

AUDIT INSTITUTIONS

Introduction and purpose of paper

This paper was prepared for the Scottish Commission for Public Audit. The Commission requested some comparative research on the roles and responsibilities of other audit institutions and their boards, with a focus on any parliamentary oversight. The bodies examined in the paper are:

- the UK National Audit Office
- Welsh Audit Office
- Northern Ireland Audit Office
- Australian Audit Office
- Office of the Auditor General of Western Australia

The information in this paper is largely taken from the respective organisations' websites, with additional sources (including relevant legislation) indicated in the text.

The information focuses on the following comparative information:

- Key components of the audit institution (its budget, functions, responsibilities)
- The internal governance arrangements for the audit institution in terms of accountability, such as any oversight board, its role, functions and membership
- The nature of any parliamentary oversight
- Any recent changes made to the audit institution internal board or parliamentary oversight designed at improving their functioning

NATIONAL AUDIT OFFICE (UK)

Key components

The [National Audit Office](#) (NAO) scrutinises public spending for the UK Parliament. Its public audit perspective helps Parliament hold government to account and improve public services.

The [Budget Responsibility and National Audit Act 2011](#) established the NAO as a body corporate on 1 April 2012.

The NAO audits the financial statements of all central government departments, agencies and other public bodies, and reports the results to Parliament. Its other work comprises value-for-money studies, local audit (this involves preparing and issuing the Code of Audit

Practice which sets out what local auditors are required to do), investigations, support to Parliament and international activities. It also shares its cross-government insight through guides setting out good practice and the questions it asks when assessing value for money.

The Comptroller and Auditor General (C&AG) leads the NAO and is an officer of the House of Commons. The C&AG is appointed, by the Queen, for ten years. He and the staff of the NAO (about 800 people) are independent of government. They are not civil servants and do not report to a minister.

The C&AG certifies the accounts of all government departments and many other public sector bodies. He has statutory authority to examine and report to Parliament on whether departments and the bodies they fund have used their resources efficiently, effectively and with economy.

The C&AG uses his powers to:

- Decide which value for money examinations to carry out
- Decide how to report results to Parliament
- Use rights of access to documents and staff to get information and explanations

The 2011 Act requires the NAO to prepare accounts for each financial year detailing the resources it has acquired, held or disposed of during the year and the resources it has used during the year. These accounts are prepared on an accruals basis (the most common accounting method which reports income and expenses as they occur) and must give a true and fair view of the of the NAO, and of its net resource outturn, resources applied to objectives, income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

In preparing the resource accounts, the C&AG uses the [Government Financial Reporting Manual](#) issued by HM Treasury.

The Public Accounts Commission (see below) has appointed the C&AG as Accounting Officer for the NAO. The responsibilities of an Accounting Officer include:

- responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable
- keeping proper records and for safeguarding the NAO's assets, set out in the Accounting Officer's memorandum issued by the Public Accounts Commission.

