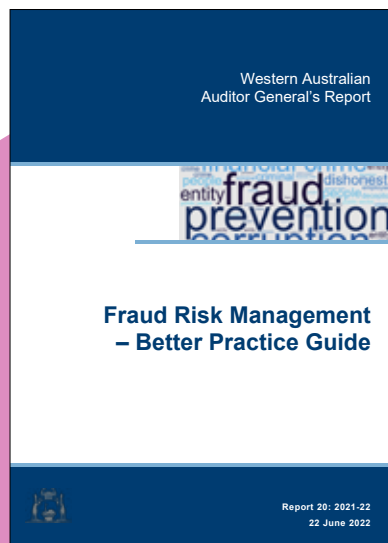


Figure 19: ASIC Regional Commissioner, Western Australia, Rhian Richards presenting at a Fraud Resilience Forum



Figure 20: Public Sector Commission Manager of Integrity Promotion and Review, Melissa Watson presenting at a Fraud Resilience Forum

Department of Local Government, Sport and Cultural Industries

We continued our regular engagement with the Department of Local Government, Sport and Cultural Industries (DLGSC) this year. This engagement has assisted with our understanding of the local government sector and informs them of our processes.

We have a dedicated Financial Audit Senior Director as a local government liaison with DLGSC and sector bodies.

During the year, we liaised with the DLGSC on:

- supporting the sector in financial reporting requirements
- advocating for changes in applying tiered reporting and decluttering financial statements passed through the DLGSC's regulatory reform agenda
- providing clarity on financial reporting requirements through suggested local government alerts issued by the DLGSC to aid in compliance
- training needs for the sector
- inter-agency presentations to the sector.



OAG in the North-West

In June, Auditor General, Caroline Spencer and Financial Audit Senior Director Practice Manager, Efthalia Samaras attended the Local Government Professionals Pilbara-Kimberley Forum. It was an opportunity for the OAG to provide an update on five years of auditing local government entities and to discuss issues affecting the sector. While in the North-West, they also met with State sector leaders including Police, Education, Communities, the Shire of Broome, and visited Broome Primary School.

Local government bodies

We continue to liaise with sector bodies, the WA Local Government Association (WALGA) and Local Government Professionals Australia WA (LG Pro). As part of this liaison, we have attended and presented at many conferences and zone meetings, and are observer members on a number of financial reporting working groups they lead.

To assist with improving our understanding of the sector and building our capability, both bodies have been invited to present to our employees and contractors on sector-wide matters.

This year, WALGA and LG Pro jointly surveyed their members on their experiences in the annual financial audit process. They have shared the results with us and highlighted five key areas for improvement. We look forward to working with them to improve the audit process.



Figure 21: Auditor General, Caroline Spencer and Financial Audit Senior Director Practice Manager, Efthalia Samaras visiting Broome Primary School and with Legal Aid WA Solicitor in Charge, Brianna Lonnie

Department of Treasury

We regularly engage with the Department of Treasury to discuss financial reporting issues of common interest and those that align closely with our audit role and priorities. During the year, we liaised with Treasury on proposed publications such as Treasurer's Instructions, accounting policy guidelines and model annual reports, and presented at its chief finance officers' forum.

We provided input into a financial management capability review and discussed with Treasury initiatives undertaken by other entities that affect the public sector as a whole. These include proposed new accounting, sustainability and climate reporting standards to be issued by the Australian Accounting Standards Board and the annual valuation of WA public sector land and buildings by Valuation Services (Landgate).

State Records Commission

Under section 58(b) of the *State Records Act 2000*, the Auditor General is an ex-officio member of the State Records Commission, along with the Ombudsman, Information Commissioner and a Governor's appointee who is experienced in record keeping practice.

Public sector entities use public funds to provide services, deliver programs and manage assets. Good records support effective decision-making and business practice, are essential to accountability and our system of government, and reduce an entity's vulnerability to the risk of fraud and inefficiency.

A common theme identified across many of our audits is poor recordkeeping practices. Through our audit work with entities, we continue to support the proper safeguarding, retention and integrity of official records, and highlight and encourage continuous improvement in this critically important aspect of public administration.

Australian Accounting Standards Board

The Auditor General is a non-remunerated member of the Australian Accounting Standards Board (AASB). The AASB is an independent accounting standard-setter that is committed to developing, in the public interest, high-quality, internationally-aligned and understandable accounting standards that require transparent and comparable information in general purpose financial statements.

The role allows the Auditor General to provide a balanced public sector perspective for the AASB's deliberations, contributing to the development of practical accounting and sustainability reporting standards that will further enhance WA public sector reporting and accountability.



Pacific Association of Supreme Audit Institutions

ACAG (page 62) works closely with the Pacific Association of Supreme Audit Institutions (PASAI) and this year we formally established our relationship by being granted membership at the 24th Congress of the PASAI in March 2023. This provides valuable opportunities to engage with Auditors General across our region who experience many of the same challenges, despite their varying size and operating context, particularly regarding independence, resources and attracting and retaining qualified staff.

We also confirmed our twinning relationship with the Office of the Auditor-General of Fiji and the Victorian Auditor-General's Office. Twinning arrangements help audit offices share knowledge and grow together to improve systems, processes and enhance capability and skills. Over the coming year we will work to identify how to implement the twinning arrangement which will likely involve a range of training, mentoring, coaching and knowledge sharing activities.



Figure 22: Delegates at the 24th Congress of the PASAI



Figure 23: New Zealand Controller & Auditor-General, John Ryan; Auditor General, Caroline Spencer; Palau Public Auditor, Satrunino Tewid and Australian Capital Territory Auditor-General, Michael Harris



Figure 24: PASAI eLearning Specialist, Danial Sadeqi; PASAI Director (South), Meresimani Vosawale-Katuba; Acting Auditor General Republic of Fiji, Sairusi Dukuno; Auditor General, Caroline Spencer and PASAI Chief Executive, Esther Lameko-Poutoa



Award winning excellence

We are proud to have won the 2023 ACAG Performance Audit Communication Award for our report on the *Public Trustee's Administration of Trusts and Deceased Estates*. The report had clear and concise messaging, impactful methods to reach its target audiences and there was demonstrated uptake in its messages. This is the second year in a row we have received the Communication Award and is our fifth ACAG award since they began in 2020 – a testament to the hard work of our teams and the excellent reports we produce, given there are only three commendations awarded each year across the ACAG network.

Our *Annual Report 2021-2022* was also acknowledged this year, winning the Gold Award in category two (agencies with 101-1,000 FTE) at the IPAA WA W.S. Lonnie Awards. The judges said: *'Another excellent report from the OAG. Presentation is great, everything looks very impressive, the layout, graphics and pictures. Comprehensive coverage of performance in four streams. Particularly liked the summary page at start of each section including 'what we can do better''*.

Beyond WA, our annual report also achieved a Gold Award in the 2023 Australasian Reporting Awards (ARA) as it demonstrated overall excellence in annual reporting, provided high quality coverage of most aspects of the criteria and included full disclosure of key aspects of our core business.



Figure 25: Assistant Auditor General ISPA, Aloha Morrissey; Director ISPA, Adam Dias and Auditor General, Caroline Spencer with the 2023 ACAG Performance Audit Communication Award



Figure 26: Executive Director Corporate Services, Michael Cooper with the 2023 Gold ARA



Figure 27: OAG employees at the IPAA WA Lonnie Awards





Delivering results



In 2023-24 we will:



use feedback from entities to inform and drive continuous improvement



deliver reports and recommendations that help improve public sector performance and accountability



support entities in achieving better practice through guidance resources.

Delivering results



What is our objective?

- deliver credible, independent assurance reporting and advice, that helps improve public sector performance and accountability

How will we do it better?

- maintain a pragmatic and independent mindset that takes advantage of our multi-jurisdictional context
- maintain compliant audit methodologies that enhance audit impact and integrity
- maintain and enhance audit methodologies to comply with new standards
- safeguard and promote the OAG's independence, credibility and impartiality
- share knowledge and expertise within the OAG, across the public sector and the audit profession
- target audit activity to statutory obligations and key public sector exposures

What we do

- undertake timely high-quality, fair and balanced and transparent audits that are compliant with professional standards and deliver value for taxpayers

What does success look like?

- improved public sector financial management, performance and accountability
- improved awareness of what good governance looks like
- productive relationships with external stakeholders



Financial auditing

Our financial audits provide independent assurance to Parliament, ministers and local government councils that the annual financial reports of State and local government entities:

- are based on proper accounts
- present fairly the operating results and cash flows for the period under review and the financial position at the end of the reporting period
- are presented in accordance with Australian Accounting Standards, relevant legislation/regulations, instructions and other mandatory professional reporting requirements and disclosure requirements.

Our financial audits do not guarantee that every amount and disclosure in the financial statements or key performance indicators (KPIs) are error free. Nor do they examine all evidence and every transaction. Our audit procedures are designed to identify errors or omissions significant enough to adversely affect the decisions of those who use financial statements and KPIs.

We examine, on a sample basis, evidence supporting the amounts and disclosures in the annual financial report. We assess the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by management.



This year, we delivered seven financial audit products to Parliament: six audit results reports and the *Audit Readiness – Better Practice Guide*. In addition, audit opinions were issued to each State and local government entity.



Audit opinions issued	2018-19	2019-20	2020-21	2021-22	2022-23
Annual Report on State Finances	1	1	1	1	1
State government entities					
Parliamentary departments	3	3	3	3	3
Government departments	31	29	29	29	28
Statutory authorities	84	82	84	87	76
Universities and State training providers	9	9	9	9	9
Superannuation funds	2	2	2	2	2
Corporatised entities	13	12	14	12	12
Cemetery boards	4	4	2	5	3
Subsidiary entities	20	18	18	20	18
Request audits	5	4	4	3	2
Local government entities	45	111	123	142	161
Total	217	275	289	313	315

Certifications issued	2018-19	2019-20	2020-21	2021-22	2022-23
State government entities – statutory and other	30	29	21	31	54
State government entities – Royalties for Regions	166	117	99	81	10
Local government entities	5	17	132	280	231
Total	201	163	252	392	295

Table 14: Financial audit products delivered for the past five years

State government entities

The Auditor General is required to issue an audit report for each entity audited. Entities include the audit report in their annual report, which is tabled in Parliament by their minister. The audit report includes our opinion as it relates to the financial statements and, depending on each entity’s enabling legislation, may also relate to controls and KPIs.

For the third year in a row the number of qualified audit opinions has increased. We issued 45 qualifications to 25 entities, which is a new record and an increase from the 31 qualifications issued in 2020-21. This is a concerning trend as it indicates that an increasing number of entities are not adequately ensuring that public funds, resources and systems are being properly accounted for and managed.

Many of the entities who received a qualified audit opinion in 2021-22, also received a qualified opinion in the prior year. This is due to entities not addressing previously reported control weaknesses. While there are many factors contributing to this, including illness and fatigue in the sector and skilled labour shortages, especially among finance and IT professionals, entities do need to prioritise addressing audit findings to improve their governance and prevent errors and fraud.

We aim to deliver audit opinions within 90 days of financial year end which is when most State government entities are required to table their annual report. This year, it took us an average of 90 days to issue our financial audit opinions and 64% were issued within 90 days of financial year end.

As a consequence of staff shortages, we took the decision to dispense with and defer a number of audits and redeploy available resources internally to prioritise the State sector financial audits, including signing off on the whole-of-government accounts (the Annual Report on State Finances). Accordingly, we adopted increasingly rigid audit schedules with entities for their financial audits, emphasising the importance of providing access to key audit information and relevant personnel within agreed timeframes to avoid delays. Regrettably, not all entities met their agreed schedules, which contributed to the increase in late audit sign-offs.

Pressure also arose because the last parliamentary sitting date was earlier than normal (21 September 2022); a drop in the quality of information provided for audit purposes, with supporting evidence or key reconciliations incomplete or absent in too many entities; and errors in financial statements. Also, in an increasing number of entities, there were under-resourced and inexperienced finance teams.

For six entities, the delays in receiving financial statements and supporting working papers of an adequate quality were so significant that we withdrew from their audit and delayed further work to a later period.

	2018-19	2019-20	2020-21	2021-22	2022-23
%	98.4	97.5	92	86	64

Table 15: Percentage of audit opinions issued to State government entities within 90 days of financial year end



Redeployment of employees

To assist our financial audit teams, given the resource constraints we were experiencing, we adapted to these circumstances and made an early decision to dispense with and defer a number of audits to generate capacity. In addition, we redeployed a selection of relevant skilled employees from other business units for temporary assignments. While this slowed progress with some projects across the OAG, it allowed us to focus on finalising financial audits and our work on auditing the Annual Report on State Finances largely within the prescribed timeframes, thereby meeting two of our most important statutory responsibilities.

Local government entities

The Auditor General is required to issue an auditor's report on the annual financial report and any other matters required by the Local Government (Audit) Regulations 1996. A change in the Regulations, effective for the 2022 reporting period, resulted in the OAG no longer needing to report material matters indicating non-compliance or significant adverse trends in the financial position of a local government entity.

Under the *Local Government Act 1995*, we are required to prepare a report by 31 December and local government entities are required to publish their annual report, which contains the auditor's report, on their website within 14 days of their council accepting the annual report.

The transition of auditing local government entities to the OAG has brought many challenges as local governments and regional councils adjusted to our robust audits and we have learnt about the intricacies of the sector.

This year, we drew a line in the sand with the local government financial audits and advised the entities with opinions outstanding at 31 March 2023 that we would be issuing their opinions imminently. Wrapping up the audits rather than waiting for entities to provide information that may not be readily available (even though it should) clearly demonstrates those local government entities that have been unable to provide requisite information for reporting and audit purposes, and results in a truer picture of the sector.

Of the 148 local government audits for the 2021-22 financial year, we issued 92 (62%) auditor's reports by 31 December 2022, 107 by 31 March 2023 and 146 by 30 June 2023. During the year we also issued 15 auditor's reports outstanding from the 2020-21 financial year.

The delay in audit completion was due to a combination of factors including the quality of financial records and the general state of audit readiness in the sector, lack of available third party specialists (e.g. valuation experts) and the impact of fair value accounting, as well as carry over issues from prior years. A global auditor shortage compounded the delays, meaning that if agreed deadlines were missed, we and our contract audit firms could not simply source and allocate additional auditors to complete work whenever entities were ready to provide necessary information.



Supporting entities with better practice guidance

In response to entity delays in collating and providing quality information for audit purposes, we added an *Audit Readiness – Better Practice Guide* to our suite of better practice guidance. This guidance includes templates for commonly used processes and video introductions for quick refreshers of the available resources. While we have a standard practice of adding short videos to showcase each of our reports, these videos are unique in that we asked several of our senior financial audit employees to explain the content. This puts our audit team in audited entities' office or organisation each time they need assistance or guidance in preparing for a financial audit.





Working with contract audit firms

We outsourced the financial audit work of 42% of State government entities and 86% local government entities. The Auditor General, or a delegate, signs the audit opinion and is accountable for the work of our contract audit firm partners.

Auditors General outsourcing audits is common practice across jurisdictions to meet periods of peak demand and provide access to cost-effective specialist skills. Our contract management processes ensure that outsourced audits are efficient, cost-effective and meet our audit quality standards. Auditor quality, value and rotation are maintained through our ongoing firm pre-qualification, tendering, file review and quality oversight arrangements.

Surveys of financial audit entities

We offer audited entities the opportunity to provide feedback on how our employees and contracted audit firms performed during the delivery of their financial audit. Conducted by an independent research company, we use the survey results to identify areas where we can improve our service delivery.

We revised our survey processes to release surveys to our clients more closely to the time they were issued an audit report. We conducted four survey rounds for our **State government entities**, compared to two last year. This allowed us to obtain more timely feedback and also hear from an extra 10 entities who had previously missed the two survey rounds. Pleasingly, the response rate increased from 52% last year to 70% this year. We are grateful to our clients for taking the time to provide this feedback.

Our results were broadly consistent with last year across the categories of audit process, audit reporting and audit value and are returning to pre-COVID years results. The entities recognised our communication and consultation have improved.

This is a likely result of providing our employees with professional development, such as the Effective Auditor training. This training analysed preferred communication styles and presented alternate ways of communicating that auditors could use to develop audit relationships (page 40). We hope to see improvement in auditor responsiveness in future years, as we continue to work to address issues around coordination of information requests and engaging earlier on identified audit issues.

The valuable feedback from these surveys will inform and drive continuous improvement.

Statement	% Agree					
	2018-19	2019-20	2020-21	2021-22	2022-23	
The auditors conducted themselves professionally during the audit	96	97	98	97	94	↓
The auditors were responsive to our needs	90	91	82	78	84	↑
The OAG's management letters communicated the audit findings and issues clearly	90	96	89	90	93	↑
The Auditor General's audit opinion was issued in a timely manner	96	94	87	77	79	↑
We value the assurance we obtain from the audit of our statutory financial statements	98	95	94	94	94	—
We value the OAG's recommendations to improve the financial management and internal controls of our organisation	98	93	89	90	88	↓

Table 16: Selected State government entity financial audit survey results

What audited entities said



93%
agree OAG's
management letters
communicated the
audit findings and
issues clearly



94%
value the assurance
they obtain from the
audit of their statutory
financial statements

We received a response from 100 of the 146 **local government entities** surveyed, following three rounds of survey (one more round than last year). We reached 18 more entities than in the previous year and surveyed some entities for the first time.

While our survey results are generally positive, there were small declines in ratings across most aspects of the audit. The feedback allows us to build stronger and more productive working relationships with local government entities. Some feedback indicated that we should work on improving timeliness and timeframes around the audit, and seek opportunities to increase the efficiency of the audit process. This change could impact the entity's own staff resources associated with the audit and improve the overall experience.

Statement	% Agree			
	2019-20	2020-21	2021-22	
The auditors conducted themselves professionally during the audit	98	98	97	—
Audit staff were responsive to our needs	82	80	71	↓
The management letters clearly communicated the audit findings and issues	94	95	94	—
The Auditor General's audit opinion was issued in a timely manner	81	71	68	↓
We value the assurance we obtain from the audit of our statutory financial report	96	87	91	↑
We value the OAG's recommendations to improve the financial management and internal controls of our organisation	89	84	85	—

Table 17: Selected local government entity financial audit survey results

What audited entities said



97%
agree auditors conducted themselves professionally during the audit



94%
management letters clearly communicated the audit findings and issues

Information systems auditing

Our information systems audits focus on the IT environments of public sector entities. Information systems underpin most aspects of government operations and service delivery.

