Submission No. 3

LEGISLATIVE COUNCIL WESTERN AUSTRALIA

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STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS

Mr Shane Rattenbury
Chair
Standing Committee on Administration and Procedure
Legislative Assembly for the Australian Capital Territory
GPO Box 1020
CANBERRA ACT 2601

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15 JUL
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SPEAKER

13 July 2011

Dear Shane

Inquiry into the Feasibility of Establishing the Position of Officer of Parliament

Thank you for the opportunity to make a submission to the Inquiry.

The Committee wishes to provide the following information to the inquiry to assist in its deliberations.

Please contact the Committee's Advisory Officer, Mr Steve Hales if you have any queries on 08 9222-7408.

Yours sincerely

G. Watson

Hon. Giz Watson MLC
Chair

ef.all.110607.let.001.sr (A296678)

PARLIAMENT HOUSE PERTH WESTERN AUSTRALIA 6000
TELEPHONE: +61 8 9222 7222 FACSIMILE: HOUSE +61 8 9222 7809 COMMITTEES +61 8 9222 7805
EMAIL (GENERAL OFFICE): council@parliament.wa.gov.au

Submission to the Inquiry into the Feasibility of Establishing the Position of Officer of Parliament

History

The Western Australian Parliament reviewed its key financial management legislation in 2005 and replaced it with the *Auditor General Act* (WA) 2006 (**the Act**) and the *Financial Management Act* (WA) 2006. These two pieces of legislation form the primary legislative basis for the management of public moneys in Western Australia.

The Estimates and Financial Operations Committee (as well as the Public Accounts Committee) issued a report regarding its review of the Act[1]. This report is available on the Western Australian Parliamentary website at (http://www.parliament.wa.gov.au/web/newwebparl.nsf/iframewebpages/Legislative+Council+-+Current+Committees).

The critical issue identified in the Committee's report was the independence of the Auditor General[2]. This issue is addressed in the Act through a number of provisions summarised below.

Status of the Auditor General

Section 7(1) of the A-G Act establishes the Auditor General of Western Australia as an independent Officer of the Western Australian Parliament.

This independence is ensured in Section 7(5) of the Act which states that:

> *The Auditor General is authorised and required to act independently in relation to the performance of the functions of the Auditor General and, subject to this Act and other written laws, has complete discretion in the performance of those functions.*[3]

In addition, Section 7(6) provides that the Auditor General is not subject to direction from anyone in relation to:

- whether or not a particular audit is to be conducted; or
- the way in which a particular audit is to be conducted; or
- whether or not a particular report is to be made; or
- what is to be included in a particular report; or
- the priority to be given to any particular matter.[4]

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1 Western Australia, Legislative Council, Estimates and Financial Operations Committee, Report 6, *Financial Management Bill 2006, Financial Legislation Amendment and Repeal Bill 2006 and Auditor General Bill 2006*, Nov 2006.

2 *Ibid*, p27.

3 Section 7(5) *Auditor General Act 2006* (WA).

4 *Ibid*, Section 7(6).

However, the Act requires the Auditor General to have regard to the audit priorities of either House of Parliament, the Public Accounts Committee or the Estimates and Financial Operations Committee. In this way, Parliament has the ability to request an audit of a specific matter to be undertaken.[5]

Ability to request an audit

The Act contains provisions which permit the Treasurer to request the Auditor General to carry out an audit of any accounts.[6] This does not obligate the Auditor General in any way, however, to date the Auditor General has conducted the requested audit.

Review of the Auditor General's Budget

Section 43 of the Act requires both Houses of Parliament to establish the *Joint Committee on Audit*. This Committee is charged with recommending the budget, organisational structure and resources for the Office of the Auditor General.

It should be noted that the Houses of Parliament have not yet established the Joint Committee on Audit.

The Committee believes that the Act in its present form is serving Western Australia well.

5 *Ibid*, Section 8.

6 *Ibid*, Section 19(1), 20.