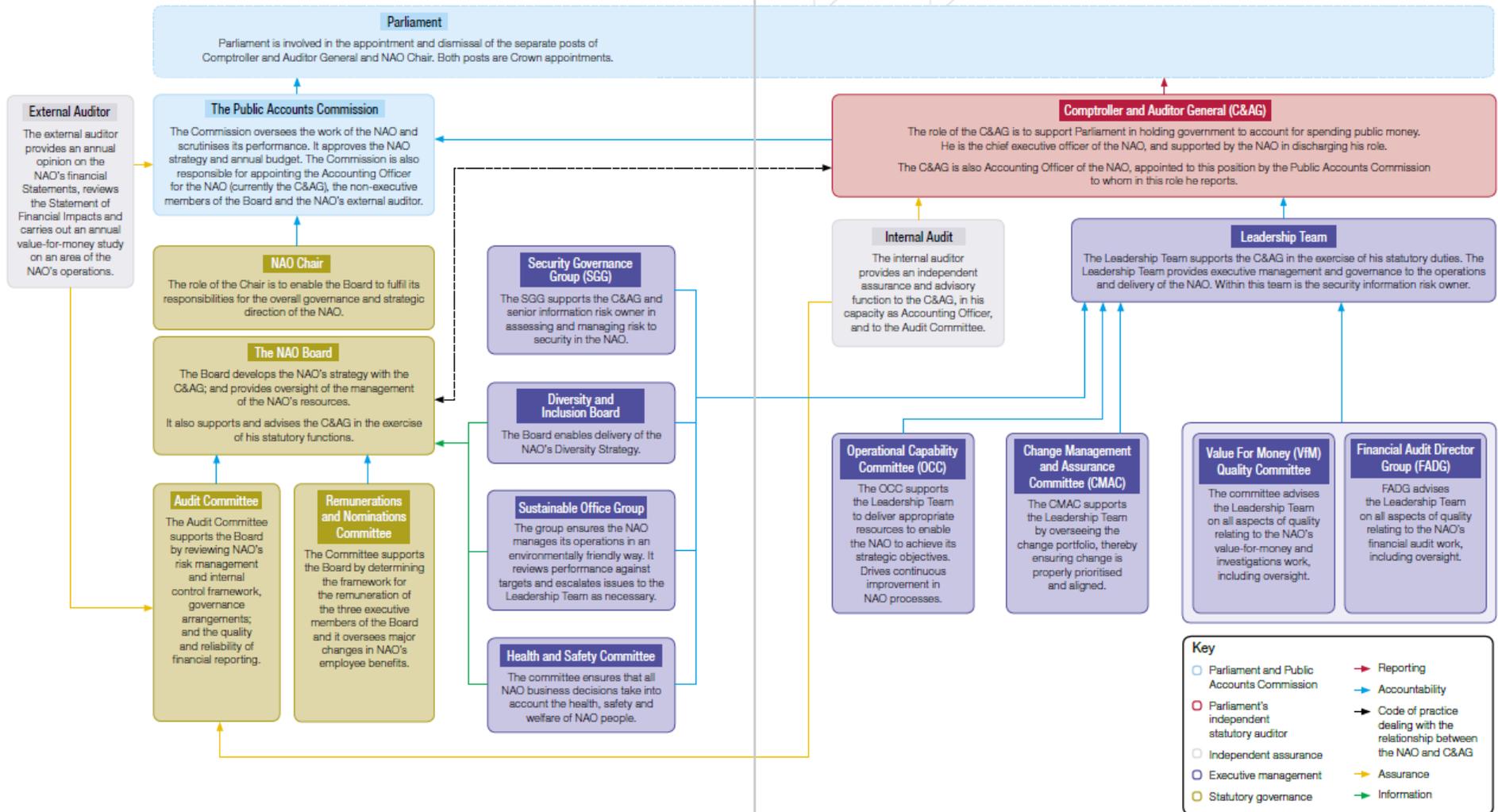
As Accounting Officer and working together with the NAO Board (see below), the C&AG has responsibility for maintaining effective governance and a sound system of internal control that supports the achievement of the NAO's policies, aims and objectives, while safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him by the Public Accounts Commission.

Internal governance arrangements

The graphic below sets out NAO's governance framework. It is taken from the [NAO Annual Report and Accounts 2017-18](#).

The NAO's governance structures aims to ensure there is proportionate and independent oversight and controls of its own operations, while preserving the independence of the C&AG with respect to audit judgement.

NAO governance framework



Source: National Audit Office

Board

The NAO Board has nine members, of which a majority (five) are non-executive. The C&AG is a permanent member of the Board and the other executive members are appointed for a one-year renewable term by the non-executive members, based on the C&AG's recommendation.

The non-executive members are appointed by the Public Accounts Commission, except for the NAO Board chair, who is appointed by the Queen, based on the recommendation of both the Prime Minister and the chair of the Public Accounts Commission. This ensures that the non-executive members are independent of the NAO's management, and that the chair has the confidence of both the government and opposition in Parliament.

The NAO Board's role is to provide effective support and challenge in improving the NAO's operations, providing additional rigour and discipline in decision-making and bringing insight from the wider experience of the non-executive members to inform the strategic thinking of the NAO. It has specific responsibilities, jointly with the C&AG, for the NAO's strategy and annual budget, and for the appointment of executive members of the Board.

The Board and the C&AG prepare a strategy for the NAO, an annual budget for each financial year, and an annual report on the NAO's activities.

There is a clear division of responsibility between the chair of the Board and the C&AG. The Board is required to agree a Code of Practice setting out in detail how the relationship between the Board and the C&AG will work in practice. This Code must be approved by the Public Accounts Commission.

