

## Disclosures and Legal Compliance ... continued

### Other Financial Disclosures

#### PRICING POLICIES

The Office’s fees model is limited to recovering the cost of its attest and compliance audits. Performance audit work is not invoiced to agencies.

Fees are based on the hours required to do each attest audit. Where a contractor conducts the audit on the Office’s behalf, the Office’s fees are based on the contractor’s fees.

The model also assumes:

- full recovery of identified overheads, with these costs being spread over all attest engagements
- annual adjustment for inflation and cost pressures arising from salary increases and other expenses.

#### CAPITAL WORKS

##### Capital Works Expenditure Summary

In 2006-07 actual capital expenditure totalled \$622 000, almost 20 per cent less than the Total Estimated Expenditure of \$769 000 referred to in the 2006-07 Budget Papers. The main reason for the variation was a decision to defer the office refurbishment project.

The Total Estimated Expenditure had originally been earmarked for new computer hardware and software projects. Due to an inability to proceed with some of these projects, and pressure on office accommodation, the Executive agreed to

sequester \$150 000 for office refurbishment. However, a preliminary review of current and future office requirements found it would be necessary to conduct a more detailed costing of the work before the office refurbishment project could be given the go ahead.

##### Capital Projects Incomplete

No capital projects were in progress at the end of 2006-07.

##### Capital Projects Completed

The largest capital project implemented in 2006-07 was a laptop replacement project. The total cost of completion was \$357 000, compared to the estimated total cost of \$360 000 at 1 July 2006.

The remaining \$265 000 was spent on minor computer hardware and software projects. The expenditure on these projects was in accordance with the budget estimates.

#### EMPLOYEES

##### Staff Summary

In Table 6 total staff numbers are broken down into the five groups that make up the Equity Index.

The Office’s current average age profile is 40 years, five years below the public sector median age. This younger profile reflects the Office’s strong commitment to graduate recruitment. In January 2007 the Office inducted 10 graduates into our three year structured Graduate Development Program.

Summary of Office Employees							
Categories	Actual 2003	Actual 2004	Actual 2005	Actual 2006	Actual 2007	Projected 2008	Community Representation
Women	45%	50%	52.2%	55%	57%	N/A	49.7%
Indigenous Australians	1.9%	2.7%	0.8%	0.9%	0.8%	2%	3.2%
People from culturally diverse backgrounds	1.9%	*17.3%	20%	24.3%	30.5%	24%	17%
Disabilities	1.9%	1.8%	5.1%	4.7%	3.1%	4.7%	4%
Youth	19%	9%	17%	11.2%	12%	18%	11.5%

\* revised EEO questionnaire in 2004

Table 6

## Disclosures and Legal Compliance ... continued

In addition, the Office took on a school-aged trainee in the Human Resources Branch.

The Office has one indigenous cadet who is studying law at the University of Western Australia. She rotates between the PRD and the SPI divisions during her summer semesters.

### Equity Index

The Equity Index provides a basis for comparing the distribution of a group across all levels of an organisation's workforce to the distribution of the workforce as a whole.

If the group has a similar distribution as the total workforce the Equity Index is 100. An index of less than 100 indicates the group is concentrated at the lower levels. An index of more than 100 indicates the group is more likely to be at the higher levels.

A meaningful Equity Index cannot be calculated for a diversity group with less than 10 individuals. For this reason the Office only has an Equity Index for Women and for People from Culturally Diverse Backgrounds.

The Office's performance against these benchmarks is shown in Table 7.

The key points to note here are:

- the 42 per cent improvement in the index for Women in the five years since 2003
- the 33 per cent improvement in the index for People from Culturally Diverse Backgrounds over the same period.

### EMPLOYEES BY BUSINESS UNIT AT 30 JUNE 2007

Auditor General's Unit*	6
Assurance Services Division	60
Performance Review Division	21
Compliance and Information System Division	12
Standards and Quality Division	4
Strategy, Policy and Innovation Division	26
	129

\* includes the Auditor General, Deputy Auditor General and their personal assistants and office secretarial staff

### STAFFING POLICIES

#### Recruitment and Retention

As mentioned previously there is a high demand in the community generally for accounting, auditing and evaluation professionals. These groups comprise the Office's core operational staff.

In 2005-06 staff turnover reached 27 per cent or more than one in four staff. The text below highlights the efforts made to address this issue and helps to explain the more satisfactory result achieved in 2006-07 of 20 per cent. However, this still equates to an annual turnover of one in five staff. Attrition also has obvious cost implications. In 2006-07 the Office had to conduct 27 individual recruitment processes, eight more than the previous year.

