

TERMS OF REFERENCE  
Review of the Audit Office  
s 48A of the *Public Finance and Audit Act 1983*

### Scope

The reviewer will be required to assess and provide advice and recommendations about the auditing practices and standards of the Auditor-General and to determine whether the Auditor-General is complying with those practices and standards.

The purpose of the review is to determine whether the Auditor-General is performing his functions in accordance with the *Public Finance and Audit Act 1983* and professional and legal requirements. The review should also consider whether these functions are performed effectively and efficiently, in a way that and enhances the performance of the New South Wales public sector.

### Methodology:

In conducting the review, the reviewer should have regard to the Audit Office's strategic plans, policies, organisational structure, goals, operational management, corporate management and audit service provision.

### Particular issues

The reviewer should consider in particular:

#### 1 AUDITING FUNCTION:

- a) Compliance with current professional standards and legal requirements in undertaking auditing of all types;

#### 2 COSTS AND CHARGES:

- a) Whether the Audit Office is providing value for money financial audit services in comparison with the services and fees of similar organisations; and
- b) Whether Performance Audits provide value for money by meeting their objectives and contributing to improved accountability by agencies within New South Wales.

#### 3 PLANNING:

- a) Whether the process of selecting topics for performance and compliance audits is based on robust methodology including a consideration of whole of government risk management and central agency priorities; and
- b) Whether the selection of agencies for inclusion in compliance audits is robust and based on a consideration of the particular risks of that agency.

#### 4 MANAGEMENT AND RESOURCES:

- a) Whether the Audit Office has adequate resources to conduct its functions; and
- b) Whether appropriately skilled staff are undertaking performance audits.

## 5 COMMUNICATION WITH CLIENTS:

Effective communication with clients in particular in relation to:

- a) Establishing a joint understanding of expected audit fees and potential variations;
- b) The scope of the performance and compliance programmes and of individual audits within these programmes; and
- c) Provision of adequate notice of draft reports to Parliament for larger agencies to provide informed comment.

## 6 PREVIOUS REVIEW:

Assessment of the Audit Office's response to the recommendations of the 2006 Review of the Audit Office.

## 7 GENERAL:

Any matter that may be referred to the reviewer by the Committee during the course of the review.