As set out in the [Terms of reference for the Board](#), the chair is responsible for the leadership and effective working of the Board and is responsible for implementing the strategy, making audit judgements, deciding a programme of value-for-money examinations and reporting the results of this work to Parliament.

The Board focuses its work on its core areas of responsibility:

- discharge of formal responsibilities for the NAO's governance
- oversight of the management and use of the NAO's resources, through scrutiny and approval of the NAO's annual budget, consideration of the NAO's work programme and monitoring of progress during the year
- provision of support and advice – the Board addresses a range of specific issues drawn from the NAO strategy such as local government, digitalisation, exiting the European Union, the NAO's financial audit development plan, and NAO's work on programme management, and commercial and contracting.

The Chair evaluates the performance of the non-executive members of the Board and the Chair's performance is evaluated by the senior independent director.

External scrutiny

The Board has a role in recommending the external auditor for appointment by the Public Accounts Commission.

The external auditor's responsibility is to audit, certify and report on the financial statements in accordance with the 2011 Act. Their objectives 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 their opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (UK) 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 these financial statements.

The auditor is also required to obtain evidence sufficient to give reasonable assurance that the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. For the NAO, the voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital) and Net Cash Requirement. They are also required to obtain evidence that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament.

In 2017-18, Crowe Clark Whitehill LLP was appointed as external auditor by the Public Accounts Commission. The external auditor carries out a value-for-money study of the NAO each year, providing assurance over the Statement of NAO's Financial Impact and advising on various matters as required.

Parliamentary oversight

The NAO is accountable to Parliament via the [Public Accounts Commission](#).

The role of the Public Accounts Commission, a Parliamentary committee of MPs, is defined by the National Audit Act 1983 and the Budget Responsibility and National Audit Act 2011. The Commission's duties include:

- examine the NAO Estimate (its annual budget) and lay it before the House
- appoint the external auditor of the NAO and consider reports from the appointed auditor
- appoint non-executive members of the NAO Board
- commission value for money studies of the NAO's work.

The C&AG and the NAO Chairman provide advice to the Commission on these issues. But since by statute the C&AG has "complete discretion in the discharge of his functions", the Commission does not involve itself in the day-to-day running or administration of the NAO.

The Commission's practice is to hold its twice-yearly scrutiny sessions with the NAO in public.

Any recent changes

In 2017-18, the NAO Board undertook an externally facilitated review of its performance. The review concluded the Board should move to a more strategic way of working, which it is currently implementing.

WALES AUDIT OFFICE

Key components

The Office of Auditor General for Wales was created in 2005. The post can be held by an individual for a maximum of eight years and is appointed by the Queen.

The [Auditor General for Wales](#) (AGW) is the statutory external auditor of most of the Welsh public sector. The AGW audits the accounts of county and county borough councils, police, fire and rescue authorities, national parks and community councils, as well as the Welsh Government, its sponsored and related public bodies, the Assembly Commission and National Health Service bodies.

The role includes examining how public bodies manage and spend public money, and how they achieve value in the delivery of public services. The AGW publishes reports on that work, some of which are considered by the National Assembly for Wales' [Public Accounts Committee](#). The AGW also reports every year on how well individual local authorities are planning for improvement.

The [Public Audit \(Wales\) Act 2013](#) continued the office of the Auditor General for Wales and created a new body known as the Wales Audit Office. The [Wales Audit Office](#) (WAO) employs about 250 staff and the AGW is its Chief Executive and Accounting Officer.

Governance

The 2013 Act set out the framework for the accountability and governance arrangements, most notably in relation to the composition and functions of the Wales Audit Office Board, and the relationship between the WAO and the AGW.