Each year we audit the general computer controls of a sample of entities to determine if they effectively support the confidentiality, integrity and availability of their information systems and financial reporting. This includes controls over the IT environment, computer operations, access to programs and data, cyber security, program development and program changes. Findings from these audits inform capability assessments of entities. These audits support our financial audit and controls opinions.

Our information systems audit work is a very important part of our audit program as it reveals common weaknesses that can seriously affect the operations of government and potentially compromise sensitive information held by entities. Our reports contain recommendations that address these common weaknesses and as such, have a use broader than just the entities we specifically audited.



Updated IT capability maturity model

In recognition of growing cyber security threats, we introduced an updated capability maturity model for all entities. The updated model builds on our previous framework and expands the number of general computer control categories to 10, five of which now relate to information and cyber security controls. The model provides more information to entities and Parliament on the discrete state of system, information and cyber security in the public sector, and what needs to be done to improve it.



Information security framework



Endpoint security



Business continuity



Physical security



Human resource security



Network security



Change management



Access management



Risk management



IT operations



Forensic auditing

Our Forensic Audit business unit examines entities for fraud and corruption vulnerabilities and engages with them to close identified risks. We are committed to sharing, where appropriate, the learnings and tools from our forensic audits to build resilience to wrongdoing across the public sector.

Audits this year identified risks associated with State government entities' compliance with anti-money laundering and counter terrorism financing obligations and shared procurement fraud risks applicable to all public sector entities.



Engaging with subject matter experts

We liaised with the Australian Transaction Reports and Analysis Centre (AUSTRAC), the regulator of the Commonwealth *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*, to obtain a high-level summary of the scope of the Act, understand the key obligations required of reporting entities, identify where guidance could be located and obtain key publications relating to risk and governance.

Our engagement enabled us to assess against best practice drawn from AUSTRAC's insights into compliance, ensure we assessed all affected government entities and validated our conceptual approach without overstepping our role or inadvertently interfering with any of AUSTRAC's other work.



Adding value to the public sector, we continued hosting the Fraud Resilience Forum with presentations focused on:

- knowing your supplier
- integrity frameworks from an organisational, fraud and corruption perspective.

We continue to build on the recommendations of the peer review conducted of the business unit in 2021. Our forensic audit methodology is being refined, informed by local, national and international sources highlighting the cross over between audit and investigation and the unique environment this brings. Embedding our intelligence function has been supported by increased information sources and the implementation of dedicated software. Our team continues to develop professionally, with a number achieving accreditation as Certified Fraud Examiners and attending various data management, data platforms and data analytics courses.

Performance auditing

Our performance audits assess the efficiency and effectiveness of public sector activities, services and programs. These audits can also identify instances of waste, legislative non-compliance and examples of good practice, and make practical recommendations for improvement in entities.

We also undertake smaller performance audits called focus area audits. We conduct these as an extension of our annual financial audits, using more detailed testing or examination than is required for forming our financial audit opinions. Our aim is to assess how well entities perform common business practices and related controls. The findings provide an insight into good practice, so all public sector entities can consider their own performance.

On occasions, we conduct follow-up performance audits to examine an entity's progress in implementing our recommendations from a previous report. These audits provide Parliament with an assessment of changes that have occurred because of the initial audit.

In our performance audits we require entities to explicitly accept or disagree with our recommendations and timeframe for implementation. This increases transparency and accountability for Parliament as it is not good enough to simply note the findings, it is vital that timely action is taken to address shortcomings in public administration.

Responsibility for following up our audit recommendations lies with each entity's accountable authority, management and audit committee. Parliament's Public Accounts Committee also has a key role in following up entity action on our reports.

Summaries of our reports tabled in 2022-23 are included from page 86.



Performance audit topic selection

Our performance audit program is an important part of the Auditor General's ability to provide timely assurance on important matters of public administration. The Auditor General's ability to determine what, when and how to audit, without direction, is a key part of their independence. However, in determining audits we prioritise early engagement with entities, other oversight entities, members of Parliament, parliamentary committees and other key stakeholders.

Each year we also receive many enquiries (referrals), expressions of concern and requests for audits from members of Parliament and the community. Our auditors may also suggest an audit if they see something warranting performance audit attention while in an entity. The information we receive often helps us to identify topics for future audits. Our topic selection process allows us to balance these demands and to choose audits based on full consideration of their relative merits.

We assess and review potential topics against our criteria, priority themes and report category KPIs. We have processes in place to make sure that the selection of topics is objective, robust, transparent and focuses on systemic issues where an audit may have notable impact on the efficiency or effectiveness of public sector service delivery. Individual grievances and cases do not generally result in a performance audit but may inform areas of focus.

Our topic pool contains many more options than we are resourced to deliver as audits. Consultation on the themes and draft program is useful in prioritising which audits will go ahead. We keep Parliament, the public sector and community informed through consultation with entities, members of Parliament and parliamentary committees, and through the audit program published on our website: audit.wa.gov.au/audit-program.

Further detail on our topic selection process is available on our website.



Adapting our topic selection process

We adapted our topic selection meetings to run over two sessions instead of one. This allows us more time to consider topics between their initial selection and placement on our forward audit program. We have also published a dashboard on our intranet that shows our forward audit program by key performance category and business unit across future years.



Surveys of performance, forensic and information systems audit entities

After we table a performance, forensic or information systems application audit report in Parliament, we invite the audited entities to provide feedback on the report and the audit process including engagement with our employees.

Conducted by an independent research company, we use the results to identify key drivers to improve our performance and identify areas where we may need additional effort or training.

Continuing with our survey improvements, we reduced the time between the completion of an audit and providing a survey to the audited entity. This meant we surveyed over five rounds instead of our previous three. We worked with the research company to present results as audit specific rather than an aggregated report for the round.

Feedback from audited entities helps our audit teams identify and prioritise audit specific improvements in areas such as communication and understanding the audited environment. Our survey results this year indicate that our audits have significantly improved in how they help entities improve their audited activities, which is pleasing as we value building capability across the sector.

Statement	% Agree					
	2018-19	2019-20	2020-21	2021-22	2022-23	
The auditors communicated with us effectively	76	88	84	82	86	↑
We were promptly informed of significant issues/findings as they arose during the audit	72	78	75	70	75	↑
The auditors adequately understood our organisation, including our operating environment	52	43	65	74	56	↓
The auditors demonstrated that they had the professional skills and knowledge required to conduct the audit	72	81	81	84	71	↓
The auditors conducted themselves professionally during the audit	93	97	97	97	94	↓
We were provided with adequate opportunities to comment on the audit findings and issues before the final report was tabled in Parliament	86	90	94	82	86	↑
The tabled audit report communicated the audit findings and issues clearly	66	87	86	77	81	↑
The tabled audit report was factually accurate	68	77	73	79	77	↓
The tabled audit report was balanced and fair	64	77	75	74	74	—
The audit will help us improve the performance of the audited activity	79	83	64	59	77	↑

Table 18: Selected survey results

Opinions on ministerial notifications

When a minister decides not to provide certain information to Parliament concerning the conduct or operation of a State government entity (usually a decision taken in response to a parliamentary question), requirements under section 82 of the *Financial Management Act 2006* and section 24 of the *Auditor General Act 2006* come into force. Essentially, the minister is required to notify the Auditor General of their decision not to provide information and the Auditor General is then required to form an opinion and report to Parliament on the reasonableness and appropriateness of the minister's decision. This is routinely based on our assessment as to whether a document is covered by claims of public interest immunity, such as Cabinet confidentiality, legal professional privilege or commercial confidentiality.

The number of ministerial notifications referred to the OAG vary and a notification may result in more than one opinion. This year, we received seven notifications and issued eight opinions. Our total costs and hours decreased, due to receiving fewer notifications. Summaries of the ministerial notification reports we tabled in Parliament are available from page 86.

	Pre 2018-19 ¹	2018-19	2019-20	2020-21	2021-22	2022-23	Total
Number of ministerial notifications received	130	27	14	4	3	7	185
Number of parliamentary questions included in notices received	173	27	14	4	3	7	228
Number of opinions tabled	167	20	12	12	3	8	222
reasonable	97	15	8	9	2	7	138
not reasonable	70	5	4	3	1	1	84
An opinion could not be/was not provided	7	4	4	3	1	0	19
Being assessed at 30 June 2023						0	0
Total cost for opinions tabled (\$'000)	1,443 ^a	484	365	487	71	248	3,098
Total hours for opinions tabled ²	6,509 ^a	2,459	1,360	2,702	274	1,032	14,336

¹ The number of notifications received and reasonable opinions may exceed the actual by 10 for the years before 2010-11. The possible overlap has not been resolved because of limited records.

² Excludes Auditor General and Deputy Auditor General hours as they are tracked by broader assurance and non-assurance categories.

^a Information before 2010-11 is not available.

Note: Ministerial notifications have been reported in previous years as matters not notices, so some figures may differ to those previously reported.

Table 19: Ministerial notifications received and opinions tabled



Reports tabled in 2022-23

During 2022-23, we tabled 28 reports in Parliament. We aim to deliver timely, relevant and quality reports on public sector financial and non-financial performance and accountability. These reports help us to achieve our vision and outcome of an informed Parliament and community, and work that makes a difference and helps to improve the public sector.

The following pages include a brief summary of the reports tabled this year which are available on our website at audit.wa.gov.au/reports. Our reports are categorised, shown in the orange rectangle, to calculate our key effectiveness performance (page 153).



Report 1

Opinion on Ministerial Notification – Wooroloo Bushfire Inquiry



18 July 2022


Governance

The Auditor General found a decision by the then Minister for Emergency Services not to provide Parliament with advice on the establishment of the Wooroloo Bushfire Inquiry was reasonable and therefore appropriate. The information was prepared for two submissions to Cabinet and its release would reveal Cabinet advice and deliberations.



Report 2

Financial Audit Results – Universities and TAFEs 2021

 21 July 2022

Governance

This report summarises the results of the 2021 financial audits of Western Australia's four public universities and the five TAFEs. Although all universities and TAFEs received clear (unqualified) opinions for 2021, there was a significant increase in their control weaknesses. Financial control weaknesses have increased by over 100% and information system control weaknesses by 40% over the past two COVID-affected years. Entities should address identified financial management, KPI and information systems control weaknesses in a timely manner to ensure the ongoing integrity of their financial and system controls and external reporting.



Report 3

Public Trustee's Administration of Trusts and Deceased Estates

 10 August 2022

Service Delivery

This audit assessed if the Public Trustee effectively administers the deceased estates and trusts in its care and found it was only partly effective. While it charged trusts in line with its schedule of fees, it had not clearly communicated its fees to clients, charged some high fees for little work, and not finalised more than 40% of deceased estates within 12 months. We identified gaps in key fraud controls, which led to improvements in handling client cash cards during the audit. Its funding model is not appropriate and current governance arrangements do not satisfy modern public accountabilities. The audit revealed an urgent need to review the Public Trustee's funding and oversight model, to align it with governance arrangements for other State entities that hold private monies in trust and deliver essential services under community service obligations.



Report 4

Payments to Subcontractors Working on State Government Construction Projects

 11 August 2022

Economic Development

The objective of the audit was to assess if State government entities have effective controls in place to ensure timely payments to subcontractors working on government construction projects. We found the three audited entities have implemented project bank accounts but their effectiveness is eroded by weak controls. Entities did not do enough to check information provided by head contractors, two had poorly implemented statutory declaration requirements, and not all entities had effective complaint mechanisms. The report includes recommendations for these entities to help strengthen their controls.



Report 5

Financial Audit Results – Local Government 2020-21

 17 August 2022

Governance

This report summarises the final year of the four-year transition of local government financial audits to the OAG. It includes the results for 132 of the 148 entities, with 16 audits outstanding at the time of the audit. While we reported a reduction (15%) in control weaknesses there were two qualified opinions as well as two disclaimers of opinion reported for 2019-20. To support continuous improvement in the local government sector, entities are encouraged to review the findings of their audits, as well as this report and consider our recommendations in the context of their own operating environments and governance frameworks.



Report 6

Compliance Frameworks for Anti-Money Laundering and Counter-Terrorism Financing Obligations

 19 October 2022

Governance

The objective of this limited assurance review was to understand if the eight State government entities regulated by AUSTRAC have sound arrangements in place to comply with the *Commonwealth Anti-Money Laundering and Counter-Terrorism Financing Act 2006* and associated rules. We reported 18 findings and three improvement opportunities to six entities. This represents some inadequacies in AMLCTF programs that require attention to ensure they are fully compliant with the Commonwealth legislation.



Report 7

Opinion on Ministerial Notification – Tom Price Hospital Redevelopment and Meekatharra Health Centre Business Cases

 2 November 2022

Governance

The Auditor General found a decision by the Minister for Health not to provide Parliament with the business cases for the Tom Price Hospital redevelopment and Meekatharra Health Centre projects was reasonable and therefore appropriate. The information was prepared for Cabinet to inform the Expenditure Review Committee.



Report 8

Forensic Audit Results 2022

 16 November 2022

Governance

The report outlines the work of the Forensic Audit business unit in 2022 to identify vulnerabilities to, or indicators of, significant fraud. Key achievements included two reports, one better practice guide and two Fraud Resilience Forums.



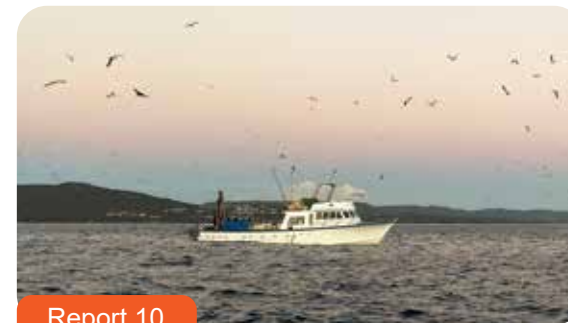
Report 9

Management of Long Stay Patients in Public Hospitals

 16 November 2022

Service Delivery

The objective of this audit was to assess if WA Health and other State government entities have an effective system for managing long stay patients who no longer require hospital care. We found WA Health does not have robust data on long stay patients and without this, it cannot fully understand the barriers to discharge or promote long term solutions. WA Health's data is limited to point in time snapshots which are not system wide. Our analysis of snapshots between May 2021 and June 2022 revealed that nearly 500 patients waiting for NDIS or aged care services had spent approximately 40,000 extra days in hospital after being medically ready for discharge, at a cost of almost \$95 million. The report includes recommendations for WA Health to commit to and drive systematic management of long stay patients.



Report 10

Regulation of Commercial Fishing

 7 December 2022

Governance

This audit examined the Department of Primary Industries and Regional Development's regulation of the commercial fishing industry. We found the Department does not clearly target its monitoring and enforcement activities to the areas of highest risk and does not track the completion and effectiveness of its activities to know where it needs to strengthen or divert its future efforts. We also found gaps in the Department's integrity framework relating to conflicts of interest, ongoing integrity checks and managing complaints, as well as the Department's explicit recognition and management of risks of regulatory capture.



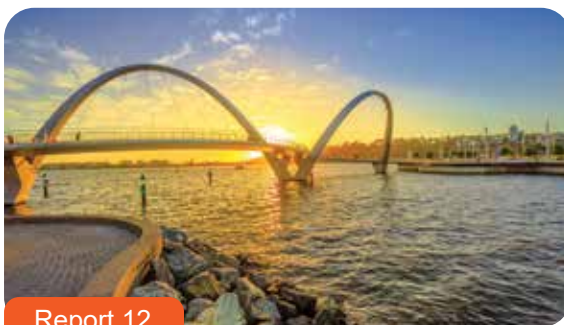
Report 11

Compliance with Mining Environmental Conditions

 20 December 2022

Social and Environment

This audit assessed if the Department of Mines, Industry Regulation and Safety, and the Department of Water and Environmental Regulation effectively ensure mining projects comply with environmental conditions. We found weaknesses in how both regulate operator compliance. The monitoring and enforcement approaches of both entities provided a narrow view of compliance and did little to deter operators from breaching their conditions. Both entities had responded to recent Government priorities by shifting resources from compliance to approvals, limiting their ability to conduct assessments and inspections. The report raises that while this may be necessary and possible for a short time, it is critical entities restore their compliance activities to deliver a balanced regulatory approach.



Report 12

Financial Audit Results – State Government 2021-22

 22 December 2022

Governance

This report summarises the 2021-22 financial audits for 132 State government entities. The number of qualified audit opinions increased for the third year in a row: 21 entities received 35 qualifications, with more expected when we complete the remaining nine audits for the sector (*Financial Audit Results – State Government 2021-22 – Part 3: Final Results*). We also reported 385 financial management and 431 information system control weaknesses and saw an increase in payroll findings for 2021-22, meaning entities have inadequate controls to prevent errors such as overpayments or payments to incorrect people.



Report 13

Funding of Volunteer Emergency and Fire Services

 22 December 2022

Service Delivery

This narrow-scope audit assessed if the Department of Fire and Emergency Services (DFES) and three local government entities effectively administered funding for their land-based volunteer emergency and fire services. DFES wholly funds two of the services, the Volunteer Fire and Rescue Service and the Volunteer Fire and Emergency Service, and does so using clearly defined funding objectives and expected outcomes. However, the administration of funding by DFES and local government entities for the State Emergency Service and Bush Fire Service could be improved by more complete documentation, use of available data (e.g. volunteer numbers), as well as capital planning by local governments entities.



Report 14

Administration of the Perth Parking Levy

 16 February 2023

Service Delivery

The audit objective was to assess if the Department of Transport effectively administers the Perth Parking Levy, a special purpose account, for its stated purpose. We found the absence of a plan prioritising levy related projects has seen the levy account balance significantly increase from \$54 million to \$192 million over the past five years. Consultation with the City of Perth is also inconsistent with the *Perth Parking Management Act 1999*. The Department has appropriate controls to manage funding agreements and payments from the account.



Report 15

Opinion on Ministerial Notification – Stamp Duty on the Landgate Building, Midland

 8 March 2023

Governance

The Auditor General found the then Minister for Finance's decision not to provide Parliament with the amount and basis of calculating stamp duty on the Midland Landgate building sale was not reasonable and therefore not appropriate as the information was publicly available. The Minister properly sought advice from the Department of Finance but the advice failed to reflect the information had been available since March 2022. Entities advising ministers should consider other mechanisms by which requested information may already be available or in the public domain.