Equity Index							
	2003 (Actual)	2004 (Actual)	2005 (Actual)	2006 (Actual)	2007 (Target)	2007 (Actual)	2008 (Target)
Women	49	49	62	59	70	68	80
People from Culturally Diverse Backgrounds	69	72	78	59	79	53	60

Table 7

The most significant initiatives undertaken were:

- The Office's recruitment and selection process was shortened from six to eight weeks from start to finish. Even so some recommended candidates were no longer available by the time the candidates were notified of the outcome of the selection process.
- The Office made greater use of pool recruitment to offer short term or casual contracts to qualified and already selected candidates wherever possible.
- A new style of job advertisement was introduced to highlight the high community value of the Office's services. The Office noted the new style produced an almost immediate and significant increase in responses.
- A staff satisfaction survey in November 2006 found 70 per cent of employees were satisfied at work. The survey identified a number of priorities including performance review and career development and these will be an area of focus in 2007-08.

### *Professional Development and Review*

The Office remains committed to professional development of all staff. In 2006-07 a new dedicated position has been created to meet the requirements for new and existing staff. This has been particularly beneficial for new graduates, who are supported both in their team environment and by the Manager, Professional Development. The Manager, Professional Development also works closely with the Human Resources Department in identifying and addressing attraction and retention issues.

Key successes for 2006-07 include development and implementation of the professional development intranet site, including an online training calendar, a revised graduate program and dedicated training in audit methodology and report writing.

The Office also supports international exchanges and in 2006 an exchange between the Office and the Office of the Canadian Auditor General was facilitated. The experience of the officer from Canada was utilised in the Ramsar Wetlands Controls and Compliance examination tabled in Parliament in 2007.

## **EMPLOYEE RELATIONS**

### *Discipline and Industrial Relations*

There were no disciplinary procedures applied and no industrial relations issues during 2006-07.

### *Occupational Health and Safety*

- Ergonomic training was provided to staff by expert consultants who also checked current office arrangements.
- Flu shots were organised for all staff. Thirty-five per cent took up the offer. The effectiveness of the new initiative is being measured.
- The average personal leave usage for 2006-07 was 6.2 days per person, a minor improvement on the 2005-06 result of 6.6 days.

## Disclosures and Legal Compliance ... continued

### *Workers Compensation and Rehabilitation*

The indicators used in Table 8 are those recommended by the Insurance Commission of Western Australia for agencies to meet the reporting requirements in this area. Outcomes compare favourably with the profile of the Western Australian State Government Workforce – Occupational Safety and Health Indicators data (June 2006).

Indicators	2003-04	2004-05	2005-06	2006-07
Frequency Rate*	5.29	5.34	0	0
Number of LTI/D X 1 000 000				
Total Hours Worked				
Incidence Rate*	1.03	1.04	0	0
Number of LTI/D X 100				
Total Number of Employees				
Average Lost Time Rate*	0	0	0	0
Number of Working Days Lost				
Number of LTI/D				
Estimated Cost of Claims per \$100 payroll	0.03	0.04	.14	0.0
Estimated Cost of Claims Incurred X 100				
Total Payroll				
Premium Rate	0.36	0.32	0..33	0.34
Premium as a percentage of payroll				
Rehabilitation Success Rate	100%	100%	100%	100%
Number of Rehabilitated Employees X 100				
Number of employees eligible for Rehabilitation				

\*Journey and recess claims are excluded from these factors in conformity with National Occupational Safety data collection practice.

Table 8

## Governance Disclosures

### SENIOR OFFICERS

At the date of reporting, other than normal contracts of employment of service, no senior officers, or firms of which senior officers are members, or entities in which senior officers have substantial interests had any interests in existing or proposed contracts with the Office and senior officers.

### OTHER EMPLOYMENT

Under Schedule 1, clause 3 of AG Act the Auditor General must not, except so far as authorised by another law or by resolutions of both Houses of Parliament, hold certain offices, places or positions referred to the *Constitution Acts Amendment Act*

1899. The Schedule also prohibits the Auditor General from engaging in any paid employment outside the duties of the Office of the Auditor General.

At no time while acting as the Auditor General or since my appointment to that office have I engaged in any paid employment outside the duties of my office. I am also a member of the State Records Commission, as authorised by the *State Records Act 2000*, section 58(a).



COLIN MURPHY  
AUDITOR GENERAL  
30 August 2007

## Other Legal Requirements

### STATEMENT OF COMPLIANCE WITH ELECTORAL ACT 1907 SECTION 175ZE

In compliance with this section I submit the following information:

1. Section 175ZE requires public agencies to include a statement in their annual reports on
  - all expenditure incurred
  - the recipients of such expenditure
 in relation to advertising agencies, market research organisations, polling organisations, direct mail organisations and media advertising organisations.
  
2. Office expenditure during 2006-07 related to advertising for job vacancies, the conduct of agency and parliamentary surveys, the Office’s contribution to the Australasian Council of Auditors General’s (ACAG) macro benchmarking survey and focus group research for a performance examination. The details were as follows:

Advertising Agencies	\$21 621
Marketforce	\$21 621
Market Research Organisations	\$73 230
Orima Research	\$25 300
Govmetrica	\$20 263
Savant Surveys and Strategies	\$10 230
Price Consulting	\$17 437
Polling Organisations	\$0
Direct Mail Organisations	\$0
Media Advertising Organisations	\$0
<b>TOTAL EXPENDITURE</b>	<b>\$94 851</b>

The total in 2005-06 was \$54 624. Spending on advertising in that year was higher (\$30 199) but on market research it was lower (\$24 425).