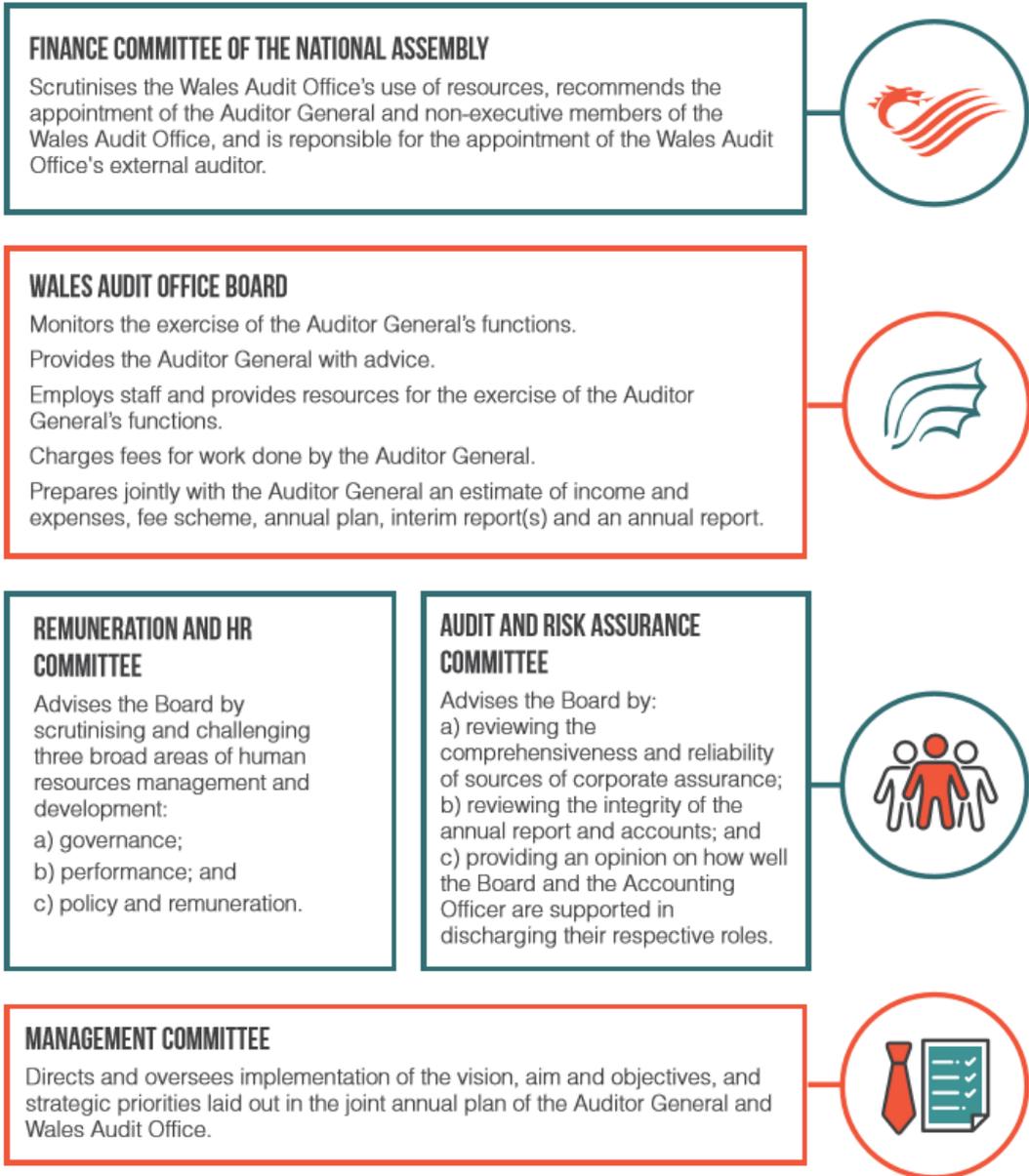
The WAO has a senior management structure which is designed to provide clear lines of reporting and accountability, and to enable the Auditor General's work to inform the public and influence public service delivery in the most efficient and effective way.

The AGW's responsibilities as Accounting Officer are set out in the Statement of accounting officer's responsibilities (paragraph 33 of Schedule 1 to the Public Audit (Wales) Act 2013). In discharging these responsibilities he must seek to ensure that:

- a sound system of internal control is maintained in the WAO, including a robust internal audit process, to support the proper exercise of statutory functions
- the WAO's management of opportunities and risk achieves the right balance, proportionate with the business of the Auditor General and Wales Audit Office.

The WAO has to comply with the requirements of the [Corporate governance in central government departments: code of good practice](#) (produced by HM Treasury and the Cabinet Office) insofar as its requirements are relevant and practical.

The governance framework of the WAO, including information on the coverage of the Board's work and that of its committees, is summarised in the following infographic, which is reproduced from the [Annual Report and Accounts 2017-18](#):



Wales Audit Office Board

The Board of nine members comprises a majority of five non-executive members (including the Chair), the Auditor General and three employee members. The non-executive members are appointed by the National Assembly for Wales. One employee member is nominated by the Auditor General for appointment by the non-executive members and the other two are appointed by the non-executive members following a ballot of WAO staff.