Report 16

Opinions on Ministerial Notifications – Triennial Reports for Griffin Coal and Premier Coal

 22 March 2023

Governance

The Minister for State Development, Jobs and Trade's decision not to provide Parliament with triennial reports produced by Griffin Coal and Premier Coal was reasonable and therefore appropriate. Most of the reports' contents could be reasonably considered to have commercial value for the companies. However, in advising the Minister, the Department of Jobs, Tourism, Science and Innovation had used existing assessment guidelines. These did not provide appropriate guidance for situations without an express obligation of confidence and the Department had not demonstrated sufficient scepticism and independent assessment of the potential harm to the companies.



Report 17

Information Systems Audit – State Government 2021-22

 22 March 2023

Governance

Many State government entities are not doing enough to protect State systems and citizen information from cyber attacks. This is our 15th report on the audits of State government entities' general computer controls. We reported 566 findings to 61 entities, compared to 526 findings to 54 entities last year. Concerningly, half of this year's audit findings (282) were unresolved issues from the previous year. It is crucial entities prioritise addressing audit findings to safeguard their information systems against constantly evolving and increasingly sophisticated threats. At 13 entities, their access management and network security control weaknesses were so significant and pervasive that their financial audit controls opinion was qualified.



Report 18

Opinions on Ministerial Notifications – Tourism WA's Campaign Expenditure

 27 March 2023

Governance

Three decisions by the then Minister for Tourism not to provide information to Parliament in relation to Tourism WA funding for the Walking on a Dream advert, featuring in the Amazing Race and agreement for Bjork to perform at the 2023 Perth Festival were reasonable and therefore appropriate as the information is commercially sensitive.



Report 19

Information Systems Audit – Local Government 2021-22

 29 March 2023

Governance

Many local government entities are not fixing computer control weaknesses to prevent cyber attacks, despite previous warnings about risks. We reported 324 information system weaknesses to 53 entities for 2021-22, compared to 358 findings to 45 entities the prior year. Disappointingly, 69% of these weaknesses were unresolved issues from the prior year, including 27 of the 31 significant findings. Entities need to prioritise addressing audit findings to safeguard their systems and information, and reduce the risk of compromise to their confidentiality, integrity and availability. The local government sector should use the case studies and recommendations in this report to inform enhancements to their general computer controls.



Report 20

Regulation of Air-handling and Water Systems

 21 April 2023

Service Delivery

The audit assessed if the Department of Health and local government entities effectively regulate air-handling and water systems to minimise the risk of Legionella. We found inconsistencies in how owners maintain and test their systems and that the existing regulatory framework requires improvement. The Department completed a review of the current regulatory arrangements in 2021 and has recommended new legislation. However, the legislation forms part of a broader reform program and may take some time to introduce and implement. The report includes recommendations for both the Department and local government entities.



Report 21

Financial Audit Results – State Government 2021-22 – Part 2: COVID-19 Impacts

 3 May 2023

Governance

This report shares findings and observations from the 2022 State audit cycle. It's intended to provide a level of transparency and a public record of some of the irregular decisions, transactions and impacts that occurred during the COVID-19 pandemic response and reflects on some of the lessons that may be learned from the period. In particular, the report presents more detail about the increase in health spending during the 2022 financial year and the procurement and management of rapid antigen tests.



Report 22

Effectiveness of Public School Reviews

 24 May 2023

Social and Environment

The audit objective was to examine if the Department of Education's school review process provides an effective basis for oversight of school performance and supporting school improvement. We found while there are improvements that could be made to how reviews are managed and the support that schools receive, the Department has designed and implemented a generally sound way to help schools self-reflect and identify areas for improvement.



Report 23

Contractor Procurement – Data Led Learnings

14 June 2023

Governance

The audit used data analytics to identify red flags in the Public Transport Authority's contractor procurement data that could indicate undisclosed relationships or corrupt procurement practices. The review did not give rise to a suspicion of fraud or corruption, but did highlight gaps that could have been exploited by dishonest people. Entities can use the learnings to improve their own procurement and contract management arrangements.



Building our data analytics capability

Our Forensic Audit team's work into contractor procurement involved matching across data sets to uncover potential undisclosed conflicts of interest, as well as profiling procurement data for insights to identify high risk vendors and unusual contract management processes.



Report 24

Security Basics for Protecting Critical Infrastructure from Cyber Threats

14 June 2023

Service Delivery

This better practice guide aims to help WA public sector entities better manage cyber security threats to their critical infrastructure. The guide focuses on better practice principles to safeguard critical operational technology and has been informed by the OAG's recent audit work on this topic.



Report 25

Traffic Management System – Information Systems Application Audit

14 June 2023

Service Delivery

The audit assessed the key applications that form part of Main Roads Western Australia's (MRWA) Traffic Management System, to gain assurance that traffic operations are adequately supported to ensure the safe and efficient movement of people and freight across WA's road network. The audit found that MRWA partly protects the system from unauthorised access and use, but it needs to improve security controls to minimise the risk of the system being compromised and traffic operations disrupted. In addition, despite being aware they are not permitted to, MRWA has continued to collect anonymous data from local road users under the Surveillance Devices Regulations 1999. We have recommended they comply with the Regulations.



Report 26

Audit Readiness – Better Practice Guide

 30 June 2023

Governance

This guide aims to help WA public sector entities to be better prepared for their annual financial audit. It is supported by an Audit Readiness Tool, available on our website, which includes templates and checklists to assist entities. It is hoped the new tool will help to reduce the number of audit queries, issues and adjustments, leading to a smoother and more efficient audit process.



Report 27

Financial Audit Results – Universities and TAFEs 2022

 30 June 2023


Governance

This report summarises the results of the annual audits of the four public universities, their subsidiaries and the five TAFEs for the 31 December 2022 reporting year. The report also contains the results of a small number of other annual audits of entities issued. We issued clear (unqualified) opinions for all universities and TAFEs. Of particular concern are the ongoing control issues in entities' information systems which saw IT control weaknesses increase to 134 and even more concerning, 59% were unresolved from the prior year.



Report 28

Financial Audit Results – State Government 2021-22 – Part 3: Final Results

 30 June 2023

Governance

The report includes the results of the last nine State government entity financial audits which were outstanding as identified in our report dated 22 December 2022. It summarises the final results of our annual audits of all 132 State government entities for the years ended 30 June 2022 and 31 July 2022. This saw the number of qualification matters increase to 45 from 25 entities, as well as the number of control weaknesses increase to 452, and concerning, the number of significant findings unresolved from the prior year increased to 65%.

Website statistics

We use website statistics to provide an indication of the degree of interest in our reports and to inform our topic selection process.

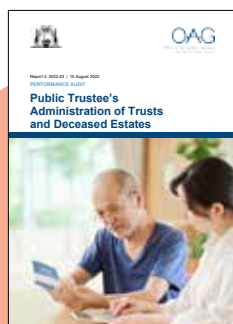
Report	Total page views	PDF downloads
<i>Public Trustee's Administration of Trusts and Deceased Estates</i>	3,446	446
<i>Financial Audit Results – State Government 2021-22</i>	2,717	756
<i>Compliance with Mining Environmental Conditions</i>	2,645	572
<i>Fraud Risk Management – Better Practice Guide</i>	2,268	1,124
<i>Financial Audit Results – Local Government 2020-21</i>	2,248	517
<i>Annual Report 2021-22</i>	2,165	1,121
<i>Information Systems Audit – Local Government 2021-22</i>	1,935	551
<i>Information Systems Audit – State Government 2021-22</i>	1,921	452
<i>Management of Long Stay Patients in Public Hospitals</i>	1,773	401
<i>Compliance Frameworks for Anti-Money Laundering and Counter-Terrorism Financing Obligations</i>	1,670	247

Table 20: Top reports by page views accessed from our website in 2022-23



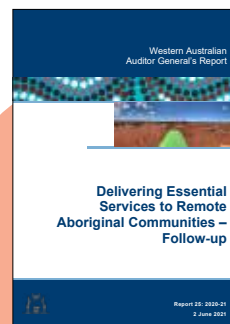
Audit impact

Our objective is to deliver credible, independent reports and recommendations, that help improve public sector performance and accountability. In addition to strengthening Parliament's understanding and scrutiny of the public sector, and the countless thousands of improvements made within entities each year as a result of audit discussions and findings, our public reports can result in positive change to government activity and practice and contribute positively to the Western Australian community and public sector. Some examples of public policy changes as a direct result of the work of the OAG include:



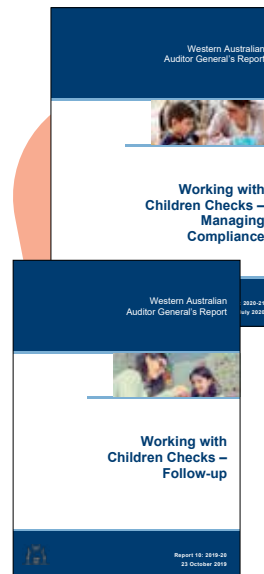
Public Trustee's Administration of Trusts and Deceased Estates (August 2022)

The report examined services to some of the most vulnerable in our community. On the day of tabling the this report in Parliament, the Attorney General confirmed the Government's commitment to a review of the Public Trustee's fee structure and funding model (a key recommendation of the report) which Treasury started within weeks. In May 2023, the State Government announced \$13 million towards fee relief for vulnerable clients, and an interim governing board to improve oversight while the review and legislative changes are progressed. The Public Trustee agreed to all our recommendations and adopted some changes to better safeguard its clients' cash cards prior to the report tabling. These initiatives have the potential for positive change and improvements for all Western Australians using Public Trustee services.



Delivering Essential Services to Remote Aboriginal Communities – Follow-up (June 2021)

Following the issues highlighted by the audit around power and water reliability in remote communities, in April 2023 the State Government announced a transfer of responsibility for power and water to Horizon Power and the Water Corporation. The 2022 State Budget included \$350 million for a new Remote Communities Fund to improve essential water and electricity services and increase housing availability for first nations Western Australians.



Working with Children Checks – Managing Compliance (July 2020) and **Working with Children Checks – Follow-up** (October 2019)

Following these reports, the Department of Communities implemented changes to its working with children check screening processes and the *Working with Children (Criminal Record Checking) Amendment Act 2022* was passed by both houses of Parliament on 30 November 2022. Both enhance the protection of children across WA and further strengthen the State's child-safe systems, making it harder for people with a history of violent crimes to obtain a working with children clearance, providing better protection to young people from potential predators.

Managing feedback and complaints

Referrals

Referrals can be an early warning of issues relating to performance, probity and compliance within the public sector. We record all referrals received through our reception and website in our intelligence database, where we collate information from a wide variety of sources on issues across the public sector. This information is very useful to monitor trends across the public sector to identify areas of concern or entities that may require additional audit scrutiny.

Given the substantial number of public referrals we receive on a variety of topics, we tend to prioritise performance audit topic selection towards systemic issues rather than one-off issues affecting an individual. If the issue is outside our mandate, we endeavour to redirect the referral to those who can best assist.

Where matters cross jurisdictional boundaries, such as the work of the Corruption and Crime Commission or the Public Sector Commission, we have processes in place to communicate with other integrity bodies to highlight potential issues.

In 2022-23, we received 170 referrals that we took an average of 1.7 days to respond to, an improvement on 2.7 days in 2021-22. We responded to 96% of referrals within our five working day target, which was an improvement on 89% in 2021-22.

Source of referrals	2018-19	2019-20	2020-21	2021-22	2022-23
Members of the public	86	147	153	132	150
Member of Parliament or parliamentary committees	7	3	5	3	2
State government entities	10	15	11	8	11
Local government entities	17	14	8	7	7
Total	120	179	177	150	170

Table 21: Number of referrals received

Public interest disclosures

The *Public Interest Disclosure Act 2003* establishes the Auditor General as the appropriate authority to receive public interest disclosures (PID) that relate to substantial unauthorised or irregular use of, or substantial mismanagement of, public resources.

In 2022-23, we spent 60 hours on PID matters. We assessed eight matters, of which one met the PID criteria.

The Auditor General appoints employees, including members of EMG, as PID officers. Appropriate training, including through the Public Sector Commission, is provided for these employees so they can receive and manage PIDs effectively and maintain the confidentiality of disclosers (i.e. whistleblowers).

Complaints

We define a complaint as any expression of dissatisfaction made to the OAG about our people, practices, products or services, and have widened the net in recent years to capture and examine a broader range of communications so that we can examine and learn from them.

We accept that individuals may wish to raise a complaint with us about our services or operations, and that these may identify areas where we can improve or prevent potential issues. We ensure all complaints and responses are fully documented and assessed for potential ongoing (systemic) risk. To encourage continuous improvement and learning, we report complaints to EMG, and if any potential ongoing risk is determined the issue is referred to our Audit, Risk and Compliance Committee.

As part of our quality monitoring framework, when a complaint relates to audit quality, it is referred to our Audit Quality Monitoring Committee. This committee may identify potential training needs or changes to internal processes to avoid similar quality issues recurring and to identify opportunities for improvements in future audits.

Individuals can lodge a complaint on our website or by email, mail or telephone. Our internal policies and procedures provide guidelines to ensure complaints are managed objectively, fairly and confidentially, and are managed in accordance with relevant legislation, guidelines and principles including the Public Sector Commission's Code of Ethics and the Ombudsman Western Australia's Guidelines on Effective Complaint Handling.

This year, we received seven complaints, a decrease on the 11 received in 2021-22. The majority related to the timeliness of local government financial audits. We value this feedback and are working with many entities to identify process improvements to finalise audits sooner. As outlined earlier, there were varied reasons for delays in completing audits including resource constraints at the OAG, entities or with third party specialists (e.g. valuation experts), carry over issues from prior years, impact of fair value accounting, and the quality of financial records and the general state of audit readiness by entities.

To assist entities in being better prepared for audit, we produced an *Audit Readiness – Better Practice Guide*. The guide includes templates for commonly used processes and videos and it is hoped the new tool will help to reduce the number of audit queries.

	2018-19	2019-20	2020-21	2021-22	2022-23
Number of complaints	1	4	8	11	7

Table 22: Number of complaints about the OAG received



Adapting and innovating



In 2023-24 we will:



complete the replacement of our core IT infrastructure to ensure continued efficient operation of our business systems



transition all audit business units to TeamMate+ for managing their audits and finalise the new financial audit methodology



launch a new intranet as the hub of our internal communications.

Adapting and innovating



What is our objective?

- ensure we have the skills, knowledge tools and mindset to meet our, and the Parliament's, current needs and to respond effectively to change

How will we do it better?

- implement modern, secure and resilient information systems infrastructure that is fit-for-purpose and future-ready
- deploy adaptive and user-friendly remote-enabled systems and processes
- enhance the user experience through technology deployment and training
- enhance collaboration opportunities through enabling technologies
- successfully implement and integrate new functionality and this is used with confidence and convenience

What we do

- successfully implement and integrate systems and approaches that can adapt to change

What does success look like?

- a workforce culture accustomed to change and identifying ways to do things better
- increased engagement from the information and communication technology team to innovate how we confidently use technology
- improved technology and process efficiencies through system optimisation



Information Governance Committee

The purpose of the Information Governance Committee (IGC) is to govern technology, security and information management, as a sub-committee of EMG.

The IGC provides governance and strategic oversight to ensure that technology and information assets are managed appropriately to benefit the OAG, enable our employees and protect the Office's reputation.

The IGC comprises senior leaders representing a cross-section of the business to provide independent governance of technology and information management related decision-making.

Members

- Jason Beeley, Chair, Assistant Auditor General Performance Audit
- Carl Huxtable, Assistant Auditor General Forensic Audit
- Michael Cooper, Executive Director Corporate Services
- Kamran Aslam, Senior Director Information Systems and Performance Audit
- Bruce Miller, Director Strategic Business Intelligence
- Anjana Gururaj, Assistant Director Forensic Audit

The key responsibilities of IGC are to:

- oversee the delivery of strategic IT initiatives
- review the technology implications for strategic organisational projects
- review and endorse the IT risk appetite and mitigation strategies
- approve technology and information management policies and standards.



Report from the IGC Chair

During the year, the IGC provided governance and strategic guidance for the delivery and management of the OAG's information assets and security posture using a risk-based approach.

Notable areas of focus during the year were ensuring Essential Eight cyber security controls were in place and improving the management and reporting of the implementation of the technology and data elements of our strategic plan.

Our technology infrastructure is critical to future systems and capabilities for the OAG and we are halfway through a replacement project for our core IT infrastructure. This will ensure the continued efficient operation of our business systems. The new infrastructure will be more reliable, scalable and secure than our current environment.

Key areas of focus for the IGC over the coming year will be the development of a new IT strategy, continued implementation of the Data Strategic Plan, increased attention on information governance and making sure that the IGC provides effective risk based oversight and governance to meet the needs of the EMG and the ARCC.

Lastly, I would like to thank Carl Huxtable for his efforts and contributions as Deputy Chair and also acknowledge the hard work of the IT team, who supports business continuity while the Office is in a growth and refresh phase for many of its systems.

Jason Beeley

Chair, Information Governance Committee





Audit methodology and tool

It has been an exciting year for the Audit Methodology and Tool (AMT) project. In August 2022, we awarded CCH Australia Limited the contract for our new audit tool, TeamMate+, following a tender evaluation process and intense contract negotiations. We also appointed RSM Australia to assist in the evaluation and enhancement of our financial audit (attest) methodologies to ensure they remain fit for purpose and incorporate industry best practices.

The full transition to the new tool and financial audit methodologies was originally planned to be completed by the end of June 2023. However, due to the impact of COVID-19 illness and our decision to split the audit methodology project into two phases, the completion date has been postponed to the end of June 2024.

Due to the significance of the project, we established a project steering committee to provide strategic direction and guidance on issues and clarifications that the project may or is already encountering. The committee maintains governance and oversight on the project and ensures it is delivered to specifications, within schedule and budget, and the final product is fit for purpose to the business needs. The committee reports to EMG on progress made and other matters deemed necessary.



Audit tool

TeamMate+ was successfully deployed to three of our four audit business units (Performance Audit, Information Systems and Performance Audit, and Forensic Audit) in March 2023, thanks to the combined efforts of the project team, business champions, subject matter experts, IT and our external service provider. Since deployment, all new audit files have been created in TeamMate+ and the teams will continue to phase out the old audit tool as they finalise previous audits.