The higher market research expenditure in 2006-07 was due to the decision of ACAG to review its annual macro benchmarking survey. This led to an expanded and more professional survey and reporting product. Participating members of ACAG contributed to the additional costs involved in the new survey format. The survey involves the collection of operational and productivity data from participating Australian audit offices.

The Office also contracted an independent consultant to conduct a whole of office staff satisfaction survey in November 2006, increasing our market research expenditure by \$17 437.



COLIN MURPHY  
AUDITOR GENERAL  
30 August 2007

## Disclosures and Legal Compliance ... continued

### STATEMENT OF COMPLIANCE WITH DISABILITY SERVICES ACT 1993 SECTION 29

The Office is currently developing its Disability Access and Inclusion Plan (DAIP). We are committed to providing optimum access and service to people with disabilities, their families and carers. The plan will include community consultation to ensure its six desired outcomes are met prior to registration with the Disability Services Commission. A copy of the DAIP has been placed on our internet site.

### STATEMENT OF COMPLIANCE WITH EQUAL OPPORTUNITY ACT 1984, SECTION 146L

During the year our EEO Management Plan 2007-11 was registered with the Office of Equal Employment Opportunity. The key accomplishments include:

- the integration of EEO principles into policies and practices
- raising staff awareness of EEO principles
- providing flexible working arrangements to staff at all levels.

### STATEMENT OF COMPLIANCE WITH PUBLIC SECTOR MANAGEMENT ACT SECTION 31(1)

In compliance with this section I submit the following information:

1. In the administration of the Office of the Auditor General I have complied with the Public Sector Standards in Human Resource Management, the Western Australian Public Sector Code of Ethics and the Office's Code of Conduct.
2. Nil applications were made for breaches of standards in 2006-07.
3. Significant action taken to monitor and ensure compliance for the reporting period were:
  - Information about the standard, the WA Code of Ethics and the Office's Code of Conduct is part of the Office's induction materials and on the Office's intranet.
  - Employees are required to review and acknowledge the Office's Code of Conduct annually
  - Publications from the Integrity Coordinating Group are distributed to staff.



COLIN MURPHY  
AUDITOR GENERAL  
30 August 2007

**STATEMENT OF COMPLIANCE WITH STATE RECORDS ACT 2000, SECTION 61 AND STATE RECORDS COMMISSION STANDARDS, STANDARD 2, PRINCIPLE 6**

As required by the *State Records Act 2000*, the Office has a Recordkeeping Plan (RKP) and this includes a commitment to review the plan periodically or when there is a significant change to the Office’s functions.

The Office’s RKP is due to be re-submitted to the State Record’s Office in March 2008. All changes to the RKP are required to reflect that the *Auditor General Act 2006* will be part of that submission.

State Records Commission Standard 2, Principle 6, requires the Office to address the following requirements:

SRC Requirement	Office Response
Whether the efficiency and effectiveness of the Office’s recordkeeping systems have been evaluated or alternatively when such an evaluation is proposed.	<p>The Office’s main recordkeeping system is its Electronic Document Records Management System (EDRMS). An independent review of the EDRMS was conducted in December 2006 and the report is being used for internal follow-up including planning for the next EDRMS upgrade.</p> <p>The main efficiency and effectiveness measure for recordkeeping is the number of staff using EDRMS according to EDMRS’ access logs. The results are reported monthly to management and regularly show that more than 80 per cent of staff use the EDRMS. As the need to use the EDRMS varies significantly between staff and over time, this usage rate is considered acceptable.</p>
The nature and extent of the Office’s recordkeeping training program.	<p>The goal of the Office’s program is to ensure staff have the competencies they require to carry out their work.</p> <p>The Office’s induction manual includes a section on compliance with the Office’s RKP and the induction program for all new staff includes a session on recordkeeping roles and responsibilities and the basics of EDRMS.</p> <p>Ongoing training is conducted by recordkeeping staff on a one-on-one basis as needed by individual users.</p>
Whether the efficiency and effectiveness of the recordkeeping training program has been reviewed or alternatively when this is planned to be done.	<p>The recordkeeping training program was part of the independent review conducted in December 2006. In response to the report, changes were made to the training program competencies with the intention of incorporating them into all relevant training programs.</p>
Assurance that the agency’s induction program addresses employee roles and responsibilities in regard to their compliance with the Office’s RKP.	<p>The assurance is provided based on the above assertions.</p>

Table 9

## Disclosures and Legal Compliance ... continued

# Government and Auditor General Policy Requirements

### CORRUPTION PREVENTION

Maintenance of high professional and personal standards of conduct is sought through annual declarations and compliance with the Office's Code of Conduct, the Western Australian Public Sector Code of Ethics and all relevant legislation. This information is provided at induction, annual updates and via the intranet.

### SUBSTANTIVE EQUALITY

The Office is committed to equality of opportunity and the right to be treated fairly and with respect. The current EEO Management Plan includes an initiative to ensure services are accessible to all Western Australians and respond to the different needs of the State's diverse community. When selecting approaches and frameworks for conducting examinations and audits, substantive equality may be taken into account for appropriate service areas.