The Board's responsibilities include:

- monitoring and advising the AGW on the exercise of his functions. However, ultimate responsibility for the exercise of those functions, including the Auditor General's work programme and resource requirement, rests with the Auditor General alone

- oversight and governance of the Wales Audit Office
- providing resources for the exercise of the Auditor General's functions, e.g. by employing staff and procuring contractors' services
- preparing, reviewing and revising a scheme for charging fees, and laying it (and any revision) before the National Assembly
- considering whether to recommend to the National Assembly a person/firm to audit the WAO's accounts
- advising the AGW on the preparation or revision of a scheme for the delegation of the exercise of his functions
- arranging for services or assistance to be provided by the AGW (following consultation with him) and by the WAO.

Jointly with the AGW, the Board is responsible for:

- preparing an annual plan and reporting on progress in delivering it
- preparing an annual estimate of income and expenses and a scheme for charging fees
- preparing and reviewing a code of practice to deal with the relationship between the WAO and the Auditor General.

The Board may delegate its functions to any of its members, committees, employees or service providers, except its functions of preparing the estimate, annual plan, annual and interim reports, making its procedural rules, recommending an auditor and designating a person to temporarily exercise the functions of the Auditor General.

There is a Senior Independent Director whose responsibilities include: deputising for the Chair when they are unable to act; appraising the performance of the Chair; receiving reports from whistle-blowers outside the normal line management chain; and overseeing the election of employee members to the Board.

The Board operates a Code of Conduct under which the Board Secretary maintains members' registers of interests which are reviewed annually and updated during the year to capture any changes notified by members. This ensures that potential conflicts of interest, including risks to the Auditor General's independence, are identified on an ongoing basis and appropriate action taken to mitigate them. The WAO publishes the registers on its website.

The Board receives assurance that its objectives are being met through:

- internal management reports, performance reports and topical briefings
- independent internal reports, including internal audit reports and the reports of the Audit and Risk Assurance Committee and the Remuneration and HR Committee
- external audit reports.

The level of assurance sought and provided is seen as proportionate to the associated levels of assessed risk.

The Board currently meets six times in each financial year to coincide with key dates in the WAO's business cycle. In addition to the Board meeting, there may be an associated briefing session which is an opportunity for a less formal exchange of information on key topics or for early engagement in strategy and planning. Periodically, usually no more than three times a year, the Board will set aside time for its own development and those sessions may be externally facilitated. There are two committees of the board: the Audit and Risk Assurance Committee, and the Remuneration and HR Committee.

When carrying out its work, the Wales Audit Office and the AGW (in his capacity both as Auditor General and Accounting Officer) apply formal [Schemes of Delegation](#), which are reviewed and updated during the year. The schemes of delegation inform the terms of reference of the Board, its committees and the Management Committee, which are reviewed annually.

The Head of Internal Audit and the external auditor may have open and confidential access to the Chair of the Audit and Risk Assurance Committee. In addition, the Committee held a private session with the internal and external auditors before each committee meeting.

Internal Audit

The Audit Office's accounts are audited by an independent firm appointed by the National Assembly for Wales.

BDO LLP were appointed as the internal auditors of the Wales Audit Office for the year ending 31 March 2018.

During 2017-18, eight internal audit reports were issued by BDO LLP on reviews of financial controls (interim and final), IT support, operational capacity and workforce planning, strategic procurement, business planning and management information, implementation of a new finance system, and fraud controls.

National Assembly

The 2013 Act conferred several functions on the National Assembly for Wales (NAW). Under Section 28 of the Act, the NAW may make provision through Standing Orders regarding the exercise of the functions conferred upon it by the Act, including "delegating functions to the Presiding Officer, the Deputy Presiding Officer, a committee or sub-committee of the National Assembly or the chair of such a committee or sub-committee"

The [Finance Committee](#) has been delegated as the responsible committee under Standing Orders in relation to the functions regarding the WAO and the Auditor General.

Each year, the [Auditor General for Wales](#) and the Wales Audit Office present an estimate of the income and expenses of the Wales Audit Office for the next financial year to the National Assembly for approval.

The relationship between the WAO and the AGW is governed by a [Code of Practice](#) which is approved by the National Assembly and reviewed periodically.