Key features of TeamMate+ include the ability for users to set up workflows to progress audits through different stages of review and subscribe to alerts to monitor audit progress and advise when they are assigned to a new audit. Most importantly, audit procedures and underlying evidence can be hyperlinked, allowing for easy navigation and referencing. From a reporting perspective, the tool enables seamless whole-of-office reporting via personalisable dashboards and it can integrate with other software in use across the OAG.

Our Financial Audit business unit has started to pilot three audits to assess and make final changes to the new tool and financial audit methodologies. We intend to roll-out TeamMate+ with the new methodologies to the whole business unit in November 2023.



Figure 28: Audit tool configuration meeting



Figure 29: Auditor General, Caroline Spencer presented employees involved in the go-live of TeamMate+ with a certificate of achievement

Audit methodology

The audit methodology project has been split into two phases. The first phase focuses on the delivery of the financial statements and controls opinion methodologies and the second focuses on the delivery of the key performance indicators and other types of attest and assurance engagements.

We anticipate the first phase will be deployed along with the new audit tool in November 2023 and the second phase deliverables will follow around the end of June 2024.

This builds on our updated capability maturity model used for the information systems audits of entities. The new innovative model provides more information to entities and Parliament (page 79).

Financial management

We are committed to maintaining a robust risk management framework to identify, assess and mitigate financial risks that arise and may affect our business operations. Financial data is extracted and evaluated to enable us to report on our performance and support decision-making. To ensure our objectives are aligned with changing market conditions, we prepare annual budgets and monthly forecasts, to meet our short term and long-term resourcing requirements, as these are key aspects of our strategic and resource planning. Ensuring sound financial management of our business is crucial and ever more critical as the sector we audit experiences a period of growing complexity and skill shortages, and consequent rising audit costs.

We successfully transitioned to our new finance system, Sage Intacct Accounting Software, following a pilot by the Corporate Services team last year. Business unit system champions were provided with face-to-face training and we decommissioned our previous finance systems, Smartstream and Kofax.

Procure to pay process

Our Finance team introduced a new procure-to-pay process which combines our procurement and accounts payable functions, and involves three-way matching of a purchase order, receipt and invoice. The new process has also allowed us to streamline the receipting of goods and services.

New and amended KPIs

This year, we changed our key efficiency indicators to include measures for local government financial audits to reflect our full mandate. We separated the cost of financial audits between the State and local government sectors and added an indicator for the number of days to issue a local government financial audit opinion. All efficiency indicators reflect a broadened scope of total public expenditure; previously, only gross State Government expenditure was included in the scope.

We engaged with our parliamentary oversight committees, the Department of Finance and our external auditor regarding the appropriateness of the changes.

The new indicators will provide a more detailed view of how our resources are deployed between different sectors. We will report against our new key performance indicators from 2023-24.



Forensic audit

During the year we have connected with specialists across audit, investigation and financial crime, including US state and federal audit and accountability offices; Australian audit, fraud and corruption agencies; and financial crime experts (both investigative and academic). This has informed an appreciation for the unique program of work we are building and has driven continued maturity in our methodology.

Forensic audit incorporates elements of both audit and financial crime investigation. It combines transactional and behavioural data to identify at-risk entities that we can further examine for fraud and corruption vulnerabilities. We continue our focus on enhancing the interaction of audit, intelligence and data analytics through our forensic audit lens.

To inform our intelligence-led approach, our requests for financial and non-financial data are new and unique within the public sector and the timeliness of responses varies. Some of our work is targeted at identifying the unknown by obtaining insights into fraud and corruption threats that may not be easily identifiable through traditional means. We are progressively populating our intelligence platform with a strategic focus of identifying at-risk State government entities.

We have started to implement software that acquires, processes and stores unstructured data (e.g. emails and PDFs) in a more efficient manner. Entities from Australia and around the world have shared their experiences and advised on issues, challenges and solutions from their integration of data sets and application of these tools. The broader OAG refresh of our IT infrastructure will bring greater capability to our platform and tools.



Data capabilities

We developed and approved a target state and implementation plan to enhance our data capabilities. The implementation plan includes four pillars: data literacy, management and operational information, data foundation and business process automation. Data literacy is the first area of focus and we have baselined current data literacy levels across the Office and set targets for the next 12 months. We are continuing to build and resource the Strategic Business Intelligence team, including the creation of a centre of excellence. This will collaborate with the Forensic Audit team to provide a strong data analytics skills resource available to the whole Office.

Over the past year, the Forensic Audit team has finalised its Data Analytics Framework detailing the current and future state requirements, and roadmap. We have continued to upskill the team through external study, conferences, technical training and other self-learning, and we share knowledge and resources to support other business units in data analysis.



IT infrastructure refresh

We are refreshing our technology infrastructure and investing in significant refreshes of systems, tools and processes to support our business needs and strategic objectives. We procured IT infrastructure including servers, storage, networking switches and firewalls with most delivered and tested. We will install these in the coming year. This work follows on from our network refresh project, to replace and optimise legacy IT network infrastructure, which was successfully completed at the start of this financial year.



Approach to surveys

As part of our commitment to continuous improvement, we updated our approach to surveying our clients. We addressed three key areas: timeliness, length of the surveys and how we use our results.

We started launching our financial audit surveys more closely to the time an entity's audit opinion was issued. It meant that we launched much more regularly and managed multiple survey rounds. The additional administrative workload paid off as the response rates to our surveys increased and we received more feedback.

We also significantly reduced the number of questions for our members of Parliament survey and achieved our aim of a higher response rate. It demonstrates to us that understanding our audience for surveys is key to maximising the feedback we receive.

The feedback has been presented to EMG and our audit teams more regularly. We also worked to link areas of improvement to recent learning and development to make explicit links for employees about how to address improvement opportunities. We used feedback from surveys, as well as referrals, to inform the Effective Auditor training we held for our Financial Audit business unit. Listening to our stakeholders, and making tangible changes as a result, is key to ongoing adaptation. We will continue to refine our approach to surveying our clients, seeking further improvement over time.



Amendments to AG Act

Concurrent with difficulties encountered in 2022 accessing certain contracts and supporting documents, where claims of Cabinet confidentiality were asserted by departmental officers, a process was initiated by the Office to seek legal advice and develop guidance for the public sector to clarify the Auditor General's information access powers.

The Government's response, following some consultation with the Office, was to introduce the Auditor General (Amendment) Bill 2022 in the Legislative Assembly on 19 October 2022. On 29 November 2022, the *Auditor General Amendment Act 2022* (the Amendment Act) received royal assent and was due to be proclaimed (come into effect) in the first half of 2023, following development of protocols with the Department of the Premier and Cabinet (DPC).

The Government's stated intention in introducing the Amendment Act was to enhance transparency, accountability and integrity across government by addressing longstanding concerns about information access. These concerns have been raised by successive Auditors General and in various parliamentary and other reports. Impeded access has become increasingly problematic for our Office given the increased demands on our audit program, and due to misunderstanding in parts of the State Government around the scope, history and necessity of the Auditor General's access powers to efficiently and effectively perform the full suite of legislated functions.

The amendments explicitly provide the basis for the Auditor General to access materials that are subject to claims of public interest immunity and legal professional privilege and, through section 37A, preservation of those privileges and immunities following access. Clarity of these specific matters should have a positive impact on our audit efficiency because access and protection will no longer be time consumingly questioned and delayed and, in relation to legal advice which has on occasion been withheld, our audit effectiveness.

However, a number of the other provisions in the Amendment Act are novel, and consequently untested in any Australian jurisdiction so their full practical application and impact are not yet known.



Significantly, a number of amendments relate to changes to the Auditor General's procedural fairness and reporting provisions. These are areas where the existing legislative provisions were working well and the need for amendment had not been demonstrated or reported by successive Auditors General or the Parliament. It is worth highlighting that confidential information, including cabinet documents and legal advice, is routinely accessed during our audits, with successive Auditors General having always responsibly reported in the public interest.

In planning for implementation and working with DPC on protocols, our Office has identified, supported by legal advice, that certain provisions are problematic, including that they:

- diminish the discretion of the Auditor General to report in the public interest, which is inconsistent with the overarching independence provisions and other clauses in the existing *Auditor General Act 2006*
- are ambiguous and wide-ranging in their drafting in determining material that should be afforded protection under the Amendment Act, creating uncertainty and increasing the risk of material being inappropriately protected, resulting in disputes which may need to be resolved in the courts
- require the Treasurer of the day to be included in procedural fairness processes for all performance audit reports
- are very detailed and bureaucratic, and which we anticipate will create problems in their implementation.

We have been seeking to work with Government to address concerns with the Amendment Act, and to find a way forward with the legislation. We have respectfully suggested that any further deliberations on legislation affecting the operation and effectiveness of the *Auditor General Act 2006* be reviewed by the Joint Audit Committee of the Parliament, which has a specific legislated responsibility at section 48(2) in this regard.



A further impact

of the AG Act changes

This year, the Auditor General determined that it was not in the public interest to widely communicate some of our findings from a specific audit. Instead of reporting publicly through both Houses of Parliament, in accordance with sections 23(2) and 25(1) of the *Auditor General Act 2006*, we provided a confidential report to the Public Accounts Committee and the Estimates and Financial Operations Committee, as well as the relevant ministers. Reporting to parliamentary committees is important to inform of significant matters in the public sector so they can hold relevant entities to account, in private session as appropriate, for improvements in the interest of the community. We also reported detailed findings to the entity's management so they can address significant weaknesses. This has only happened once before in the term of the current Auditor General but would not be possible in the future under AG Act amendments, where confidential reports or relevant extracts could only be made to executive government rather than relevant parliamentary oversight committees.





Performance audit certification

Building capability in performance audit, and more widely as a professional discipline, is something our Assistant Auditor General Performance Audit has always been passionate about.

Globally, there is strong support for professionalisation and the recognition of performance audit as a profession, needing a different set of skills to accountants and financial auditors. It is an idea that has been around for a while and offers attraction, retention, efficiency and quality benefits for audit offices, and capability and mobility benefits for employees.

With the support of colleagues in the Australasian Council of Auditors-General Heads of Performance Audit Group, we have been exploring the potential for a professional qualification in performance audit, with both the International Centre for Performance Audit (USA) and the Chartered Institute of Public Finance and Accountancy (CIPFA).

CIPFA is planning to develop a chartered professional performance audit qualification for experienced professionals. It would be built on the International Organisation of Supreme Audit Institutions (INTOSAI) standards and established methodology for performance auditing and is intended to be broad enough to cover all public sector external audit mandates, including those that do not directly follow the INTOSAI standards. Our Assistant Auditor General Performance Audit is part of an international consultation group of professionals that CIPFA has set-up to provide experienced practical perspectives in developing a globally relevant qualification.

Hopefully, in the not-too-distant future, our employees will be able to qualify as Chartered Performance Auditors and use it to make a difference to help improve the public sector here in WA and around the world.

New intranet

Our intranet is a vital tool that facilitates access to a wide variety of information and is a hub for internal communications. We have started a project to upgrade the aging system. We engaged an external consultant to review the current content and structure, and to make recommendations to improve its functionality and intuitiveness. The review included employee interviews, surveys and participation in click-test activities to better understand the different ways our employees use the intranet. Next financial year, we will use the recommendations to guide our procurement and development of a new intranet.

Cyber security

Cyber security remains a focus for our IT team. We have implemented a range of security initiatives to meet a minimum maturity level across all of the Australian Cyber Security Centre's Essential Eight controls. We are continuing to focus on cyber security activities to increase our maturity in a number of areas to further safeguard our systems and information.



Certification of financial statements

For the reporting period ended 30 June 2023

The accompanying financial statements of the Office of the Auditor General have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2023 and the financial position as at 30 June 2023.

At the date of signing we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.



Elli Gougoulis
Chief Financial Officer
22 August 2023



Caroline Spencer
Accountable Authority
22 August 2023

Independent auditor's opinion



INDEPENDENT AUDITOR'S REPORT TO THE PARLIAMENT OF WESTERN AUSTRALIA OFFICE OF THE AUDITOR GENERAL

Report on the Financial Statements

Opinion

We have audited the financial report of the Office of the Auditor General ("the Office"), which comprises the Statement of Financial Position as at 30 June 2023, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, and the Summary of Consolidated Account Appropriations for the year then ended, a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Office of the Auditor General for the year ended 30 June 2023 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, *the Financial Management Act 2006* and relevant Treasurer's Instructions.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Office in accordance with the auditor independence requirements of the *Auditor General Act 2006* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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Independent auditor's opinion

Independent Auditor's Report

To the Parliament of Western Australia
Office of the Auditor General (Continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the Key Audit Matter was addressed
Revenue Recognition – Accrued Revenue	
<p>The Office recognises audit fee revenue over time. For the year ended 30 June 2023, the Office recorded audit fee revenue of \$31.4 million, of which accrued revenue relating to engagements in progress of \$9.9 million was recorded in the Statement of Financial Position as at balance date.</p> <p>The determination of the measure of progress for audit engagements in progress requires significant estimation and judgement from management, in particular the assessment of the recoverability of work in progress balances recorded at year end.</p> <p>Work in progress is considered to be a key audit matter due to the significance of the asset to the Office's financial position, and the estimation uncertainty inherent in the nature of the asset.</p>	<p>Our procedures amongst others included:</p> <ul style="list-style-type: none">• Assessing the appropriateness of the Office's revenue recognition accounting policies;• Obtaining an understanding of management's processes and controls surrounding revenue recognition, billing and work in progress;• Testing the design, implementation and effectiveness of the key processes and controls relating to revenue;• Critically evaluating and analysing management's assessment and basis for determining the percentage of completion;• Identifying any engagements with unusual percentages of completion and assess for reasonableness;• Testing of the model's inputs to supporting contracts and documentation for a sample of engagements;• Checking the mathematical accuracy of the model used to calculate the accrued revenue balance; and• Assessing the appropriateness of the disclosures included in Notes 4 and 6.

Independent auditor's opinion

Independent Auditor's Report

To the Parliament of Western Australia
Office of the Auditor General (Continued)

Key Audit Matter	How the Key Audit Matter was addressed
Provisions – Employee Entitlements	
<p>Included in the Statement of Financial Position are provisions of \$5.7 million. The provisions consists of employee benefits, including annual and long service leave.</p> <p>The nature of the operations of the Office require a significant amount of human resources. Therefore, these provisions were identified as a risk due to the quantitative significance of the balance, and the calculations required in estimating the balance.</p>	<p>Our procedures amongst others included:</p> <ul style="list-style-type: none"> • Obtaining the client schedules for each class of provision and agreed the amounts to the general ledger; • Testing of the design, implementation and effectiveness of the key processes and controls relating to payroll; • Checking arithmetic calculations within each of these schedules; • Testing a sample of employees' movements in entitlements to supporting documentation; • Reviewing the independent actuarial assessment of annual and long service leave; • Testing the provisions for completeness by comparing the listing to payroll records; and • Assessing the appropriateness of the disclosures included in Note 3.1(b).

Other Information

The Auditor General is responsible for the other information. The other information comprises the information included in the Office's annual report for the year ended 30 June 2023, but does not include the financial statements, the audited key performance indicators and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent auditor's opinion

Independent Auditor's Report

To the Parliament of Western Australia
Office of the Auditor General (Continued)

Responsibilities of the Auditor General for the Financial Statements

The Auditor General is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the relevant Treasurer's Instructions, and for such internal control as the Auditor General determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Auditor General is responsible for assessing the Office's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

As required by the *Auditor General Act 2006*, our responsibility is to express an opinion on the financial statements based on our audit. The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but unless otherwise stated not for the purpose of expressing an opinion on the effectiveness of the Office's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Auditor General.

Independent auditor's opinion

Independent Auditor's Report

To the Parliament of Western Australia
Office of the Auditor General (Continued)

- Conclude on the appropriateness of the Auditor General's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Office's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Office to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the Auditor General, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent auditor's opinion

Independent Auditor's Report

To the Parliament of Western Australia
Office of the Auditor General (Continued)

Report on Controls

Opinion

We have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Office of the Auditor General. The Controls exercised by the Office of the Auditor General are those policies and procedures established by the Auditor General to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions (the overall control objectives).

Our opinion has been formed on the basis of the matters outlined in this report.

In our opinion, in all material respects, the controls exercised by the Office of the Auditor General are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2023.

Responsibilities of the Auditor General

The Auditor General is responsible for designing, implementing and maintaining controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities are in accordance with the *Financial Management Act 2006*, relevant Treasurer's Instructions and other relevant written law.

Auditor's Responsibilities

As required by the *Auditor General Act 2006*, our responsibility is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. We conducted our engagement in accordance with Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls* issued by the Australian Auditing and Assurance Standards Board. That Standard requires that we comply with relevant ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and the controls, necessary to achieve the overall control objectives, were implemented as designed.

Independent auditor's opinion

Independent Auditor's Report

To the Parliament of Western Australia
Office of the Auditor General (Continued)

An assurance engagement to report on the design and implementation of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on our judgement, including the assessment of the risk that controls are not suitably designed or implemented as designed. Our procedures included testing the implementation of those controls that we consider necessary to achieve the overall control objectives.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

Limitations of Controls

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and implemented as designed, once the controls are in operation, the overall control objectives may not be achieved so that fraud, error, or noncompliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may be unsuitable because of changes in conditions.

Report on the Key Performance Indicators

Opinion

We have undertaken a reasonable assurance engagement on the key performance indicators of the Office of the Auditor General for the year ended 30 June 2023. The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In our opinion, in all material respects, the key performance indicators of the Office of the Auditor General are relevant and appropriate to assist users to access the Office's performance and fairly represent indicated performance for the year ended 30 June 2023.

Independent auditor's opinion

Independent Auditor's Report

To the Parliament of Western Australia
Office of the Auditor General (Continued)

Auditor General's Responsibility for the Key Performance Indicators

The Auditor General is responsible for the preparation and fair presentation of the key performance indicators in accordance with the *Financial Management Act 2006* and the Treasurer's Instructions and for such internal controls as the Auditor General determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

In preparing the key performance indicators, the Auditor General is responsible for identifying key performance indicators that are relevant and appropriate having regard to their purpose in accordance with Treasurer's Instruction 904 Key Performance Indicators.