### SUSTAINABILITY

By virtue of its mandate the Office has a role in reviewing compliance and assessing efficiency and effectiveness of outcomes of government initiatives relating to sustainability.

This was particularly relevant to the review of the Ramsar Wetlands. In this instance the Office was able to capitalise on the experience in environmental and sustainability issues of an officer on exchange from the Canadian Auditor General's Office and the experience gained in Canada by a member of the Office's Compliance and Information's Systems Division. The experience gained from this exchange has also enabled advice and training on sustainability topics and methodologies.

### ENQUIRIES AND COMPLAINTS

The Office values the information it receives from the public which can be either in the form of a complaint about service delivery or a request for information. A comprehensive complaints management system exists and the Office uses this to ensure timely feedback.

Complaints and enquiries are also rich sources of information to inform future topic selection and attest functions.

Table 10 provides an overview of trends in enquiries and complaints received and actions taken, noting that over 20 per cent are referred to another agency due to the issues raised being outside the mandate of the Office. Given increased enquiries from Members of Parliament and or parliamentary committees a new category has been included for 2006-07.

Key Points:

- The increase in 2006-07 is largely due to increased requests for audits or information from Members of Parliament and or parliamentary committees.
- Volume remains relatively high and indicates an ongoing interest from the public and other stakeholders in public service activities.
- Approximately 10 per cent of enquiries or complaints received over the past two years have resulted in special investigations. To date none of these investigations has resulted in a report to Parliament.

Themes of enquiries and complaints between 2005-06 and 2006-07 relate to:

- agency financial management
- contracting out of services
- fees and charges
- health service administration and provision of services
- local government issues (outside the mandate of the Office)
- public sector boards

Enquiries and Complaints Received	2003-04	2004-05	2005-06	2006-07
Public	169	95	102	103
Members of Parliament	16	3	8	12
Parliamentary committees				28
<b>Total</b>	<b>185</b>	<b>98</b>	<b>110</b>	<b>143</b>
Hours	908	203	545	588
Actions Taken				
Considered by the Office in planning annual attest audits			15	13
Referred to another accountability agency			22	21
Resulting in Special Investigations by the Office			10	8
<b>Total</b>			<b>47</b>	<b>42</b>

Table 10

## PUBLIC INTEREST DISCLOSURES

The Office also receives Public Interest Disclosures (PIDs). Management of these disclosures is governed by the *Public Interest Disclosure Act 2003* (PID Act).

The Office of the Auditor General is one of a number of accountability agencies which has public sector wide responsibilities under the Act and as such the Auditor General has a special role in the handling of such disclosures.

Key Executive members are authorised PID Officers and have received appropriate training to manage these disclosures effectively.

Table 11 provides an overview of PIDs received since 2003-04.

Key points:

- To date no PIDs investigations have resulted in a report to Parliament.
- PIDs provide a rich source of information to inform opportunities for improvement of agency internal controls. Where this is identified these matters are raised directly with the agency concerned.
- There have been no discernable trends in themes from registered PIDs.

PIDs Registered	2003-04	2004-05	2005-06	2006-07
By year	4	1	4	1
Total to 30 June	4	5	9	10

Table 11

## Disclosures and Legal Compliance ... continued

### NAME, METHOD AND TERM OF APPOINTMENT OF ACCOUNTABLE AUTHORITY

The appointment of the Auditor General (accountable officer) is governed by the AG Act 2006. This new Act prescribes the appointment process and tenure which includes consultation with Parliament and a strictly limited tenure.

Mr Colin Murphy was appointed Auditor General on 6 June 2007. As prescribed by the Act his appointment will end 5 June 2017.

### EXERCISE OF POWERS CONFERRED BY AUDITOR GENERAL ACT 2006

The AG Act and the FM Act conferred several new powers and duties on the Auditor General. The following table provides information on their use in 2006-07.

Auditor General Act 2006	Comment
AG to have regard to audit priorities of Parliament as determined by either House, the Public Accounts Committee or the Estimates and Financial Operations Committee (s8).	Audit priorities are regularly discussed with parliamentary committees.
AG may dispense with all or any part of an audit of the accounts of an agency (s14(2)).	The AG did not dispense with any audits.
AG may audit the accounts of 'related entities' (s17).	There was no need to audit 'related entities' in 2006-07.
AG may audit any accounts that the Treasurer requests the AG to audit (s19).	Nil requests received.
AG may carry out any audit that the Public Accounts Committee or the Estimates and Financial Operations Committee requests the AG to carry out (s20).	The Estimates and Financial Operations Committee requested an audit, which was conducted. The AG reported the results to the Committee. The audit will be included in a future report to Parliament.
AG to include in a report to Parliament an opinion as to whether a decision not to provide information to Parliament concerning any conduct or operations of an agency is reasonable and appropriate (s24).	No opinions issued in 2006-07.

