

Audit Office – Annual Audit & Risk Committee Chairs

16 June 2017

Margaret Crawford
Auditor-General

Ian McPhee AO PSM
former Auditor-General for Australia

Ian Goodwin
Deputy Auditor-General

Feedback session / morning tea

Discussion and questions



An overview of 2016: key insights

Financial Performance and Reporting

Why is it important?

- Confidence in public sector decision making
- Transparency = accuracy and timeliness
- We found the quality and timeliness of financial reporting continues to improve
 - Only one qualified audit opinion was issued
 - More financial statements are being signed within three months of year end
 - Early close procedures are driving early resolution of accounting issues

Financial Performance and Reporting (continued)



- What to watch?
 - Asset valuations
 - Continued rigour with early close procedures
 - Seek to resolve accounting *policy* matters before 30 June

Financial Controls

Why is it important?

- Ensures efficient and effective use of resources
- Supports quality and timely decision making
- We found that more needs to be done to implement audit recommendations
 - 212 previously identified internal control issues had not been adequately addressed by 30 June 2016
- Agencies face challenges managing information security
 - 121 IT control issues reported
- Internal controls at GovConnect were ineffective in 2015-16

Financial controls (continued)

- What to watch?
 - Valuable role of ARCs in keeping a focus on repeat issues and reducing them over time
 - Service-level arrangements with IT service providers – security risks

Governance

Why is it important?

- Enables effective use of resources
 - Promotes impartiality and lawful action
 - Supports good project/program delivery
 - Supports transparent performance information
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- We found cluster governance arrangements are unclear
 - Whole of government risk management arrangements are needed and stronger risk cultures to support this
 - Shared Audit and Risk Committee arrangements more common

Governance (continued)

- What to watch?
 - Project risk governance
 - Fraud control measures (improving but more work needed)
 - Compliance – GIPA and other key laws/regulations
 - Conflicts of interest

Looking Forward

- Ensuring services meet citizen needs
- Digital opportunities / risks
- Ensuring good checks and balances continue
- Value being achieved from commissioning
- Breaking down silos across government
- Looking after future generations and the vulnerable
- Capable and diverse public sector
- Infrastructure investment
- Performance through transparency and accountability
- Local councils

Financial Audits



- Restructure of Financial Audit Report to Parliament Volumes
- NSW Treasury FMT program
- New Volume on Local Government will come out in March 2018

Performance Audit Program: What and why?

Premier's and State priorities	3 Es
Local Government	Cluster coverage & common focus areas
Parliament and citizen interest	Consultation feedback

Identifying and responding to risks and opportunities

Responding to citizen needs:

- Access to public transport by people with a disability (2017-18)
- Council reporting on services (2017-18)

Leveraging digital opportunities:

- Cybersecurity (2017)
- Health Roster (2017)
- Opal data analytics (2018-19)

Identifying and responding to risks and opportunities

Checks and balances

- Unsolicited proposals – Ausgrid (2017-18)
- Government advertising (2017)
- Property asset utilization (2017)
- ICT investment assurance (2018-19)

Value from Commissioning

- Grants to non-government organisations (FACS 2017-18)
- Social benefit bonds (DPC 2018-19)

Identifying and responding to risks and opportunities

Breaking down silos

- Risk management culture and capability (2017)
- Regional assistance programs (2017)
- Matching skills with market need (Industry and Skills, 2018-19)

Future generations and the vulnerable

- Connected communities (Education, 2017-18)
- Implementation of local school funding arrangements (2017-18)
- Crisis accommodation (2018-19)
- Social Housing (2018-19)
- Victims support scheme (2018-19)

Identifying and responding to risks and opportunities

Capable and diverse public sector

- Ensuring key capabilities in local government (2018-19)
- Supply of maths and science teachers (2018-19)
- Contract management capability (Treasury 2018-19)

Infrastructure to meet the needs of a growing population

- Delivery of capital works in courts and prisons (2017-18)
- Newcastle transport reforms (2019-20)
- Continuing to be on the look-out for big spends

What else should we be thinking about?