Auditor's Responsibility

As required by the *Auditor General Act 2006*, our responsibility is to express an opinion on the key performance indicators. The objectives of the engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the Office's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that we comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 904 for measuring the extent of outcome achievement and the efficiency of service delivery. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments we obtain an understanding of the internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Independent auditor's opinion

Independent Auditor's Report

To the Parliament of Western Australia
Office of the Auditor General (Continued)

Independence and Quality Control Relating to the Reports on Financial Statements, Controls and Key Performance Indicators

We have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements*, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators

This auditor's report relates to the financial statements and key performance indicators of the Office of the Auditor General for the year ended 30 June 2023 included on the Office's website. The Auditor General is responsible for the integrity of the Office's website. This audit does not provide assurance on the integrity of the Office's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



HALL CHADWICK WA AUDIT PTY LTD



D M BELL CA
Director

Dated this 23rd day of August 2023
Perth, Western Australia

Statement of comprehensive income

For the year ended 30 June 2023

	Notes	2023 \$'000	2022 \$'000
COST OF SERVICES			
Expenses			
Employee benefits expenses	3.1(a)	25,939	23,094
Supplies and services	3.2	17,396	14,615
Depreciation and amortisation expense	5.1, 5.2, 5.3	388	231
Accommodation expenses	3.2	1,710	2,043
Finance cost	7.4	6	3
Other expenses	3.2	91	57
Total cost of services		45,530	40,043
Revenue and income			
User charges and fees	4.2	10,646	9,345
Other revenue	4.3	39	35
Total revenue		10,685	9,380
Total income other than income from State Government		10,685	9,380
NET COST OF SERVICES		34,845	30,663
Income from State Government	4.1		
Service appropriation		13,543	11,500
Income from other public sector entities		20,753	18,588
Resources received free of charge		22	282
Total income from State Government		34,318	30,370
SURPLUS/(DEFICIT) FOR THE PERIOD		(527)	(293)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(527)	(293)

The Statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

As at 30 June 2023

	Notes	2023 \$'000	2022 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	7.1	3,272	3,930
Receivables	6.1	14,385	12,970
Amounts receivable for services	6.2	390	390
Other current assets	6.3	491	533
Total current assets		18,538	17,823
Non-current assets			
Restricted cash and cash equivalents	7.1	642	484
Amounts receivable for services	6.2	5,306	4,921
Property, plant and equipment	5.1	420	451
Right-of-use assets	5.2	133	94
Intangible assets	5.3	3,394	296
Total non-current assets		9,895	6,246
TOTAL ASSETS		28,433	24,069
LIABILITIES			
Current liabilities			
Payables	6.4	3,958	3,228
Provisions	3.1(b)	4,267	3,796
Lease liabilities	7.3	37	30
Total current liabilities		8,262	7,054
Non-current liabilities			
Provisions	3.1(b)	1,472	1,250
Lease liabilities	7.3	100	65
Total non-current liabilities		1,572	1,315
TOTAL LIABILITIES		9,834	8,369
NET ASSETS		18,599	15,700
EQUITY			
Contributed equity		13,352	9,926
Accumulated surplus		5,247	5,774
TOTAL EQUITY		18,599	15,700

The Statement of financial position should be read in conjunction with the accompanying notes.

Statement of changes in equity

For the year ended 30 June 2023

	Notes	Contributed equity \$'000	Accumulated surplus \$'000	Total equity \$'000
Balance at 1 July 2021		9,579	6,067	15,646
Surplus/(deficit)		-	(293)	(293)
Total comprehensive income for the period		-	(293)	(293)
Transactions with owners in their capacity as owners:				
Capital appropriations		347	-	347
Total		347	-	347
Balance at 30 June 2022		9,926	5,774	15,700
Balance at 1 July 2022		9,926	5,774	15,700
Surplus/(deficit)		-	(527)	(527)
Total comprehensive income for the period		-	(527)	(527)
Transactions with owners in their capacity as owners:				
Capital appropriations		3,426	-	3,426
Total		3,426	-	3,426
Balance at 30 June 2023		13,352	5,247	18,599

The Statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows

For the year ended 30 June 2023

	Notes	2023 \$'000	2022 \$'000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		12,768	10,729
Capital appropriations		3,426	347
Funds from other public sector entities		21,076	18,551
Holding account drawdown		389	391
Net cash provided by State Government		37,659	30,018
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(25,044)	(22,563)
Supplies and services		(16,781)	(14,653)
Finance costs		(6)	(3)
Accommodation		(1,688)	(1,760)
GST payments on purchases		(2,011)	(1,507)
GST payments to taxation authority		(1,651)	(1,757)
Other payments		(94)	(57)
Receipts			
User charges and fees		8,777	7,665
GST receipts on sales		3,178	2,782
GST receipts from taxation authority		573	708
Other receipts		39	35
Net cash used in operating activities		(34,708)	(27,649)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current assets		(3,417)	(377)
Receipts			
Proceeds from sale of non-current assets		-	-
Net cash used in investing activities		(3,417)	(377)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments			
Principal elements of lease payments		(34)	(37)
Net cash used in financing activities		(34)	(37)
Net increase/(decrease) in cash and cash equivalents		(500)	(1,506)
Cash and cash equivalents at the beginning of the period		4,414	5,920
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7.1	3,914	4,414

The Statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

1: Basis of preparation

The Office of the Auditor General (OAG) is a WA Government entity and is controlled by the State of Western Australia, which is the ultimate parent. The OAG is a not-for-profit reporting entity. A description of the nature of our operations and principal activities has been included in the Overview which does not form part of these financial statements.

These annual financial statements were authorised for issue by the Accountable Authority of the OAG on 22 August 2023.

Statement of compliance

These general purpose financial statements are prepared in accordance with:

- the *Financial Management Act 2006* (FMA)
- the Treasurer's Instructions (TIs)
- Australian Accounting Standards (AAS) – Simplified Disclosures
- where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied.

The FMA and TIs take precedence over AAS. Several AAS are modified by the TIs to vary application, disclosure format and wording. Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

Basis of preparation

These financial statements are presented in Australian dollars applying the accrual basis of accounting and using the historical cost convention. Certain balances will apply a different measurement basis (such as the fair value basis). Where this is the case the different measurement basis is disclosed in the associated note. All values are rounded to the nearest thousand dollars (\$'000).

Accounting for Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of goods and services tax (GST), except that the:

- amount of GST incurred by the Office as a purchaser that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of an asset's cost of acquisition or as part of an item of expense
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Contributed equity

Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, to be designated by the Government (the owner) as contributions by owners (at the time of, or prior to, transfer) before such transfers can be recognised as equity contributions. Capital appropriations have been designated as contributions by owners by TI 955 *Contributions by Owners Made to Wholly Owned Public Sector Entities* and have been credited directly to Contributed equity.

Judgements and estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements and estimates made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements and/or estimates are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

2: Office outputs

How the Office operates

This section includes information regarding the nature of funding the Office receives and how this funding is utilised to achieve the Office's objectives.

2.1 Office objectives

Mission

The Office's mission is to serve the public interest through independent auditing and reporting on State and local government finances and performance.

The Office is partly funded by Parliamentary appropriation. It also charges for certain audit services to audited entities and fees are based on full cost recovery. The financial statements encompass all funds through which the Office controls resources to carry out its functions.

Services

The Office is responsible for the delivery of one service: public sector auditing. This comprises the external audit of WA State and local government sectors through audits of financial statements, controls and key performance indicators and audits of efficiency, effectiveness and compliance of public sector operations.

All income, expenditure, assets and liabilities are in relation to the delivery of this service.

3: Use of our funding

Expenses incurred in the delivery of services

This section provides additional information about how the Office's funding is applied and the accounting policies that are relevant for an understanding of the items recognised in the financial statements. The primary expenses incurred by the Office in achieving its objectives and relevant notes are:

	Notes		
Employee benefits expense	3.1(a)	25,939	23,094
Employee related provisions	3.1(b)	5,739	5,046
Other expenditure	3.2	19,197	16,715

3.1(a) Employee benefits expenses

Financial disclosure

Employee benefits	23,525	20,948
Termination benefits	-	97
Superannuation – defined contribution plans	2,414	2,049
Total employee benefits expenses	25,939	23,094
Add: AASB 16 Non-monetary benefits (not included in employee benefits expense)	42	41
Less: Employee contributions (per Note 4.3 Other revenue)	(39)	(34)
Net employee benefits	25,942	23,101

Accounting policy

Employee benefits: Include wages, salaries and social contributions, accrued and paid leave entitlements and paid sick leave, and non-monetary benefits recognised under accounting standards other than AASB 16 (such as cars) for employees.

Termination benefits: Payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when the Office is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Superannuation: The amount recognised in profit or loss of the Statement of Comprehensive Income comprises employer contributions paid to the GSS (concurrent contributions), the WSS, the GESB schemes or other superannuation funds.

AASB 16 Non-monetary benefits: Includes provision of vehicle benefits that are recognised under AASB 16 and are excluded from the employee benefits expense.

	2023 \$'000	2022 \$'000
3.1(b) Employee related provisions		
<i>Financial disclosure</i>		
Current		
<i>Employee benefits provision</i>		
Annual leave ^(a)	2,643	2,303
Long service leave ^(b)	1,535	1,405
Purchased leave ^(c)	43	33
	4,221	3,741
<i>Other provisions</i>		
Employment on-costs ^(d)	46	55
Total current employee related provisions	4,267	3,796
Non-current		
<i>Employee benefits provision</i>		
Long service leave ^(b)	1,469	1,248
<i>Other provisions</i>		
Employment on-costs ^(d)	3	2
Total non-current current employee related provisions	1,472	1,250
Total employee related provisions	5,739	5,046

Accounting policy

Provision is made for benefits accruing to employees in respect of annual leave, long service leave and purchased leave for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

(a) Annual leave

Annual leave is not expected to be settled wholly within 12 months after the end of the reporting period and is therefore considered to be other long-term employee benefits. All annual leave is considered to be a current liability. An actuarial assessment of annual leave was undertaken by PricewaterhouseCoopers (PwC) Actuaries at 30 June 2023. The provision for annual leave is calculated at the present value of expected payments to be made in relation to services provided by employees up to the reporting date.

Several estimations and assumptions used in calculating the Office's annual leave provisions include expected future salary rates, discount rates, employee retention rates and timing of expected future payments. Changes in these estimations and assumptions may impact the carrying amounts of the annual leave provisions.

The provision for annual leave is classified as a current liability as the Office does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

3.1(b) Employee related provisions (continued)

(b) Long service leave

The provision for long service leave is calculated at present value as the Office does not expect to wholly settle the amounts within 12 months. An actuarial assessment of long service leave was undertaken by PwC Actuaries at 30 June 2023. The present value is measured taking into account the present value of expected future payments to be made in relation to services provided by employees up to the reporting date.

The current liability has been determined as the sum of the present value of:

- all leave that is unconditional at the reporting date
- all leave that is expected to become unconditional within the 12 months following the reporting date
- all leave where the Office does not have an unconditional right to defer settlement for at least 12 months after the reporting date.

Several estimations and assumptions used in calculating the Office’s long service leave provisions include expected future salary rates, discount rates, employee retention rates and timing of expected future payments. Changes in these estimations and assumptions may impact the carrying amounts of the long service leave provisions.

(c) Purchased leave

The provision for purchased leave relates to public service employees who have entered into an agreement to self-fund up to an additional 10 weeks leave per calendar year. The provision recognises the value of salary set aside for employees and is measured at the undiscounted amounts expected to be paid when the liabilities are settled.

2023
\$'000

2022
\$'000

(d) Employment on-costs

Employment on-costs, including workers’ compensation insurance premiums, are not employee benefits and are recognised separately as liabilities and expenses when employment to which they relate has occurred. Employment on-costs are included as part of Note 3.2 Other expenditure and are not included as part of the Office’s Employee benefits expense. The related liability is included in Employment on-costs provision.

Employment on-costs provision		
Carrying amount at start of the period	57	13
Additional/(reversal of) provisions recognised	(8)	44
Payments of economic benefits	-	-
Carrying amount at end of the period	49	57

	2023 \$'000	2022 \$'000
3.2 Other expenditure		
<i>Financial disclosure</i>		
<i>Supplies and services</i>		
Contracted audit work – State	6,535	4,374
Contracted audit work – local government	5,753	4,893
Other services and contracts	2,508	2,938
Other staffing costs	523	512
Repairs and maintenance	160	129
Travel and accommodation	326	253
Administration	1,261	1,199
Consumables	101	82
Motor vehicle lease expenses	36	31
Artwork leases	2	5
Communications	156	175
Advertising	32	24
Other	3	-
Total supplies and services expenses	17,396	14,615
<i>Accommodation expenses</i>		
Office lease rentals ^(a)	1,120	1,490
Office parking	106	104
Monthly outgoings	484	449
Total accommodation expenses	1,710	2,043
<i>Other expenses</i>		
Employment on-costs	48	38
Other expenses	43	19
Total other expenses	91	57
Total other expenditure	19,197	16,715

(a) Office lease rentals represent the cost of renting office accommodation from the Department of Finance. See Note 5.2 Right-of-use assets.

Accounting policy

Supplies and services, accommodation expenses and other expenses are recognised as an expense in the reporting period in which they are incurred.

4: Our funding sources

How we obtain our funding

This section provides additional information about how the Office obtains its funding and the relevant accounting policy notes that govern the recognition and measurement of this funding. The primary income and revenue received by the Office and relevant notes are:

	Notes	2023 \$'000	2022 \$'000
Income from State Government	4.1	34,318	30,370
User charges and fees	4.2	10,646	9,345
Other revenue	4.3	39	35

4.1 Income from State Government

Financial disclosure

Appropriation received during the period:

Service appropriation ^(a)	13,543	11,500
	13,543	11,500

Income received from other public sector entities during the period:

Audit fee – general government	16,441	14,364
Audit fee – public non-financial corporations	3,805	3,603
Audit fee – public financial corporations	507	621
	20,753	18,588

Resources received free of charge from other public sector entities during the period:

State Solicitor's Office	9	2
Department of Finance	13	280
	22	282
Total income from State Government	34,318	30,370

(a) Service appropriations fund the net cost of services delivered. Appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the budgeted depreciation expense for the year and any agreed increase in leave liabilities during the year.

4.1 Income from State Government (continued)

Accounting policy

Service appropriations are recognised as income at the fair value of consideration in the period in which the Office gains control of the appropriated funds. The Office gains control of appropriated funds at the time those funds are deposited into the bank account or credited to the holding account held at Treasury.

Income from other public sector entities consists solely of audit fees.

The policy in connection with revenue recognition for audit fees is outlined in Note 4.2 User charges and fees.

Assets or services received free of charge or significantly less than fair value that the Office would otherwise purchase if not donated, are recognised as income at the fair value of the assets or services where they can be reliably measured. A corresponding expense is recognised for services received. Receipts of assets are recognised in the Statement of financial position.

Summary of consolidated account appropriations

For the year ended 30 June 2023

	2023 Budget estimate \$'000	2023 Supplementary funding \$'000	2023 Revised budget \$'000	2023 Actual \$'000	2023 Variance \$'000
DELIVERY OF SERVICES					
Item 41 Net amount appropriated to deliver services	10,108	1,310	11,418	12,728	1,310
Amount authorised by other statutes					
- <i>Salaries and Allowances Act 1975</i>	815	-	815	815	-
Total appropriations provided to deliver services	10,923	1,310	12,233	13,543	1,310
CAPITAL					
Item 119 Department of Treasury - Digital Capability Fund	3,079	-	3,079	3,079	-
Item 121 Capital appropriations	347	-	347	347	-
GRAND TOTAL	14,349	1,310	15,659	16,969	1,310

	2023 \$'000	2022 \$'000
4.2 User charges and fees		
<i>Financial disclosure</i>		
Audit fee – local government	8,439	7,224
Audit fee – other	2,207	2,121
Total audit fees	10,646	9,345

Accounting policy

Revenue is recognised at the transaction price when the Office transfers control of the services to customers.

The Office is bound by the *Auditor General Act 2006* and *Local Government Act 1995* to deliver auditing services to client entities. For financial audits, this is represented by the delivery of a distinct audit report in exchange of which an audit fee is payable by the audited entity based on the principles of cost recovery. The auditing service does not create an asset with an alternative use to the Office and the Office retains an enforceable right to payment for performance completed to date, allowing the Office to recognise revenue over time. The measure of progress towards complete satisfaction of the performance obligation is the percentage completed based on inputs such as costs incurred to date through underlying internal billing data, or progress payments incurred from contract audit firms, supplemented by their estimate of subsequent work completed but not yet billed. Payment for audit fees is typically due within 20 days.

Net appropriation determination – The Treasurer may make a determination providing for prescribed receipts to be retained for services under the control of the Office. The Office retained \$31.4 million in 2023 (\$27.9 million in 2022) from assurance and auditing fees, government vehicle scheme and other revenue. Also see Note 4.3 Other revenue.

	2023 \$'000	2022 \$'000
4.3 Other revenue		
<i>Financial disclosure</i>		
Contributions for the use of motor vehicle	39	34
Miscellaneous	-	1
	39	35

5: Key assets

Assets the Office utilises for economic benefit or service potential

This section includes information regarding the key assets the Office utilises to gain economic benefits or service potential. The section sets out both the key accounting policies and financial information about the performance of these assets.

	Notes		
Property, plant and equipment	5.1	420	451
Right-of-use assets	5.2	133	94
Intangible assets	5.3	3,394	296

5.1 Property, plant and equipment

Financial disclosure

Office and computer equipment

At cost	3,060	2,860
Accumulated depreciation	(2,640)	(2,409)
Carrying amount at end of period	420	451

2023
\$'000

2022
\$'000

5.1 Property, plant and equipment (continued)

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the reporting period are set out in the table below:

Office and computer equipment

Carrying amount at start of period	451	287
Additions	200	307
Depreciation	(231)	(143)
Carrying amount at end of period	420	451

Accounting policy

Items of property, plant and equipment costing \$5,000 or more are recognised as assets and the cost is depreciated over their useful lives. Items of property, plant and equipment costing less than \$5,000 are immediately expensed direct to the Statement of comprehensive income other than where they form part of a group of similar items which are significant in total.

Property, plant and equipment are initially recognised at cost. For items of property, plant and equipment acquired at no cost or for significantly less than fair value, the cost is the fair value at the date of acquisition. All items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

2023
\$'000

2022
\$'000

Accounting policy – Depreciation and useful lives

Depreciation for property, plant and equipment is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Office and computer equipment – two to 10 years.

Accounting policy – Impairment

Property, plant and equipment are tested for any indication of impairment at the end of each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised through profit or loss.