Table 12

# Reports to Parliament 2006-2007

## Appendix 1

During 2006-07 the Office tabled a total of 12 reports:

- Annual Report
- four Performance Examinations reports
- four Public Sector Performance reports
- one Controls, Compliance and Accountability Examinations report
- two Audit Results reports.

The reports had a wide readership beyond Parliament and the public sector, with requests being received from individuals, libraries and private sector organisations from across Australia. In addition, all reports are regularly accessed from the Office's website at [www.audit.wa.gov.au](http://www.audit.wa.gov.au).

The 2006-07 reports tabled were as follows:

- **Second Public Sector Performance Report** (Report 8, 30 August 2006)
  - Western Power Senior Executive Payouts
  - Informing the Public: Providing Information on the Timeliness of Services
  - Setting Fees – Extent of Cost Recovery – Follow-up
- **Management of Ramsar Wetlands in Western Australia** (Report 9, 13 September 2006)
- **Audit Results Report by Ministerial Portfolios at 16 October 2006** (Report 10, 25 October 2006)
- **Room to Move: Improving the Cost Efficiency of Government Office Space** (Report 11, 22 November 2006)
- **Having Your Say: Public Participation in Government Decision-Making** (Report 1, 28 February 2007)
- **Public Sector Performance Report 2007** (Report 2, 28 March 2007)
  - Arrangement for Managing the Performance of Chief Executive Officers
  - Prompt Payment by Government
  - Management of Consumer Protection Investigations
- **Second Public Sector Performance Report 2007** (Report 3, 4 April 2007)
  - Major Information and Communications Technology Projects – Performance Examination
  - Security of Wireless Local Area Networks in Government
- **Audit Results Report – Universities and TAFE Colleges – Other audits completed since 16 October 2006 – Legislative Changes and Audit Practice Statement 2007** (Report 4, 4 April 2007)
- **Shared Services Reform: A Work in Progress** (Report 5, 13 June 2007)
- **A Helping Hand: Home-based Services in Western Australia** (Report 6, 20 June 2007)
- **Third Public Sector Performance Report 2007** (Report 7, 27 June 2007)
  - Management of Land Tax and Metropolitan Region Improvement Tax
  - Legal Aid in Western Australia
  - The Administration of Grants

## Audit Clients

### Audits under Financial Management Act

#### DEPARTMENTS

Administration of the Legislative Assembly  
Administration of the Legislative Council  
Commissioner for Equal Opportunity  
\*Department for Community Development  
\*Department for Planning and Infrastructure  
\*Department of Agriculture and Food  
\*Department of Attorney General  
\*Department of Consumer and Employment Protection  
\*Department of Corrective Services  
\*Department of Culture and the Arts  
\*Department of Education and Training  
Department of Education Services  
\*Department of Environment and Conservation  
\*Department of Fisheries  
\*Department of Health  
\*Department of Housing and Works  
\*Department of Indigenous Affairs  
\*Department of Industry and Resources  
\*Department of Land Information (Final Audit to 31/12/06)  
Department of Local Government and Regional Development  
Department of Parliamentary Services  
\*Department of Racing, Gaming and Liquor  
Department of Sport and Recreation  
\*Department of the Premier and Cabinet  
Department of the Registrar, Western Australian Industrial Relations Commission  
\*Department of Treasury and Finance  
Department of Water  
Governor's Establishment  
Office of Energy  
Office of Shared Services (Final Audit to 31/12/06)  
Office of the Director of Public Prosecutions  
Office of the Information Commissioner

Office of the Inspector of Custodial Services  
Office of the Public Sector Standards Commissioner  
Parliamentary Commissioner for Administrative Investigations  
\*Western Australian Police Service  
Western Australian Electoral Commission

#### STATUTORY AUTHORITIES AND CORPORATIONS

Agricultural Practices Board of Western Australia  
Agricultural Produce Commission  
Animal Resources Authority  
Armadale Redevelopment Authority  
Botanic Gardens and Parks Authority  
Building and Construction Industry Training Board  
Bunbury Water Board  
Busselton Water Board  
\*Central TAFE  
Central West TAFE  
\*Challenger TAFE  
Coal Industry Superannuation Board  
\*Commissioner of Main Roads  
Construction Industry Long Service Leave Payments Board  
Corruption and Crime Commission  
Country High School Hostels Authority  
Country Housing Authority  
Curriculum Council  
\*Curtin University of Technology  
C Y O'Connor College of TAFE  
\*Disability Services Commission  
East Perth Redevelopment Authority  
Economic Regulation Authority  
\*Edith Cowan University  
\*Fire and Emergency Services Authority of Western Australia  
Fire and Emergency Services Superannuation Board  
Forest Products Commission  
Gaming and Wagering Commission of Western Australia  
Gascoyne Development Commission  
\*Gold Corporation  
Goldfields-Esperance Development Commission  
\*Government Employees Superannuation Board  
Great Southern Development Commission  
Great Southern TAFE