The Welsh Assembly Public Accounts Committee considers reports prepared by the Auditor General for Wales on the accounts of the Welsh Government and other public

bodies, and on the economy, efficiency and effectiveness with which resources were employed in the discharge of public functions.

Changes

The [outgoing AGW](#) believed that the introduction in 2014 of the Wales Audit Office Board, including two elected staff members, had helped strengthen the WAO's governance. The Office was making some significant changes in culture and working practices, including recent investments in data analytics, finance trainees and apprenticeships which, the outgoing AGW believed, promised well for the future.

NORTHERN IRELAND AUDIT OFFICE (NIAO)

The Comptroller and Auditor General for Northern Ireland (C&AG) is head of the [Northern Ireland Audit Office](#) (NIAO).

The status, functions and main duties of the C&AG and the NIAO are set down in legislation, including the Audit (Northern Ireland) Order 1987, the Northern Ireland Act 1998, the Government Resources and Accounts Act (Northern Ireland) 2001 and the Audit and Accountability (Northern Ireland) Order 2003.

The C&AG is an officer of the Assembly and, as provided by The Audit (Northern Ireland) Order 1987, a corporation sole. The C&AG is responsible for:

- authorising the issue of money from the Northern Ireland Consolidated Fund to enable Northern Ireland Departments to meet their necessary expenditure, and for ensuring that there are adequate arrangements for the collection of revenue
- the external audit of central government bodies in Northern Ireland, including Northern Ireland departments and their executive agencies and a wide range of other public sector bodies, including executive non-departmental public bodies and health and social care bodies. He undertakes financial audit and value for money audit and the results of his work are reported to the Northern Ireland Assembly.

The C&AG works closely with the Assembly's Public Accounts Committee which takes evidence from senior officials on his reports.

Governance

The corporate governance arrangements of the NIAO, reflecting the C&AG's statutory role, include:

- Advisory Group
- Audit and Risk Assurance Committee
- Senior Management Team

Audit and Risk Assurance Committee

The [Audit and Risk Assurance Committee](#) comprises only non-executive members. This Committee supports the C&AG as Accounting Officer in his responsibility for issues of risk, control and governance by reviewing the comprehensiveness of assurances in meeting the Accounting Officer's assurance needs and reviewing the reliability and integrity of these assurances.

One non-executive post may be allocated to a representative from a public audit agency in the UK or Ireland. Other members of the Committee are appointed by open competition for a three year period, which may be extended by agreement and with the approval of the C&AG, endorsed by the Audit Committee of the Northern Ireland Assembly, for a maximum of a further three years.

The Committee reports to the C&AG. Its responsibilities, set out in the [terms of reference](#), are to support and advise the C&AG as Accounting Officer in areas including:

- the annual report and accounts, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors
- oversight of strategic financial management and budgeting processes
- planned activity and results of both internal and external audit
- adequacy of management response to issues identified by audit activity, including external audit's management letter
- assurances relating to the management of risk and corporate governance requirements for the NIAO
- anti-fraud policies, whistleblowing processes and arrangements for special investigations.

Advisory Group

The [C&AG's Advisory Group](#) is responsible for providing objective and impartial advice to the C&AG to assist him in the discharge of his functions. The group scrutinises the work of the NIAO, as set out in [Corporate governance in central government departments: Code of good practice NI 2013](#) issued by Department of Finance and Personnel, with the objective of providing constructive challenge, in the five areas:

- strategic clarity
- commercial sense
- talented people
- results focus
- management information.

The [terms of reference for the Group](#) were set out in 2016.

The Advisory Group comprises the C&AG and Assistant Auditors General, as well as non-executives, who are representatives of a public audit agency in the UK or Ireland. The chair of the Advisory Group is appointed from the non-executive members of the group by the C&AG, following endorsement by the Audit Committee of the Northern Ireland Assembly, and cannot simultaneously hold the position of Chair of the NIAO Audit and Risk Committee. The Group normally meets five times a year.

Assembly oversight

When Stormont is sitting, the Northern Ireland Assembly Audit Committee, established by the Northern Ireland Act 1998, oversees the work of the NIAO.

The [Audit Committee](#) has responsibility for agreeing with the C&AG an estimate of how much resources the NIAO should receive for each financial year and for laying that estimate before the Assembly.