As the Office is a not-for-profit entity, the recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

5.2 Right-of-use assets

Vehicles

Carrying amount at start of period	94	54
Additions	77	78
Depreciation	(38)	(38)
Carrying amount at end of period	133	94

The Office has leases for vehicles. The lease contracts are typically made for fixed periods of one to three years with an option to renew the lease after that date.

Initial recognition

At the commencement date of the vehicle lease, the Office recognises right-of-use assets and a corresponding lease liability for vehicle leases. The right-of-use assets are measured at cost comprising of:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs.

The corresponding lease liabilities in relation to these right-of-use assets have been disclosed in Note 7.3 Lease liabilities.

The Office has elected not to recognise right-of-use assets and lease liabilities for short-term leases (with a lease term of less than 12 months) and low value leases (with an underlying value of \$5,000 or less). Lease payments associated with these leases are expensed over a straight-line basis over the lease term.

Subsequent measurement

The cost model is applied for subsequent measurement of right-of-use assets, requiring the asset to be carried at cost less any accumulated depreciation and accumulated impairment losses and adjusted for any re-measurement of lease liability.

Depreciation and impairment of right-of-use assets

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets.

The Office recognises leases as right-of-use assets and associated lease liabilities in the Statement of Financial Position.

Right-of-use assets are tested for impairment when an indication of impairment is identified. The policy in connection with testing for impairment is outlined in Note 5.1 Property, plant and equipment.

The Office has also entered into a memorandum of understanding agreement (MOU) with the Department of Finance for the leasing of office accommodation. This is not recognised under AASB 16 because of substitution rights held by the Department of Finance and payments are accounted for as an expense as incurred. See Note 7.2 Commitments.

	2023 \$'000	2022 \$'000
5.3 Intangible assets		
<i>Financial disclosure</i>		
Computer software		
At cost	1,508	1,887
Accumulated amortisation	(1,331)	(1,591)
Carrying amount at the end of the period	177	296
Computer software in development – at cost	3,217	-
Total	3,394	296

Reconciliations of the carrying amounts of intangible assets at the beginning and end of the reporting period are set out in the table below:

Computer software		
Carrying amount at start of period	296	110
Additions	-	236
Disposals	-	-
Amortisation expense ^(a)	(119)	(50)
Carrying amount at end of period	177	296

Computer software in development

Carrying amount at start of period	-	166
Additions	3,217	35
Capitalised	-	(118)
Disposals	-	(83)
Carrying amount at end of period	3,217	-

(a) Included as part of Depreciation and amortisation expenses in the Statement of comprehensive income.

Accounting policy

Acquisitions of intangible assets costing \$5,000 or more and internally generated intangible assets costing \$50,000 or more are capitalised. The cost is amortised over their useful lives. Costs incurred below these thresholds are immediately expensed to the Statement of comprehensive income. Intangible assets are initially recognised at cost. For assets acquired at nil or for significantly less than fair value, the cost is their fair value at the date of acquisition.

Expenditure relating to computer software development is capitalised when it meets the criteria outlined in the relevant Australian Accounting Standards. Management exercises judgement in determining the costs that are directly attributable to the development of computer software and require capitalisation.

Additional policy

Software-as-a-service (SaaS) arrangements

SaaS arrangements are service contracts providing the Office with the right to access the cloud provider's application software over the contract period. As such the Office does not receive a software intangible asset at the contract commencement date.

The following outlines the accounting treatment of costs incurred in relation to SaaS arrangements:

Recognise as an operating expense over the term of the service contract:

- fee for use of application software
- customisation costs.

Recognise as an operating expense as the service is received:

- configuration costs
- data conversion and migration costs
- testing costs
- training costs.

Costs incurred for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset are recognised as intangible software assets.

Accounting policy – Amortisation and useful lives

Amortisation of intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life which is reviewed annually) on the straight line basis. All intangible assets have a finite useful life and zero residual value. The expected useful lives for intangible assets are:

Software – three years.

Accounting policy – Impairment

The policy in connection with testing for impairment is outlined in Note 5.1 Property, plant and equipment.

2023
\$'000

2022
\$'000

6: Other assets and liabilities

This section sets out those assets and liabilities that arose from the operations of the Office and includes other assets utilised for economic benefits and liabilities incurred during normal operations:

	Notes		
Receivables	6.1	14,385	12,970
Amounts receivable for services (holding account)	6.2	5,696	5,311
Other assets	6.3	491	533
Payables	6.4	(3,958)	(3,228)

6.1 Receivables

Financial disclosure

Current

Accrued revenue	9,924	12,584
GST receivables	-	133
Trade receivables	4,461	253
Total	14,385	12,970

Accounting policy

Receivables are recognised at original invoice amount less any allowance for any uncollectable amounts (i.e. impairment). Accrued revenue includes amounts receivable for work-in-progress. Refer to Note 4.2 User charges and fees which details the method to determine the Office's progress towards the satisfaction of the performance obligation.

2023
\$'000

2022
\$'000

6.1 Receivables (continued)

The collectability of receivables and accrued revenue is reviewed on an ongoing basis and any receivables and accrued revenue identified as uncollectable are written-off against the allowance account. The allowance for uncollectable amounts (doubtful debts) is determined as the lifetime expected credit losses. The impairment allowance is nil (2022: nil). The carrying amount is equivalent to fair value as it is due for settlement within 20 days.

6.2 Amounts receivable for services (holding account)

Financial disclosure

Current	390	390
Non-current	5,306	4,921
Total	5,696	5,311

Accounting policy

The Office receives funding on an accrual basis. The appropriations are paid partly in cash and partly as an asset (holding account receivable) held by Treasury. The accrued amount receivable is restricted as it is only accessible on the emergence of the cash funding requirement to cover leave entitlements and asset replacement. Amounts receivable for services are considered not impaired (i.e. there is no expected credit loss of the holding account).

6.3 Other assets

Current

Prepayments	491	533
Total	491	533

2023
\$'000

2022
\$'000

6.4 Payables

Financial disclosure

Current

Trade payables	35	230
Accrued expenses	1,712	1,167
Accrued salaries	614	412
Paid parental leave	5	-
Work in progress contractor audit work	1,537	1,419
GST payables	55	-
Total	3,958	3,228

Accounting policy

Payables are recognised at the amounts payable when the Office becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as settlement is generally within 20 days.

Accrued expenses represent the amount due to suppliers for which goods and services have been received by end of the financial year but invoices are still outstanding.

Accrued salaries represent the amount due to staff but unpaid at the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Office considers the carrying amount of accrued salaries to be equivalent to its fair value.

The work in progress contractor audit work represents the contract audit firms' estimate of work completed but not yet billed. See also Note 6.1 Receivables.

2023
\$'000

2022
\$'000

7: Financing

This section sets out the material balances and disclosures associated with the financing and cash flows of the Office.

	Notes
Cash and cash equivalents	7.1
Commitments	7.2
Lease liabilities	7.3
Finance cost	7.4

7.1 Cash and cash equivalents

For the purpose of the Statement of cash flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

Cash and cash equivalents at the end of the financial year as shown in the Statement of cash flows is reconciled to the related items in the Statement of financial position as follows:

Cash and cash equivalents	3,272	3,930
Restricted cash and cash equivalents	642	484
	3,914	4,414

Restricted cash and cash equivalents

Financial disclosure

Non-current

Accrued salaries suspense account	642	484
	642	484

2023
\$'000

2022
\$'000

Accounting policy

The accrued salaries suspense account consists of amounts paid annually into a Treasury suspense account over a period of 10 financial years to largely meet the additional cash outflow in each eleventh year when 27 pay days occur instead of the normal 26. No interest is received on this account.

7.2 Commitments

Other expenditure commitments

Commitments for rent payments are payable as follows:

Within one year	-	1,986
Later than one year and not later than five years	-	-
Later than five years	-	-
	-	1,986

The Office entered into a memorandum of understanding (MOU) with the Department of Finance for leasing floor space at Albert Facey House which covered a five year occupancy period from 1 July 2018 to 30 June 2023. The office is currently negotiating an extension of the MOU with the Department of Finance for a further five year period (two year term with an option of a further three years). This office accommodation MOU is not a lease under AASB 16 (see Note 5.2 Right-of-use assets).

Other commitments predominantly include audit services contracted through private sector audit firms and other operational service contracts at the end of the reporting period but not recognised as liabilities, are payable as follows:

	2023 \$'000	2022 \$'000
7.2 Commitments (continued)		
Within one year	10,954	8,944
Later than one year and not later than five years	12,634	8,408
Later than five years	-	-
	23,588	17,352

7.3 Lease liabilities

Not later than one year	37	30
Later than one year and not later than five years	100	60
Later than five years	-	5
	137	95
Current	37	30
Non-current	100	65
Total lease liabilities	137	95

Accounting policy

The Office measures a lease liability, at the commencement date, at the present value of lease payments to be made over the lease term. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Office uses the incremental borrowing rate provided by Western Australia Treasury Corporation.

Lease payments as part of the present value calculation of the lease liability include:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable

- variable lease payments that depend on an index or a rate initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of purchase options (where these are reasonably certain to be exercised)
- payments for penalties for terminating a lease, where the lease term reflects the Office exercising an option to terminate the lease
- periods covered by extension or termination options are only included in the lease term by the entity if the lease is reasonably certain to be extended (or terminated).

The interest on the lease liability is recognised in profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease liabilities do not include any future changes in variable lease payments (that depend on an index or rate) until they take effect, in which case the lease liability is reassessed and adjusted against the right-of-use asset.

Variable lease payments, not included in the measurement of the lease liability, are recognised by the Office in profit or loss in the period in which the condition that triggers those payments occurs.

Subsequent measurement

Lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liabilities; reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount at amortised cost, subject to adjustments to reflect any reassessment or lease modifications. This section should be read in conjunction with Note 5.2 Right-of-use assets.

	2023 \$'000	2022 \$'000
7.4 Finance cost		
Finance cost		
Lease interest expense	6	3
Finance cost expensed	6	3

8: Financial instruments and contingencies

This section sets out the key risk management policies and measurement techniques of the Office.

	Notes
Financial instruments	8.1
Contingent assets and liabilities	8.2

8.1 Financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

Financial assets

Cash and cash equivalents	3,272	3,930
Restricted cash and cash equivalents	642	484
Financial assets at amortised cost ^(a)	20,081	18,148
Total financial assets	23,995	22,562

Financial liabilities

Financial liabilities at amortised cost	3,958	3,228
Total financial liabilities	3,958	3,228

(a) The amount excludes GST recoverable from the ATO (statutory receivable).

8.2 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Statement of financial position but are disclosed and, if quantifiable, are measured at the best estimate. The Office has no contingent assets or liabilities.

9: Other disclosures

This section includes additional material disclosures required by accounting standards or other pronouncements, for the understanding of the financial statements.

	Notes
Changes in accounting policies	9.1
Key management personnel	9.2
Related party transactions	9.3
Remuneration of auditors	9.4
Events occurring after the end of the reporting period	9.5
Supplementary financial information	9.6

9.1 Changes in accounting policies

There were no material changes in accounting policies during the year, either as a result of any new accounting standards, or a voluntary change in accounting policy adopted by the Office.

	2023 \$'000	2022 \$'000
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9.2 Key management personnel

The Office has determined key management personnel to include senior officers of the OAG. The total salaries, superannuation, accrued leave benefits, monetary and non-monetary benefits for senior officers of the Office for the reporting period are presented within the following bands:

Compensation band (\$)	2023	2022
0 – 50,000	-	1
100,001 – 150,000	-	3
200,001 – 250,000	4	4
250,001 – 300,000	2	-
350,001 – 400,000	1	1
500,001 – 550,000	1	1
	8	10
	\$'000	\$'000
Total compensation of senior officers	2,361	2,133

The number of senior officers in the table above also include the remuneration of those senior officers who were with the Office for part of the year due to terminations or were under acting arrangements for longer than three months.

9.3 Related party transactions

The Office is a wholly-owned public sector entity that is controlled by the State of Western Australia. Related parties of the Office include:

- all cabinet ministers and their close family members, and their controlled or jointly controlled entities
- all senior officers and their close family members, and their controlled or jointly controlled entities
- other agencies and statutory authorities, including related bodies, that are included in the whole of government consolidated financial statements (i.e. wholly-owned public sector entities)
- associates and joint ventures of a wholly-owned public sector entity
- the Government Employees Superannuation Board (GESB).

Material transactions with related parties

The Office had no material related party transactions with ministers, senior officers or their close family members or their controlled or jointly controlled entities. Refer to Note 9.2 Key management personnel for disclosure of compensation of key management personnel.

AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, to be designated by the Government (the owner) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions.

Capital appropriations have been designated as contributions by owners by TI 955 *Contributions by Owners Made to Wholly Owned Public Sector Entities* and have been credited directly to Contributed equity. See Summary of consolidated account appropriations under Note 4.1 Income from State Government.

	2023 \$'000	2022 \$'000
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9.4 Remuneration of auditor

An independent auditor is appointed by the Governor under section 38(2) of the *Auditor General Act 2006* to audit the accounts, financial statements, controls and key performance indicators of the Office with the fee being paid by this Office. Remuneration in respect of the external audit for the current financial year, paid or payable to Hall Chadwick (WA) Pty Ltd, is as follows:

Auditing the accounts, financial statements, controls and key performance indicators	50	46
Testing of opening balances in relation to financial management information system upgrade	-	3
	50	49

9.5 Events occurring after the end of the reporting period

There were no events occurring after the end of the reporting period that warrant disclosure.

9.6 Supplementary financial information

During the current and previous financial years, there were no:

- write-offs by the Office
- losses through theft, defaults and other causes
- forgiveness of debts by the Office
- gifts of public property provided by the Office.

10: Explanatory statement

All variances between annual estimates (original budget) and actual results for 2023, and between the actual results for 2023 and 2022 are shown below. Narratives are provided for key major variances which vary more than 10% from their comparative and that the variation is more than 1% of the following variance analyses for the:

- Estimate and actual results for the current year (a) Total cost of services of the estimate for the Statement of comprehensive income and Statement of cash flows (i.e. 1% of \$43.164m), and (b) Total assets of the estimate for the Statement of financial position (i.e. of \$27.673m).
- Actual results for the current year and the prior year actual (a) Total cost of services for the previous year for the Statement of comprehensive income and Statement of cash flows (i.e. 1% of \$40.043m), and (b) Total assets for the previous year for the Statement of financial position (i.e. \$1% of \$24.069m).

	Variance note	Estimate 2023 \$'000	Actual 2023 \$'000	Actual 2022 \$'000	Variance between estimate and actual \$'000	Variance between actual results for 2023 and 2022 \$'000
10.1 Statement of comprehensive income variances						
Expenses						
Employee benefits expense	a	27,267	25,939	23,094	(1,328)	2,845
Supplies and services	1, b	13,229	17,396	14,615	4,167	2,781
Depreciation and amortisation expense		775	388	231	(387)	157
Accommodation expenses		1,774	1,710	2,043	(64)	(333)
Finance cost	2	2	5	3	4	3
Other expenses		117	91	57	(26)	34
Total cost of services		43,164	45,530	40,043	2,366	5,487
Revenue and income						
User charges and fees	c	10,821	10,646	9,345	(175)	1,301
Other revenue		-	39	35	39	4
Total revenue		10,821	10,685	9,380	(136)	1,305
Total income other than income from State Government		10,821	10,685	9,380	(136)	1,305
NET COST OF SERVICES		32,343	34,845	30,663	2,502	4,182
Income from State Government						
Service appropriation		12,233	13,543	11,500	1,310	2,043
Income from other public sector entities	d	19,678	20,753	18,588	1,075	2,165
Resources received free of charge	2	467	22	282	(445)	(260)
Total income from State Government		32,378	34,318	30,370	1,940	3,948
SURPLUS/(DEFICIT) FOR THE PERIOD		35	(527)	(293)	(562)	(234)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		35	(527)	(293)	(562)	(234)

10: Explanatory statement (continued)

	Variance note	Estimate 2023 \$'000	Actual 2023 \$'000	Actual 2022 \$'000	Variance between estimate and actual \$'000	Variance between actual results for 2023 and 2022 \$'000
10.2 Statement of financial position variances						
ASSETS						
Current assets						
Cash and cash equivalents		4,855	3,272	3,930	(1,583)	(658)
Receivables		11,542	14,385	12,970	2,843	1,415
Amounts receivable for services		390	390	390	-	-
Other current assets		648	491	533	(157)	(42)
Total current assets		17,435	18,538	17,823	1,103	715
Non-current assets						
Restricted cash and cash equivalents		487	642	484	155	158
Amounts receivable for services		5,301	5,306	4,921	5	385
Property, plant and equipment	3	775	420	451	(355)	(31)
Right-of-use assets		101	133	94	32	39
Intangible assets	e	3,574	3,394	296	(180)	3,098
Total non-current assets		10,238	9,895	6,246	(343)	3,649
TOTAL ASSETS		27,673	28,433	24,069	760	4,364
LIABILITIES						
Current liabilities						
Payables		3,517	3,958	3,228	441	730
Provisions	4, f	3,313	4,267	3,796	954	471
Lease liabilities		33	37	30	4	7
Total current liabilities		6,863	8,262	7,054	1,399	1,208
Non-current liabilities						
Provisions		1,248	1,472	1,250	224	222
Lease liabilities		72	100	65	28	35
Total non-current liabilities		1,320	1,572	1,315	252	257
TOTAL LIABILITIES		8,183	9,834	8,369	1,651	1,465
NET ASSETS		19,490	18,599	15,700	(891)	2,899
EQUITY						
Contributed equity		13,352	13,352	9,926	-	3,426
Accumulated surplus		6,138	5,247	5,774	(891)	(527)
TOTAL EQUITY		19,490	18,599	15,700	(891)	2,899

10: Explanatory statement (continued)

	Variance note	Estimate 2023 \$'000	Actual 2023 \$'000	Actual 2022 \$'000	Variance between estimate and actual \$'000	Variance between actual results for 2023 and 2022 \$'000
10.3 Statement of cash flows variances						
CASH FLOWS FROM STATE GOVERNMENT						
Service appropriation		11,463	12,768	10,729	1,305	2,039
Capital appropriations		3,426	3,426	347	-	3,079
Funds from other public sector entities		19,363	21,076	18,551	1,713	2,525
Holding account drawdown		390	389	391	(1)	(2)
Net cash provided by State Government		34,642	37,659	30,018	3,017	7,641
Utilised as follows:						
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee benefits	5	(27,182)	(25,044)	(22,563)	2,138	(2,481)
Supplies and services		(12,865)	(16,781)	(14,653)	(3,916)	(2,128)
Finance costs		(2)	(6)	(3)	(4)	(3)
Accommodation		(1,323)	(1,688)	(1,760)	(365)	72
GST payments on purchases		(1,800)	(2,011)	(1,507)	(211)	(504)
GST payments to taxation authority	6	-	(1,651)	(1,757)	(1,651)	106
Other payments		(117)	(94)	(57)	23	(37)
Receipts						
User charges and fees	7	10,685	8,777	7,665	(1,908)	1,112
GST receipts on sales	8	1,630	3,178	2,782	1,548	396
GST receipts from taxation authority	9	170	573	708	403	(135)
Other receipts		-	39	35	39	4
Net cash used in operating activities		(30,804)	(34,708)	(31,110)	(3,904)	(3,598)
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments						
Purchase of non-current assets		(3,769)	(3,417)	(377)	352	(3,040)
Receipts						
Proceeds from sale of non-current assets		-	-	-	-	-
Net cash used in investing activities		(3,769)	(3,417)	(377)	352	(3,040)
CASH FLOWS FROM FINANCING ACTIVITIES						
Payments						
Principal elements of lease payments		(35)	(34)	(37)	1	3
Net cash used in financing activities		(35)	(34)	(37)	1	3
Net increase/(decrease) in cash and cash equivalents		34	(500)	(1,506)	(534)	1,006
Cash and cash equivalents at the beginning of the period		5,308	4,414	5,920	(894)	(1,506)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		5,342	3,914	4,414	(1,428)	(500)

10: Explanatory statement (continued)

Major estimate and actual variance narratives

Statement of comprehensive income

1. Supplies and services increased by \$4.167m (31.5%) compared to budget estimate with the main factor being the price inflation from contract audit firms engaged to perform outsourced audits. Other factors included a rise in volume of grant certification activities, the introduction of new accounting and auditing standards, and an increase in the level of complexity with many of the audits across both State and local government sectors.
2. Resources received free of charge decreased by \$0.445m (95.3%) compared to budget as it was the end of the lease and the value of leasing and fit out depreciation was \$0.022m.

