



Office of the Auditor General Western Australia

Audit Results Report

Annual 2011-12 Assurance Audits

Report 14 – November 2012

This report is in two parts:

1. Annual assurance audits of the financial statements, controls and key performance indicators (KPIs) of agencies for the 2011-12 financial year.
2. Across government benchmarking audits of Agency Gift Registers and Non-Payroll EFT Payments to Employees.

Annual 2011-12 Assurance Audits

Audit Opinions

One hundred and sixty-one audit opinions were issued by 29 October 2012. In addition, 142 certifications were also issued, mostly for Royalties for Regions projects.

Qualified Audit Opinions

- Seven agencies received qualified opinions. The Metropolitan Public Hospitals, Department for Communities and the Legal Contribution Trust received qualified opinions on their financial statements, controls and KPIs. The KPIs of the WA Country Health Service and the Queen Elizabeth II Medical Centre Trust were qualified, while the controls opinions for the Housing Authority and the Department for Child Protection were qualified.
- In addition, Matters of Significance were included in the audit opinions of the Department of Agriculture and Food, Metropolitan Public Hospitals, WA Country Health Service and the Construction Industry Long Service Leave Payments Board.

Management Issues

- 360 financial control deficiencies were identified in 2011-12, down from 410 the previous year. However the number of significant issues that require prompt attention was similar.

- 282 information system control deficiencies were identified with the majority being simple to fix.
- 59 weaknesses in KPIs were reported this year compared to 79 last year. Almost half of the recommended improvements related to data collection and integrity.
- Frequent late tabling or no tabling of annual Statements of Corporate Intent (SCI) continues. SCIs are required from agencies that operate at arm's length from government. They contain details of the agency's annual contractual agreement with the government and are intended to be tabled in Parliament either before commencement of or early in the financial year to which they relate.

Quality and Timeliness of Financial Reporting

- Fifty-four per cent of agencies demonstrated efficiency in their year-end processes by being audit ready within 20 days of year-end, an improvement from 49 per cent last year.
- The top 40 'Best Practice' agencies across two categories have been acknowledged for timeliness and quality in their financial and KPI reporting and good financial controls.

Across Government Benchmarking Audits

Agency Gift Registers

Most of the 11 agencies we audited needed to improve their policies and practices for employees accepting gifts offered to them during the course of their work. The vast majority of gifts were valued at less than \$100 but ranged up to \$1 100. Employees at six agencies accepted a total of 38 gifts without the approval of another officer – a fundamental control to prevent conflicts of interest.

Eight of the agencies needed to monitor compliance with their policies to identify potential conflicts of interest or trends such as frequent providers or receivers of gifts.

Non-Payroll EFT Payments to Employees

Payments made to the bank accounts of staff members through the agency's accounts payable system at five agencies were assessed. The audit addressed the risk that an employee can attempt to commit fraud through the accounts payable system by creating a false supplier account and then having a fraudulent payment made to the supplier's bank account which is actually their own bank account.

We analysed 265 000 payments and investigated 306 in detail. The payments were in accordance with agency policy and no inappropriate payments to employees were identified.