Heritage Council of Western Australia  
\*Housing Authority  
Independent Market Operator  
\*Insurance Commission of Western Australia  
Keep Australia Beautiful Council (WA)  
Kimberley TAFE  
Kimberley Development Commission  
Landcare Trust  
Law Reform Commission of Western Australia  
Legal Aid Commission of Western Australia  
Legal Contribution Trust  
Legal Costs Committee  
Local Health Authorities Analytical Committee  
\*Lotteries Commission  
Metropolitan Cemeteries Board  
Midland Redevelopment Authority  
Mid West Development Commission  
Minerals and Energy Research Institute of Western Australia  
\*Murdoch University  
Office of Health Review  
Parliamentary Inspector of the Corruption and Crime Commission  
Peel Development Commission  
Peel Health Services  
Perth International Centre for Application of Solar Energy (Final Audit to 30/10/06)  
Perth Market Authority  
Perth Theatre Trust  
Pilbara Development Commission  
Pilbara TAFE  
Potato Marketing Corporation of Western Australia  
Professional Combat Sports Commission  
Professional Standards Council  
\*Public Transport Authority of Western Australia  
\*Public Trustee  
Quadriplegic Centre Board  
\*Racing and Wagering Western Australia  
Racing Penalties Appeal Tribunal of Western Australia  
Real Estate and Business Agents Supervisory Board  
\*Rottnest Island Authority

## Appendix 2

Rural Business Development Corporation  
 Screen West (Inc.)  
 Settlement Agents Supervisory Board  
 Small Business Development Corporation  
 South West Development Commission  
 South West Regional College of TAFE  
 State Government Insurance Corporation  
 State Supply Commission  
 Subiaco Redevelopment Authority  
 Swan Bells Foundation Inc  
 Swan River Trust  
 \*Swan TAFE  
 The Aboriginal Affairs Planning Authority  
 The Agriculture Protection Board of Western Australia  
 The Anzac Day Trust  
 The Board of the Art Gallery of Western Australia  
 The Burswood Park Board  
 The Coal Miners' Welfare Board of Western Australia  
 The Eastern Goldfields Transport Board  
 The Library Board of Western Australia  
 \*The Minister for Health in his capacity as the Deemed Board of Metropolitan Public Hospitals  
 The National Trust of Australia (WA)  
 The Queen Elizabeth II Medical Centre Trust  
 \*The University of Western Australia  
 The Western Australian Museum  
 Trustees of the Public Education Endowment  
 \*WA Country Health Service  
 Water and Rivers Commission (Final)  
 West Coast TAFE  
 Western Australian Alcohol and Drug Authority  
 Western Australian Building Management Authority  
 Western Australian Coastal Shipping Commission  
 Western Australian Gas Disputes Arbitrator  
 Western Australian Greyhound Racing Association  
 Western Australian Health Promotion Foundation

Western Australian Institute of Sport  
 \*Western Australian Land Information Authority  
 Western Australian Meat Industry Authority  
 \*Western Australian Planning Commission  
 Western Australian Sports Centre Trust  
 \*Western Australian Tourism Commission  
 \*Western Australian Treasury Corporation  
 Wheatbelt Development Commission  
 \*Workcover Western Australia Authority  
 Zoological Gardens Authority

**SUBSIDIARIES**

ECU Resources for Learning Ltd  
 Homeswest Loan Scheme Trust  
 Keystart Bonds Limited  
 \*Keystart Housing Scheme Trust  
 Keystart Loans Limited  
 Keystart Support (Subsidiary) Pty Ltd  
 Keystart Support Pty Ltd  
 Keystart Support Trust  
 MS Biotechnology Pty Ltd (Dormant)  
 Murdoch ILO Pty Ltd  
 Murdoch Investments Company Pty Ltd  
 Murdoch Link Pty Ltd  
 Murdoch University Foundation  
 Murdoch University Veterinary Centre Trust  
 Murdoch Ventures Pty Ltd (Dormant)  
 Murdoch Retirement Services Ltd  
 Tarolinta Pty Ltd  
 The University Club of Western Australia Pty Ltd  
 The University Company Pty Ltd (Dormant)  
 UWA Business School Executive Program Ltd  
 WA Mint Pty Ltd (dormant)  
 Wind Energy Corporation Pty Ltd

**REQUEST AUDITS**

Aberdeen Unit Trust  
 Foundation for Advanced Medical Research Inc  
 Friends of the WCHS Inc  
 Government House Foundation of Western Australia (Inc)  
 Ngala Inc

SB Investment Trust  
 South West Cogeneration Joint Venture  
 Tertiary Institutions Service Centre (Inc)  
 The Director of Legal Aid and Others in Trust

**Audits Under Other Legislation****CEMETERIES**

Albany Cemetery Board  
 Bunbury Cemetery Board  
 Chowerup Cemetery Board  
 Dwellingup Cemetery Board  
 Geraldton Cemetery Board  
 Kalgoorlie-Boulder Cemetery Board  
 South Caroling Cemetery Board

**PORT AUTHORITIES**

Albany Port Authority  
 Broome Port Authority  
 Bunbury Port Authority  
 Dampier Port Authority  
 Esperance Port Authority  
 \*Fremantle Port Authority  
 Geraldton Port Authority  
 Port Hedland Port Authority

**OTHER LEGISLATION**

\*Annual Report on State Finances  
 \*Horizon Power  
 \*Synergy  
 \*Verve Energy  
 \*Water Corporation  
 \*Western Australian Land Authority  
 \*Western Power – Networks

---

\* Major audit clients

# Glossary of Terms

# Appendix 3

**Accountability** is traditionally established when Parliament confers responsibility on public sector agencies to account through a Minister of the Crown for all that is done in the exercise of their authority, the manner in which it is done and the ends sought to be achieved.