Statement of financial position

3. Property, plant and equipment is less than budget estimate by \$0.355m (45.8%) due to the delay in the delivery and implementation of the server and storage infrastructure refresh equipment.
4. Current provisions are \$0.954m (28.8%) higher than budget estimate as the employees were unable to utilise annual leave due to the increased demand to undertake financial auditing.

Statement of cash flows

5. Payments for employee benefits expense decreased by \$2.138m (7.9%) compared to budget estimate due to higher than expected vacancies in financial and performance auditing for the year.
6. GST payment to taxation authority increased by \$1.651m (100%) due to the increased business activity in the current year. The estimate didn't include any value for this category.
7. Receipts for user charges and fees is lower than the budget estimate by \$1.908m (17.9%) due to the delay in the completion of a number of local government audits, which were signed off just before year end.
8. GST receipts on sales is greater than the budget estimate by \$1.548m (95%) due to an increase in income from other public sector entities for fees for attest audits.
9. GST receipts from taxation authority is greater than the budget estimate by \$0.403m (237.3%) due to an increase in business activity during the year in relation to price inflation from contract audit firms engaged to perform outsourced audits.

10: Explanatory statement (continued)

Major actual (2023) and comparative (2022) variance narratives

Statement of comprehensive income

- a. Employee benefits expense increased by \$2.845m (12.3%) compared to prior year due to an increase in salary cost related to the updated public sector wages offer (including cost of living payment). In addition, the lack of current staffing resources has required overtime to be performed, contributing to the increase.
- b. Supplies and services increased by \$2.781m (19%) compared to prior year due to the price inflation and additional work from contract audit firms engaged to perform outsourced audits for the Office and an increase in the volume of outsourced audits.
- c. User charges and fees increased by \$1.301m (13.9%) as compared to the prior year due to a rise in the volume of grant certification activities. There were also additional fees charged due to extended testing needed and passing on the increased cost of delivery associated with outsourced local government audits.
- d. Income from other public sector entities increased by \$2.165m (11.6%) when compared to the prior year due to the additional fee charged for an increase in the level of complexity within many of the audits across State government entities and passing on the increased cost of delivery associated with outsourced audits.

Statement of financial position

- e. Intangible assets increased by \$3.098m (1046.6%) due to the implementation of a new audit methodology and tool.
- f. Current provisions increased by \$0.471m (12.4%) compared to the prior year as the employees were unable to utilise annual leave due to the increased demand to undertake financial auditing.

Statement of cash flows

No major variances have arisen that have not substantially been explained elsewhere in other narrative disclosures.



Certification of key performance indicators

For the year ended 30 June 2023

I hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Office of the Auditor General's (Office) performance, and fairly represent the performance of the Office for the financial year ended 30 June 2023.



Caroline Spencer
Accountable Authority
22 August 2023

Performance indicators

The Office is a public sector entity established to support the Auditor General. The Auditor General is an independent Officer of Parliament and as such reports directly to Parliament and ultimately the people of Western Australia providing assurance about the efficient and effective delivery of services and the responsible management of the State's finances.

Desired outcome

An informed Parliament and community on public sector accountability and performance.

Service

Public sector auditing

Key effectiveness performance indicators

We assess our effectiveness in informing Parliament about public sector accountability and performance by the number of tabled reports compared to the annual target, and the three-year cycle target for each of the following categories of government activity:

- service delivery
- economic development
- social and environment
- governance.

The current three-year cycle reporting period covers the three years ending to 30 June 2024, with a current target of 84 reports to be tabled. In the current year we have increased our tabled reports to 28 from 23 in the prior year. While we aim to table 33 reports next year to achieve the three-year target, we are also concerned with the quality of our reports and will not sacrifice this requirement to achieve a quantitative measure.

The Office faced considerable resourcing challenges in 2022-23, including staff vacancies and the diversion of audit resources from all audit units to our financial audit division to meet the increased workload from a record number of financial audit qualifications. Staff have also been diverted to implement the new audit tool and financial audit methodology. This will continue over the next 12 months, and require extensive consultation, adaptation to the Western Australian public sector environment, piloting and training of staff and contractors.

The table below shows the number of reports tabled in the preceding four years, our performance for the current year compared to target, and our target figures for the current three-year cycle.

Category	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Actual	2022-23 Actual	2022-23 Target	3-year Target 2021-22 to 2023-24
Service delivery	2	5	7	6	7	8	22
Economic development	1	2	3	3	1	4	13
Social and environment	3	1	3	2	3	4	13
Governance	23	20	20	12	17	12	36
- section 82 opinions	8	10	10	3	5	-	-
- other	15	10	10	9	12	-	-
Total	29	28	33	23	28	28	84

Table 23: Key effectiveness performance indicator 2018-19 to 2022-23

Whilst we reduced our target in the current three-year cycle, we have maintained a similar mix of category-specific reporting targets (22 service delivery; 13 economic development; 13 social and environment; and 36 governance). This ensures that we continue to provide Parliament with broad coverage across government activity.

The Office delivered 28 reports by 30 June 2023, matching the planned target for the year. While there was a variance in the categories, it was a positive result given the ongoing disruption to our operating environment from the flow on effects of COVID-19, particularly in recruiting and retaining staff, and a record number of financial audit qualifications. We are currently on track to deliver further reports during the September quarter but note continuing risks in the operating environment may jeopardise achievement of the three-year target of 84 reports.

Our topic selection process aims to provide Parliament with information and assurance across all four categories of public sector activity so we retain this spread of reporting targets despite the anomalies presented by the section 82 notifications. However, our targets are one of several factors we consider in our selection of topics. Other factors include the significance of identified issues and matters referred to us by Parliament. These may also result in certain category targets not being met in a certain year.

Key efficiency performance indicators

The key efficiency performance indicators measure the overall efficiency in delivering the Office's service: public sector auditing. The Office is responsible for undertaking external audits of the Western Australian public sector. This is performed through audits of financial statements, controls, key performance indicators, efficiency and effectiveness of an entity, and reporting the results to Parliament.

Our key efficiency performance indicators are:

- total audit cost per million dollars of gross government expenditure
- attest (financial) audit cost per million dollars of gross government expenditure
- performance audit cost per million dollars of gross government expenditure
- average number of days taken after balance date to issue financial audit opinions for State government entities.

Efficiency indicator	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Actual	2022-23 Actual	2022-23 Target
Total audit cost per million dollars of gross government expenditure	\$575	\$476	\$491	\$537	\$582	\$587
Attest (financial) audit cost per million dollars of gross government expenditure	\$431	\$369	\$399	\$429	\$476	\$437
Performance audit cost per million dollars of gross government expenditure	\$144	\$107	\$92	\$108	\$106	\$150
Average number of days taken after balance date to issue financial audit opinions for State government entities	65.6 days	67.3 days	79.2 days	79.5 days	90.1 days	68.0 days

Table 24: Key efficiency performance indicator 2019-19 to 2022-23

The gross government expenditure value (\$78 billion) incorporates total public sector expenditure together with expenditure by universities, superannuation, and other boards. The estimated actual total public sector expenditure from the Government Mid-Year Financial Projections Statement is used rather than actual total public sector expenditure, as the actual results are not available at the time these key performance indicators are produced.

Although the Office's costs in these efficiency indicators include the costs of local government audits, the gross government expenditure from 30 June 2018 onwards does not include expenditure by local governments. Currently the Office's total cost of services takes into account increased activity and costs associated with its expanded audit remit in the local government sector, whereas cost efficiency indicators are based only on gross government expenditure for State entities only.¹

The audit costs used to calculate the key efficiency indicators are extracted from the Office's financial management information system. The proportion of total cost assigned to attest (financial) and performance audits is based on recorded direct hours charged to audits and an activity-based allocation of Office overheads.

The increase in total audit cost and attest (financial) audit cost per million dollars of gross government expenditure compared to the prior year is 8% and 11% respectively, due to OAG's expenditure increasing at a greater rate than the gross government expenditure and is mainly attributable to a range of factors including the price inflation for contract audit firms engaged to perform outsourced audits, a rise in the volume of grant certification activities, the introduction of new accounting and auditing standards, and an increase in the level of complexity within many of the audits across both State and local government sectors. Performance audit cost per million dollars of gross government expenditure was comparable to the prior year, with a slight decrease of 2%, mainly attributable to staff diversion to financial auditing and vacancies.

The variance in attest (financial) audit cost per million dollars of gross government expenditure above the targets of 9% is due to several factors including a rise in the cost of services charged by contracted audit firms, additional audit effort due to qualifications, and additional expenditure for training and development. The negative variances in total audit costs and performance audit cost by 0.85% and 29% compared to target is due primarily to the ongoing difficulties in recruiting and retaining appropriate numbers of skilled staff which reduces the expenditure on total audit costs and performance audits and has a direct impact on the number of audits performed and reports tabled.

Section 64 of the *Financial Management Act 2006* requires ministers to table agency annual reports, including the audit opinion on the financial statements, controls, and key performance indicators in Parliament within 90 days of the end of a financial year. Accordingly, we have adopted an efficiency indicator, which measures the average number of days taken after balance date to issue entity financial audit opinions. Our target has been set regarding this statutory requirement for all State entity financial audits. The actual and corresponding target of this indicator does not include local government financial auditing given there is no legislative requirement surrounding the timeliness of tabling the financial statements.² The Office was unable to remain within estimated targets in 2022-23, with a reduction in timeliness compared to prior year. This reflects the increasing number and complexity of auditing and reporting issues (including qualifications and significant findings) the Office identified across the State sector. These factors, along with the ongoing difficulties in recruiting and retaining appropriate numbers of skilled audit staff, will likely continue contributing to longer auditing timeframes.

¹ Local government information will be included in the report for the 2023-24 financial year.

² *ibid.*



Other financial disclosures

Pricing policies

Our fee model is based on our legislation and Department of Treasury guidelines. We invoice State and local government entities for financial audits inclusive of information systems audits. Our fees also cover our focus audits, the basis of which is governance and financial accountability, our information systems application audits, as well as our sectoral and parliamentary engagement and reporting. Performance and forensic audits are not fee-recovered from entities, but rather are funded by appropriation from the Parliament.

Fees are based on the hours required to undertake each financial audit. Where a contractor conducts the audit on our behalf, we base the fees on the contractor's fees and our hours to review. The fee model also assumes:

- full recovery of direct costs including salary, superannuation and training
- full recovery of identified overheads with these costs being spread over all financial audit engagements.

Capital works

Capital projects incomplete (spending this financial year)

- audit methodology and tool (\$2.333m)
- IT infrastructure refresh (\$0.692m)
- forensic audit intelligence platform (\$0.186m)
- Checkpoint upgrade (\$0.006m)

No capital projects were completed during 2023.

Staff profile

Category	At June 2023	At June 2022
Full time permanent	149	156
Full time contract	41	26
Part time permanent	13	21
Part time contract	6	2
Casual contract	0	0
On secondment into the OAG	1	4
Total	210	209

Table 25: Our staff profile

Employee development

As a professional workforce, with many employees members of bodies that require a minimum number of continuing professional development hours, we are committed to the development of our people and assisting them to attain and maintain their professional qualifications. Auditing against legislative and technical aspects as well as better practice across the whole public sector requires us to maintain currency in many areas. As a result, we have an extensive professional development program that delivered nearly 25,000 hours of in-house and external training. This equates to over 100 hours per person for the year.

As the result of our commitment to professional development and training, we are recognised as an employer partner by CPA Australia and Chartered Accountants Australia and New Zealand. More information on our program is outlined in the Professional Development section (page 40).

Workers compensation

This financial year one compensation claim of a minor nature was recorded. This compares with no compensation claims in 2021-22.

Governance disclosures

Auditor General disclosure

Under schedule 1, clause 3 of the *Auditor General Act 2006*, the Auditor General must not, except so far as authorised by law or by resolutions of both Houses of Parliament, hold certain offices, places or positions referred to in the *Constitution Acts Amendment Act 1899*. The schedule also prohibits the Auditor General from engaging in any paid employment outside the duties of the OAG.

At no time since my appointment as Auditor General have I engaged in paid employment outside the duties of my office. I am a member of the State Records Commission, as authorised under section 58 (a) of the State Records Act 2000. I was appointed to the Australian Accounting Standards Board from 1 January 2021 for three years on a non-remunerated basis.

- Caroline Spencer

Other legal requirements

Unauthorised use of credit cards

Our officers hold corporate credit cards where their functions warrant use of this facility. Cardholders are reminded of their obligations under our purchasing card policy. This year no employee inadvertently used their credit card for a personal purchase.

Category	2022-23
Number of instances the Western Australian Government purchasing cards have been used for personal purposes	0
Aggregate amount of personal use expenditure for the reporting period	na
Aggregate amount of personal use expenditure settled by the due date (within five working days)	na
Aggregate amount of personal use expenditure settled after the period (after five working days)	na
Aggregate amount of personal use expenditure outstanding at the balance date	na

Table 26: Personal use of OAG credit cards

Expenditure on advertising and surveys

In accordance with section 175ZE of the *Electoral Act 1907*, we incurred the following expenditure in recruitment advertising, conducting entity and MP surveys, and our contribution to the ACAG benchmarking survey. The total expenditure for 2022-23 was \$95,054.

Expenditure was incurred in the following areas (ex-GST):

Expenditure	Provider	Amount
Recruitment advertising	Initiative Media Australia	\$25,256
	GradConnection	\$682
Surveys	Orima Research	\$69,116
Total		\$95,054

Table 27: Expenditure on advertising and surveys

Disability access and inclusion plan

This year we finalised our *Disability Access and Inclusion Plan 2022-2027* which outlines actions we will take to improve access to our services, building, information and practices for people with disability, their families and carers.

Examples of how we have met our plan include being an equal opportunity employer, ensuring people can contact us and access our resources in a variety of ways, and educating our employees on the importance of diversity and inclusion. To raise awareness of International Day of People with Disability, Paul Montague from Evolve WA presented to employees on neurodiversity in the workplace and how neurodiverse employees can contribute to a more innovative and collaborative culture.

Compliance with public sector standards and ethical codes

Our policies and procedures are being designed to meet compliance requirements of public sector standards and public sector Code of Ethics. Our Code of Conduct specifies the personal behaviours expected of our employees. Additionally, our audit employees and contracted audit firms must adhere to the professional standards required of auditors.

We inform our employees of these standards and requirements at their induction and publish all documents and updates on our intranet. Employees are also required to annually declare their commitment to the Code of Conduct.

Our Human Resources team provides consultancy and support services in relation to the public sector human resource standards, particularly in recruitment and selection processes, through panel membership, specialist advice and guidance. All applicant correspondence includes details on accessing public sector standards, and all recruitment and appointment processes are reviewed to ensure compliance.

There were no breach of standard claims lodged in the past year.

Recordkeeping plan

The OAG is committed to continuously improving our recordkeeping culture and practices to ensure compliance with the *State Records Act 2000* and best business outcomes.

In accordance with section 19 of the State Records Act, the OAG maintains a recordkeeping plan that reflects our strong commitment to improving records management and our recordkeeping systems, disposal programs, policies and procedures. It focuses on ensuring all employees are aware of their compliance responsibilities and provided with training in these areas. The current plan is within the mandated five-year review period.

Our core recordkeeping system is Micro Focus Content Manager. We maintain a role-based security structure and have an integrated information classification mechanism. This has improved our information management model to better support our employees.

To improve the new starter induction experience, an online learning module has been developed. Additionally, OAG employees are periodically provided with helpful tips and quick reference guides to improve their interaction and experience with the recordkeeping system, further enhancing our good recordkeeping culture.

Government policy requirements

Health, safety and injury management performance

Measures	Results			Targets	Comments towards targets
	2020-21 prior year	2021-22 current year	2022-23 current year		
Number of fatalities	0	0	0	0	na
Lost time injury and disease incidence rate	0	0	0	0 or 10% reduction in incidence rate	na
Lost time injury and severity rate	0	0	0	0 or 10% reduction in severity rate	na
Percentage of injured workers returned to work (i) within 13 weeks	na	na	na	Greater than or equal to 80%	na
Percentage of injured workers returned to work (ii) within 26 weeks	na	na	na	Greater than or equal to 80%	na
Percentage of managers trained in work health and safety injury management responsibilities including refresher training within three years	81%	93%	80%	Greater than or equal to 80%	na

Table 28: Our health, safety and injury management performance over the past three years

Committee remuneration

The independent chair and independent member of our Audit, Risk and Compliance Committee receive remuneration as a consequence of their membership.