There is a [Memorandum of Understanding on the Governance and Accountability Arrangements of The Northern Ireland Audit Office](#) between the NIAO and the Audit Committee. The MoU sets out:

- the values and standards of the NIAO in carrying out its work
- the internal governance arrangements of the NIAO and, in doing so, provides confidence to the Assembly and wider public regarding the arrangements for the governance and accountability of the NIAO
- the commitments of the C&AG and the NIAO to the Assembly Audit Committee on the actions they will take to uphold transparency and manage public money effectively.

AUSTRALIAN NATIONAL AUDIT OFFICE (ANAO)

The Auditor-General is an independent officer of the Australian Parliament and has discretion in the performance or exercise of their functions or powers. The Auditor-General (AG) is appointed for a term of ten years by the Governor-General on the recommendation of the Joint Committee of Public Accounts and Audit (JCPAA) and the Prime Minister.

The AG is not subject to direction in relation to:

- whether a particular audit is to be conducted
- the way in which a particular audit is to be conducted
- the priority to be given to any particular matter.

The AG must, however, have regard to the audit priorities of the Parliament, as determined by the JCPAA.

The Auditor-General is assisted by the Australian National Audit Office in delivering against the mandate established by [Auditor-General Act 1997](#).

The [Australian National Audit Office](#) (ANAO), consisting of 320 staff, is a specialist public sector body providing a full range of audit and assurance services to the Parliament and Commonwealth public sector bodies and statutory bodies.

The ANAO's primary client is the Australian Parliament. Its purpose is to provide the Parliament with an independent assessment of selected areas of public administration, and assurance about public sector financial reporting, administration, and accountability. It does this primarily by conducting performance audits, financial statement audits, performance statement audits (on request), and assurance reviews. The ANAO also

engages with the Parliament by briefing Parliamentarians and Parliamentary Committees, on request, about audits and audit related services.

The ANAO has extensive powers of access to documents and information, and its work is governed by its auditing standards, which adopt the standards applied by the auditing profession in Australia.

The ANAO aims to deliver an integrated program of high-quality audit reports that are timely, cost-effective and conducted in accordance with the ANAO's Auditing Standards. In accordance with these standards, performance audits and financial statements audits are designed to provide a reasonable level of assurance.

The ANAO adopts a consultative approach to its forward audit program, which includes the priorities of the Parliament, as advised by the [Joint Committee of Public Accounts and Audit](#); the views of public sector bodies and other stakeholders. Audit coverage is also based on a consideration of the potential benefit or impact of an audit. The program aims to provide a broad coverage of areas of public administration that are selected using a risk-based approach. The final audit program is determined by the Auditor-General.

Through this audit program, the ANAO aims to meet the needs and expectations of stakeholders including the Parliament, the Government, audited public sector bodies and the community and to add value to public sector performance, accountability and transparency.

Governance

The ANAO has a structured governance framework that aims to facilitate the effective management of its business resources and other corporate activities to support the delivery of the ANAO's purpose.

The Executive Board of Management provides leadership to the ANAO in pursuing its strategic direction and delivering against the commitments and initiatives outlined in its annual business plans. The Board also assists the Auditor-General to meet their statutory responsibilities.

The ANAO's internal audit function provides an independent and objective review and advisory service to:

- provide assurance to the Auditor-General that ANAO financial and operational controls, designed to manage the organisation's risks and achieve the entity's objectives, are operating in an efficient, effective and ethical manner
- assist management in improving the entity's business performance.

Audit Committee

The Audit Committee provides independent assurance and advice to the AG, including reviewing the appropriateness of the ANAO's financial and performance reporting, systems of risk oversight and management, and systems of internal control. Section 45 of the [Public Governance, Performance and Accountability Act 2013](#) and section 17 of the [Public Governance, Performance and Accountability Rule 2014](#) set out the role of the audit committee for Commonwealth bodies.

To maximise the independence of the assurance and advice provided by the Audit Committee the AG appoints only external independent members. The committee includes an independent Chair and members who have appropriate qualifications, knowledge, skills or experience to assist the committee to perform its functions. The Audit Committee, which has three members, met five times during 2017–18.

External Scrutiny

The ANAO's operations, processes and reports are periodically subjected to independent external review.