**Accrual Accounting** provides information on revenues earned and expenditure incurred in an accounting period irrespective of when actual cash transactions occur (ie when money is received or paid). It also involves accounting for the portion of assets consumed and liabilities incurred during the period and provides a summary of the net worth of the entity at the end of the accounting period.

**Agency** means a department, a sub-department or a statutory authority.

**Annual Report on State Finances** is a report prepared in accordance with the *Government Financial Responsibility Act 2000* that provides the State's public sector financial results for the budget year and outlines material differences between these results and the financial projections contained in the State Budget for that budget year.

**Attest Audit** is work performed to enable an opinion to be expressed regarding a report about financial or performance matters prepared by the party who is accountable for the financial transactions or the performance summary.

**Audit** includes to examine, investigate, inspect and review.

**Auditor General's Report** is the vehicle used to report to the Parliament the results of audits and examinations conducted under sections 12 to 20 of the *Auditor General Act 2006*.

**Australian Equivalents to International Financial Reporting Standards (AIFRS)** are Accounting Standards issued by the Australian Accounting Standards Board (AASB) that are equivalent to Accounting Standards issued by the International Accounting Standards Board (IASB).

**Controls, Compliance and Accountability Examinations (CCAs)** focus on financial administration and management issues with the objective of identifying opportunities for improving agencies' operational performance, accountability, use of resources and compliance with legislation.

**Corporatised Entities** operate under enabling legislation in a similar manner to companies under the *Corporations Act 2001*.

**Department** means a body established or deemed to have been established under the *Public Sector Management Act 1994*.

**Direct Reporting** is an examination resulting in a written report being prepared where the party responsible for the matter examined has not been significantly involved in initiating or preparing the report.

**Effectiveness Indicators** are performance indicators that provide information on the extent to which agency level government desired outcomes have been achieved, or contributed to, through the delivery of services.

**Efficiency Indicators** are performance indicators that generally relate services to the level of resource inputs required to deliver them.

**Entrance Interviews** are formal meetings with senior management conducted during the audit planning phase to provide the opportunity to canvass with agency management issues of importance and to explore the proposed audit emphasis and areas of coverage.

**Exit Interviews** are formal meetings with senior agency management at the penultimate stage of audits and examinations to confirm understandings and to explain audit findings and conclusions.

**Financial Statements** are a presentation of financial information including explanatory notes derived from accounting records to communicate for a period of time an entity's financial performance and cash flows, and at a point of time its financial position.

**Follow-up Examination** Performance Examinations may be followed up two to three years after tabling

to review what has been done. A **Follow-on Examination** is a more extensive follow-up examination where a topic still has significant importance and relevance.

**Integrity Coordinating Group** comprises the Commissioner for Public Sector Standards, the Corruption and Crime Commissioner, the State Ombudsman and the Auditor General. Members collaborate to promote and strengthen integrity in the WA public sector.

**Management Letter** is a letter to senior management that conveys the significant audit findings and result of an audit.

**Materiality** is the magnitude of an omission or misstatement of accounting or performance information that, in the light of context or circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced.

**Matters of Significance** are the 'key messages' in OAG reports. 'Key messages' are defined as the issues a general Parliamentary reader would take away from the report after the detail of specific findings and recommendations has receded into the background.

**Outcomes** are the effect, impact, result on or consequence for the community, environment or target clients of government services.

**Performance Auditing** encompasses the range of audit and review activities from annual attest audit work on financial statements and performance indicators through to the preparation of direct reports on performance examinations.

**Performance Examination (PE)** is work performed in examining the accountability, efficiency and effectiveness of public sector agencies or specific areas within an agency or across a number of government agencies.

**Performance Indicator (PI)** is information about service performance or outcome achievement.

**Performance Indicator Audit** is work performed to enable an opinion to be expressed about whether or not the indicators

are relevant and appropriate having regard to their purpose, and fairly represent indicated performance.

**Qualified Audit Opinion** is expressed when the audit identified that the financial statements or performance indicators are likely to be misleading to users, controls were inadequate, there was material conflict between applicable financial reporting frameworks or an unavoidable limitation on audit work.

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

**Significance** is the relative importance in the circumstances, in relation to audit objectives, of an item, event or information, or problem the auditor identifies.

**Significant Variations** are considered to be those greater than 10 per cent or \$250 000.

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

**Sub-department** means an entity in respect of which a declaration under section 56(2) of the *Financial Management Act 2006* has effect.