Position	Name	Type of remuneration	2022-23 Period of membership	Term of appointment	Base sitting fees	2022-23 Actual remuneration*
Independent chair	Peter Wilson	Annual	12 months	two-year contract	\$22,500	\$28,125**
Independent member	Trish Ridsdale	Annual	12 months	two-year contract	\$15,000	\$7,500
Total						\$35,625

* Remuneration reported excludes GST and travel expenses incurred as per Public Sector Commissioner's guidelines for reimbursement of travel and expenses and Premier's Circular 2014/02: Guidelines for Official Air Travel by Ministers, Parliamentary Secretaries and Government Officers.

** During the current financial year, Peter Wilson was paid his \$22,500 sitting fees for 2022-23, plus \$5,625 in relation to his duties as Independent Chair for the last quarter of the 2021-22 financial year.

Table 29: Remuneration of independent members of the Audit, Risk and Compliance Committee

WA Multicultural Policy Framework

We submitted our 2022 Multicultural Plan to the Minister for Multicultural Affairs, the Hon Dr Tony Buti MLA in October 2022. As the State government entity with the highest level of employee cultural and linguistic diversity, the plan outlines our commitment to the three multicultural policy priorities that support the principles and objectives of the Western Australian Multicultural Policy Framework.

We have developed a one-year plan and are working toward a three to five-year plan within the next 12 months. During the process we received feedback from the Office of Multicultural Interests that we will consider when implementing our plan and developing the next.

As identified in our plan, employees actively participate in events and activities around dates and events of cultural significance that raise awareness and understanding of cultural, linguistic and religious diversity within OAG and the community.

Appendix 1: Financial audits conducted in 2022-23

Audits under *Financial Management Act 2006*

Departments

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 Industries

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

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

Gold Corporation

Government Employees
Superannuation Board

Health and Disability Services
Complaints Office

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

Subsidiaries

Australian Pathway Education Group Pty Ltd
Edith Cowan Accommodation Holdings Pty Ltd
Edith Cowan University Hold Trust
Goldmaster Enterprises Pty Ltd
Innovative Chiropractic Learning Pty Ltd
Keystart Bonds Limited
Keystart Housing Scheme Trust
Keystart Loans Limited
Murdoch Retirement Services Ltd
Perth International Arts Festival Limited
The University Club of Western Australia Pty Ltd
UWA Accommodation Services Pty Ltd
UWA Sport Pty 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
Geraldton Cemetery Board

Port Authorities Act 1999

Fremantle Port Authority
Hedland Maritime Initiative Pty Ltd
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

Local government entities

City of Albany
City of Armadale
Shire of Ashburton
Shire of Augusta Margaret River
Town of Bassendean
City of Bayswater
City of Belmont
Shire of Beverley
Shire of Boddington
Shire of Boyup Brook
Shire of Bridgetown-Greenbushes
Shire of Brookton
Shire of Broome
Shire of Broomehill-Tambellup
Shire of Bruce Rock
City of Bunbury
Bunbury Harvey Regional Council
City of Busselton

Town of Cambridge	Shire of Dardanup	Shire of Jerramungup	Shire of Merredin
City of Canning	Shire of Denmark	City of Joondalup	Shire of Mingenew
Shire of Capel	Shire of Derby / West Kimberley	City of Kalamunda	Shire of Moora
Shire of Carnamah	Shire of Donnybrook-Balingup	City of Kalgoorlie-Boulder	Shire of Morawa
Shire of Carnarvon	Shire of Dowerin	City of Karratha	Town of Mosman Park
Shire of Chapman Valley	Shire of Dumbleyung	Shire of Katanning	Shire of Mount Magnet
Shire of Chittering	Shire of Dundas	Shire of Kellerberrin	Shire of Mount Marshall
Shire of Christmas Island	Town of East Fremantle	Shire of Kent	Shire of Mukinbudin
Town of Claremont	Shire of East Pilbara	Shire of Kojonup	Shire of Mundaring
City of Cockburn	Eastern Metropolitan Regional Council	Shire of Kondinin	Shire of Murchison
Shire of Cocos (Keeling) Islands	Shire of Esperance	Shire of Koorda	Murchison Regional Vermin Council
Shire of Collie	Shire of Exmouth	Shire of Kulin	Shire of Murray
Shire of Coolgardie	City of Fremantle	City of Kwinana	Shire of Nannup
Shire of Coorow	Shire of Gingin	Shire of Lake Grace	Shire of Narembeen
Shire of Corrigin	Shire of Gnowangerup	Shire of Laverton	Shire of Narrogin
Town of Cottesloe	Shire of Goomalling	Shire of Leonora	City of Nedlands
Shire of Cranbrook	City of Gosnells	City of Mandurah	Shire of Ngaanyatjaraku
Shire of Cuballing	City of Greater Geraldton	Shire of Manjimup	Shire of Northam
Shire of Cue	Shire of Halls Creek	Mindarie Regional Council	Shire of Northampton
Shire of Cunderdin	Shire of Harvey	Shire of Meekatharra	Shire of Nungarin
Shire of Dalwallinu	Shire of Irwin	City of Melville	Shire of Peppermint Grove
Shire of Dandaragan		Shire of Menzies	

Shire of Perenjori
 City of Perth
 Pilbara Regional Council
 Shire of Pingelly
 Shire of Plantagenet
 Town of Port Hedland
 Shire of Quairading
 Shire of Ravensthorpe
 Rivers Regional Council
 City of Rockingham
 Shire of Sandstone
 Shire of Serpentine Jarrahdale
 Shire of Shark Bay
 South Metropolitan Regional
 Council
 City of South Perth

City of Stirling
 City of Subiaco
 City of Swan
 Tamala Park Regional Council
 Shire of Tammin
 Shire of Three Springs
 Shire of Toodyay
 Shire of Trayning
 Shire of Upper Gascoyne
 Town of Victoria Park
 Shire of Victoria Plains
 City of Vincent
 Shire of Wagin
 Shire of Wandering
 City of Wanneroo
 Shire of Waroona

Shire of West Arthur
 Western Metropolitan Regional
 Council
 Shire of Westonia
 Shire of Wickepin
 Shire of Williams
 Shire of Wiluna
 Shire of Wongan-Ballidu
 Shire of Woodanilling
 Shire of Wyalkatchem
 Shire of Wyndham East
 Kimberley
 Shire of Yalgoo
 Shire of Yilgarn
 Shire of York

Audits dispensed with

Animal Resources Authority
 Gascoyne Development
 Commission
 Goldfields-Esperance
 Development Commission
 Great Southern Development
 Commission
 Kimberley Development
 Commission
 Mid West Development
 Commission
 Peel Development Commission
 Pilbara Development
 Commission
 South West Development
 Commission
 Western Australian Building
 Management Authority
 Wheatbelt Development
 Commission

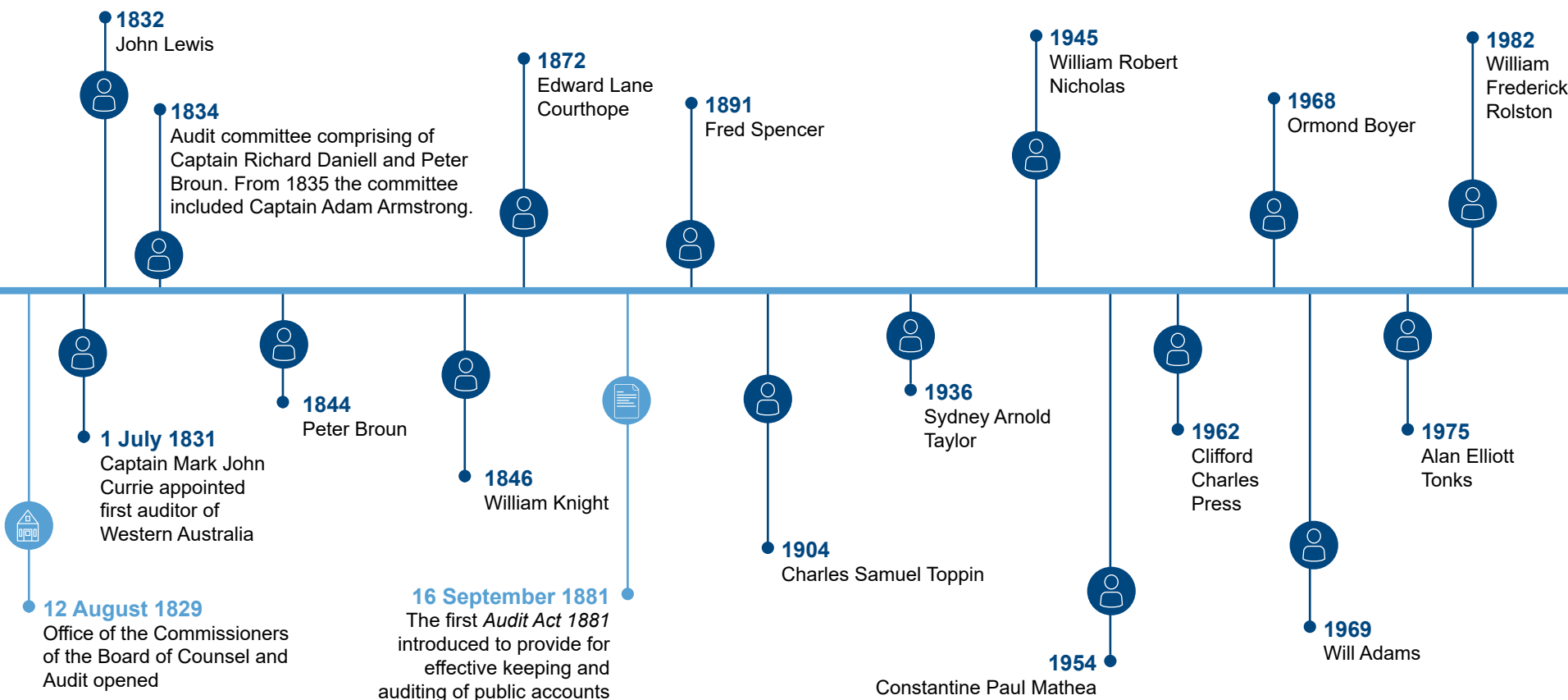


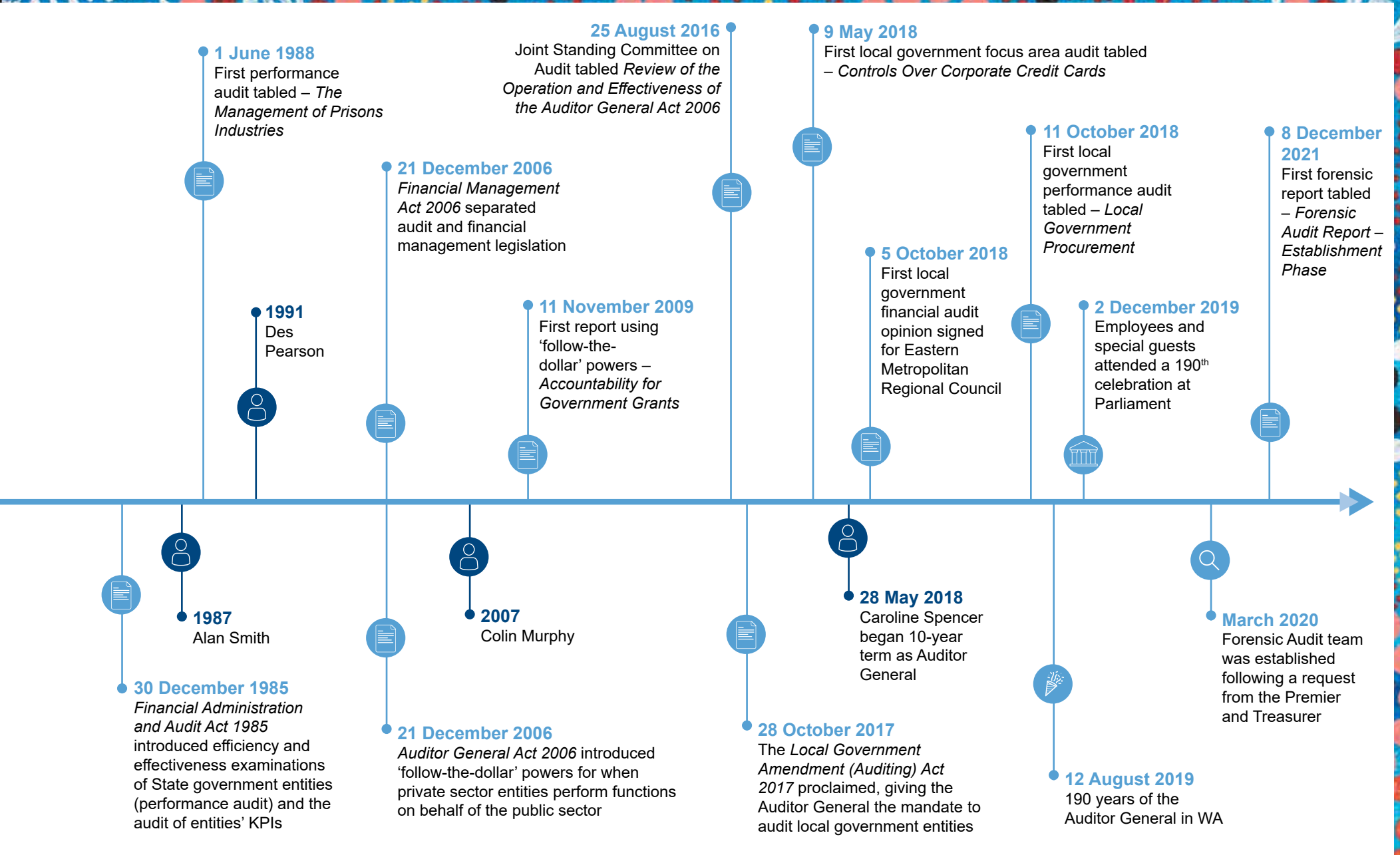
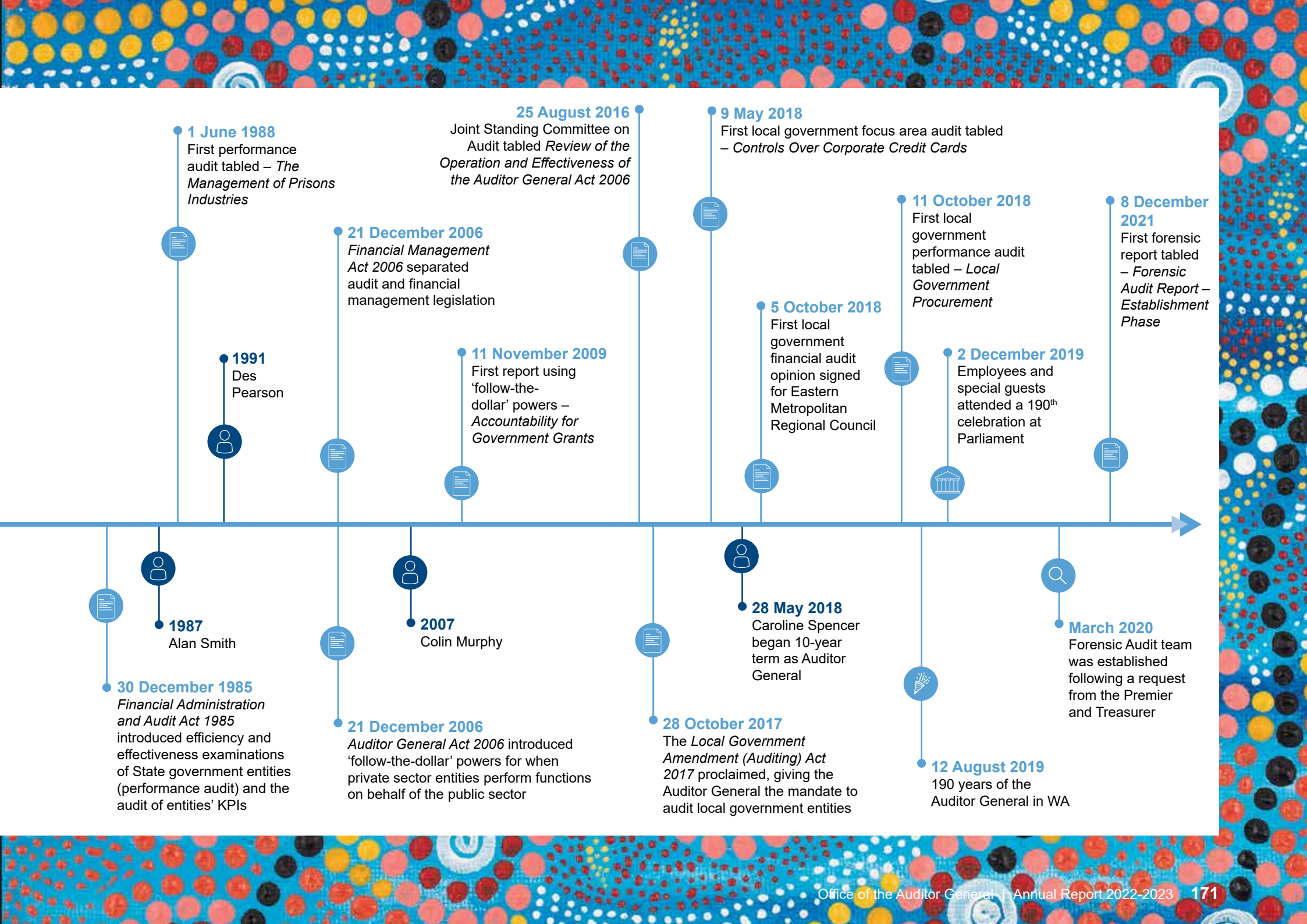
Our history

The origins of the OAG date back to the first months of settlement of the Swan River colony in 1829. In May, before even landing on shore, Captain Stirling formed a Board of Counsel and Audit in the management of the property of the Crown, and of public property within the settlement.

Stirling commanded the Office of the Commissioners of the Board of Counsel and Audit be opened for the despatch of business on 12 August 1829. But they were very humble beginnings, operating out of a tent on the site chosen for the Town of Perth.

Western Australia has had 19 Auditors General. The current Auditor General, Caroline Spencer, is the first female appointed to the role.





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Office of the Auditor General
for Western Australia



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