Public Sector Accountability and the Role of the Auditor-General

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Today’s presentation

- The Public Sector
- The Audit Mandate
- Future Challenges
External independent auditor of the public sector
The Public Sector

• Around 550 entities in Victoria
  – Departments
  – Statutory bodies
  – Local government

• Arguably Australia’s third largest business!!
  – Revenue, $60b+
  – Assets, $200b+
  – ‘Staff’, approaching 300 000
The Public Sector

• Audit and Accountability
  – What is accountability? ‘Reporting back to those who charged you with a responsibility’

• Important in both private and public sectors
  – Private, reporting to board and shareholders

• Why make the public sector accountable
  – Probity/integrity
  – Performance management
  – Democracy, inform Parliament
The Public Sector

- Providing assurance to Parliament on the accountability and performance of the Victorian Public Sector
  - Auditing ‘in the public interest’ since 1851
  - Constitutional safeguards to assure independence
  - No executive authority to enforce recommendations

- Independent Officer of Parliament
  - Not subject to direction
The Audit Mandate

- **Financial audit** – ‘how much’
  - Review the financial and non-financial performance statements of every agency each year
  - Report on the State’s estimated financial statements and annual financial report each year

- **Performance audit** – ‘how well’
  - ‘Determine’ whether an agency is achieving its objectives and are operating economically, efficiently and effectively
  - Not to ‘question’ merits of policy objectives
Office Resourcing

• Approaching $40M PA
• Approx 170 staff
• Financial audit
  – Accountant auditors
  – Approx 60% of effort
  – Audit Service Providers
• Performance audit
  – Multi disciplinary
  – Approx 40% of effort
Audit Planning

• **Annual Plan**
  – One year + three forward years

• **Financial Audit**
  – Audit Strategy Document

• **Performance Audit**
  – Audit Specification
Audit Deliverables

• Opinions and reports on financial and non-financial reports
• Certifications
• Reports to Parliament
  – Five Sector Based reports on annual attest audits
  – Report on Annual Financial report of the State
  – Approx 30 Performance Audit Reports
• Annual Report
Future Challenges

• Follow the dollar
• Collaborative across jurisdiction audits
• Parliamentary follow up
• Parliamentary oversight
Discussion

• Further information

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