

# Report on the Western Australian Public Tertiary Education Sector

Report 6 – August 1998

## About This Report

This report summarises the results of the audits of financial statements, controls and performance indicators for the year ended December 31, 1997 for:

- the four Western Australian public universities (Curtin University of Technology; Edith Cowan University; Murdoch University and The University of Western Australia); and
- fourteen Vocational Education and Training colleges (11 TAFE colleges and Karratha, Hedland and Pundulmurra Colleges).

## Common Issues

- **Year 2000 Computer Date 'Bug'** The threat from this looming problem to universities and colleges is not significantly different from that faced by any organisation with complex computer systems. One area of specific concern is, however, the possible impact of the 'bug' on the processing of college and university offers and admissions/enrolments in January-February 2000.
- **Fee Revenue and Debtors Systems** for managing student fee revenue and debtors require upgrading.
- **Financial Management** The standard of financial management at most colleges and universities needs further tightening, particularly in relation to the key control areas of financial reconciliations and payroll management. The University of Western Australia was however notable for effective procedures and practices in this respect.

## Universities

**Financial Statements and Performance Indicators** Financial statements and performance indicators were generally well reported, with a limited number of amendments required during the audit process. Financial controls were also generally sound. Consequently, all four universities and their subsidiary companies received clear (unqualified) audit opinions.

**Issues** Weaknesses were identified in relation to controls over the security of databases of the Secondary Education Authority (now replaced by the Curriculum Council) and the Tertiary Institutions Service Centre, which hold Tertiary Entrance Examination (TEE) results and thus could affect the offering of University places. Remedial action in this area has already commenced.

## Colleges

**Financial Statements and Performance Indicators** 1997 was the first time 11 of the 14 colleges were required to separately report under the provisions of the Financial Administration and Audit Act, their financial results and performance indicators having previously been included in the annual reports of the Western Australian Department of Training. Consequently, problems were anticipated and there is across-the-board scope for improvement. However, overall this represents a good start and with an ongoing commitment to improved financial reporting, it is expected that colleges will raise the quality of 1998 statements and performance indicators.

Of the 14 colleges, 13 audits for 1997 were completed at the time this report was prepared. Only one has had its financial controls qualified, and two their performance indicators.



## Office of the Auditor General Western Australia

### Issues

**Performance Indicators** It is anticipated that in future years, colleges will further develop and enhance their performance indicators, including:

- additional qualitative indicators, such as employer satisfaction and student results, to complement existing surveys
- improved reporting of performance in regard to commercial or fee-for-service training activities
- weighting groups of courses or modules according to mutually agreed criteria, to recognise wide variations in student mix between colleges and facilitate a more meaningful comparison of efficiency between colleges.

**Accounting for Commercial Operations** Existing systems require improvement to achieve a greater degree of precision and consistency in the allocation of expenses between government-funded and commercial activities. This is necessary to ensure government funding is not diverted to commercial activities (cross-subsidisation) and to assure reliable reporting of performance.

**Control Issues** A disparate range of control issues across colleges was identified during audit. No discernible trend was seen and these issues did not exist at all colleges, however such 'housekeeping' issues, if not readily addressed, have the potential to individually or collectively expose or weaken an entire system.