The Auditor-General Act 1997 requires the appointment of an independent auditor who undertakes the audit of the ANAO's financial statements and carries out selected performance audits. The independent auditor is appointed by the Governor-General on the recommendation of the Prime Minister. The independent auditor is a part-time statutory appointment for a period of at least three years and not more than five years

The ANAO and the New Zealand Office of the Auditor General have a long-standing arrangement to conduct reciprocal performance audit peer-reviews annually, on a rotating basis. The scope of the review is not a comprehensive examination of each office's performance audit practices. Instead, this arrangement seeks to strengthen performance auditing through the provision of constructive feedback and sharing of better practices. The peer review methodology includes examining two published audit reports against agreed criteria, drawing on information from related planning documents, audit working papers and discussion with ANAO staff.

Parliamentary oversight

The [Joint Committee of Public Accounts and Audit](#) (JCPAA – a committee of upper and lower Houses of Parliament) is appointed under the terms of the [Public Accounts and Audit Committee Act 1951](#).

The JCPAA initiates its own inquiries into public administration matters and can conduct inquiries into matters referred to it by either House of Parliament.

The purpose of the JCPAA is to hold Commonwealth bodies to account for the lawfulness, efficiency and effectiveness with which they use public moneys. Among its responsibilities, the committee considers the operations and resources of the ANAO. The committee is also required to review all reports that the Auditor-General lays in the Parliament and to report the results of its deliberations to both houses of the Parliament. Officers of the ANAO may provide private briefings and attend public hearings as part of the JCPAA's review of audit reports.

OFFICE OF THE AUDITOR GENERAL OF WESTERN AUSTRALIA

The Auditor General for Western Australia is an independent officer of Parliament with responsibility for auditing the state public sector. The Auditor General has complete discretion in the performance of her functions. The Auditor General is appointed for a non-renewable term of 10 years, in accordance with the [Auditor General Act 2006](#).

The [Office of the Auditor General](#) (OAG) is the public sector department established to support the Auditor General. The OAG, which has around 130 employees, is one of the largest audit practices in Western Australia. The Auditor General is the CEO and employer of staff. The Auditor General and the OAG report directly to Parliament:



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 departments, statutory authorities, tertiary education institutions and publicly owned bodies
- undertaking wide-ranging performance examinations to ensure there are adequate controls within agencies, compliance with the relevant legislation, and efficiency, effectiveness and economy of agency operations or programs
- reporting the results of audits to Parliament in an objective, competent, insightful and timely manner.

From 28 October 2017, the [Local Government Amendment \(Auditing\) Act 2017](#) gave the Auditor General the mandate to audit Western Australia's 139 local governments and 9

regional councils. By the financial year 2020-21, all local governments will be audited by the Auditor General.

Governance

The Executive Management Group (EMG) is the team of senior management who plan, manage and lead the business. They set the strategic direction and organisational values that define the activities of OAG. Chaired by the Auditor General, they meet monthly and hold informal weekly meetings. The EMG holds strategic planning meetings twice a year to discuss strategic and tactical matters. They monitor the implementation of strategy and measure performance against targets. Several committees provide operational and administrative support. The committees have a multiple role of governance, inter-office engagement and employee development.

There is no advisory group or non-executive board, however, the Audit and Risk Management Committee does have an independent chair.

The key responsibilities of the committee include:

- monitor the oversight of the Risk Management Framework
- coordinate the internal audit and external audit program
- monitor the effectiveness of the internal control system and that it is reliable, complies with legislation and reduces the risk of fraud and error
- monitor the financial and KPI reporting process.

Parliamentary oversight

Three parliamentary committees have oversight of the OAG's operations:

- [Public Accounts Committee](#), Legislative Assembly Committee, its responsibilities include inquiring into and reporting to the Assembly on any question which is referred to it by the Auditor General.
- [Estimates and Financial Operations Committee](#), Legislative Council Committee, its responsibilities include: to consult regularly with the Auditor General
- [Joint Standing Committee on Audit](#) has three statutory functions under the AG Act:
 - review the operation and effectiveness of the AG Act
 - make recommendations to the Treasurer on the budget of the Office of the Auditor General
 - inquire into, and report on, any motion of suspension or removal of the Auditor General referred by either House of Parliament.

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SPICe Research
6th May 2019

Note: Committee briefing papers are provided by SPICe for the use of Scottish Parliament committees and clerking staff. They provide focused information or respond to specific questions or areas of interest to committees and are not intended to offer comprehensive coverage of a subject area.

The Scottish Parliament, Edinburgh, EH99 1SP www.parliament.scot