**Treasurer's Instructions** are prescribed requirements at a minimum level with respect to financial administration that have the force of law and must be observed by public sector agencies under the *Financial Management Act 2006*.

**Unqualified Audit Opinion** is expressed when the audit concludes that in all material respects the financial statements and performance indicators are presented fairly in accordance with the enabling legislation of the agency, Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions.

**Working Papers** are documents that record the auditor's planning, audit procedures performed, the auditor's findings and the conclusions drawn from the audit evidence obtained.

## Office Directory (at 30 August 2007)

## Appendix 4

**AUDITOR GENERAL'S OFFICE**

Colin Murphy	9222 7501
Auditor General	
Peta Mullane	9222 7502
Executive Officer	
John Doyle	9222 7544
Deputy Auditor General	
Molly Elympos	9222 7506
Executive Assistant	

**ASSURANCE SERVICE DIVISION**

Vacant	
Assistant Auditor General	
Peter Sparkes	9222 3906
Group Director	
Don Cunninghame	9222 7526
Group Director	
Ian Goldsmith	9222 7559
Group Director	
Vince Turco	9222 7515
Director	
Glenn Joseph	9222 3959
Director	

**COMPLIANCE AND INFORMATION SYSTEMS AUDIT DIVISION**

Glen Clarke	9222 7543
Assistant Auditor General	
Colin Campbell	9222 3937
Director, Compliance	
Peter Bouhlas	9222 7522
Director, Information Systems	

**PERFORMANCE REVIEW DIVISION**

Peter Wilkins	9222 7588
Assistant Auditor General	
Kim Lazenby	9222 7595
Director	
Jason Beeley	9222 7579
Director	
Helen Liedel	9222 3948
Director	
Rod Berg	9222 7591
Principal Adviser Performance Indicator Standards	

**STANDARDS AND QUALITY DIVISION**

Paul Jost	9222 7514
Director	
Barry Rowe	9222 7503
Director Standards	

**STRATEGY, POLICY AND INNOVATION DIVISION**

Sandy Thomson	9222 7557
Assistant Auditor General	
Thelma Fermo	9222 7504
Executive Assistant	
Vacant	
Manager, Communications	
Lesley Shi	9222 7590
Manager, Finance and Administrative Resources	
Nigel Pay	9222 7572
Manager, Human Resources	
Vince Partridge	9222 7508
Manager, Information Resources	
Marie Gizzarone	9222 7571
Acting Manager, Planning and Coordination	
Mandy Murray	9222 7564
Manager, Professional Development	

# Index

## A

Abbreviations 1  
Accountability 6, 7, 68  
Accountable Authority 2, 64  
Assurance Services Division 4, 5, 56  
Attest audits 7, 55, 68  
Audit fee 11  
Auditor General 2, 3, 4, 8  
Auditor General Act 2006 (AG Act) 2, 4, 8, 15, 16  
Auditor General's Report 68  
Australasian Council of Auditors General's 59  
Australian Equivalents to International Financial Reporting Standards (AIFRS) 68

## C

Certification of Financial Statements 18  
Compliance and Information System Division 4, 5, 56

## D

Disability Access and Inclusion Plan 60

## E

EEO Management Plan 60  
Effectiveness 13, 68  
Efficiency 13, 68  
Employee Relations 57  
Enquiries and complaints 9, 14, 15, 62  
Estimates and Financial Operations Committee 3, 15  
Equity Index 56

## F

Fees model 55  
Financial Administration and Audit Act 1985 7  
Financial Management Act 2006 (FM Act) 2, 7, 16  
Financial performance 10  
Financial Statements 68  
Financial position 12

## G

Graduate Development Program 55

## I

Interim Report 68

## K

Key Performance Indicators 13

## M

Management Letter 68  
Materiality 68  
Matters of Significance 3, 7, 8, 68

## O

Occupational Health and Safety 57  
Opinions 3, 14  
Outcomes 13, 68

## P

Performance 6, 7  
Performance Auditing 3, 6, 7, 10, 68  
Performance examinations 3, 68  
Performance Review Division 4, 5, 56  
Professional Development 14, 57  
Public Accounts Committee 3, 8, 15  
Public Interest Disclosures 15, 63  
Public Sector Management Act 1994 4, 8

## Q

Qualified Audit Opinion 68

## R

Reports 14  
Recordkeeping Plan 61

## S

Service 10, 68  
Shared Corporate Services 15  
Standards and Quality Division 4, 5, 56  
Statutory Authority 68  
Strategy, Policy and Innovation Division 4, 5, 56

## T

Total Expenditure 12  
Total Income 11  
Treasurer's Instructions 68

## U

Unqualified Audit Opinion 68

## W

Working Papers 68





## Office of the Auditor General for Western Australia

4th Floor, Dumas House

2 Havelock Street

WEST PERTH WA 6005

Telephone: 9222 7500

Fax: 9322 5644

Email: [info@audit.wa.gov.au](mailto:info@audit.wa.gov.au)

Website: [www.audit.wa.gov.au](http://www.audit.wa.gov.au)

ISSN: 1320-6818

On request this report may be made available  
in an alternative format for those with visual impairment