



AUDITOR GENERAL
for Western Australia

EXECUTIVE SUMMARY

SUPPLEMENTARY REPORT ON MINISTERIAL PORTFOLIO AGENCY AUDITS FOR 2001-02, PRIMARILY THE PUBLIC HEALTH SECTOR

Report No 3 – June 2003

This Report provides:

- A summary of results of the remaining 43 financial statement and controls and performance indicator audits for the public health sector for the 2001-02 audit cycle;
- Comment on public sector health performance indicator (PI) and control issues; and
- A summary of the results of 23 audits from other Ministerial portfolios which could not be completed for inclusion in the Report on Ministerial Portfolios at November 29, 2002 (Report No 9, December 2002).

This Report, together with the abovementioned Report No 9, completes the reporting on the opinions issued in the 2001-02 audit cycle with the exception of two request audits and one cemetery board.

Summary of Results – Public Health Agencies

Forty-three financial statement and controls and forty two PI audits were completed with only one opinion, on the Minister for Health in his capacity as the Deemed Board of Metropolitan Public Hospitals, qualified. The qualification related to inadequate controls over postal remittances relating to Special Purpose Accounts and inadequacies in incurring and certifying of expenditure.

Timeliness of Reporting

Failure of the 43 health agencies to fulfil their statutory reporting obligations by the designated reporting dates, prescribed in the Financial Administration and Audit Act 1985, has resulted in the delayed issue of the audit opinions. While 41 agencies submitted their financial statements by the statutory deadline of August 31, 2002, their PIs were not submitted until November 29, 2002. As significant omissions in the PI data were apparent, the PIs were returned and revised PIs were presented for audit between January 24 and February 6, 2003, some seven months after balance date. One agency did not submit its financial statements and PIs until March 4, 2003.

The substantial delay in producing the PIs for 42 health agencies

reflects adversely on the management reporting systems in place, and had a significant adverse impact on the timing and cost of the audit process.

Performance Indicator Audit Scope

The scope of audit of the health agencies' PIs has been modified for five years since 1997-98 while agencies worked to develop a comprehensive suite of indicators relevant to measuring the health outcome. Parliament and the health agencies were advised during the 2000-01 and 2001-02 audit cycles that this modified scope was under review. This approach has served its purpose and no longer appears an appropriate way forward. As such this is likely to be the final year that modification of the scope of the PI audit opinion can be justified. Agencies will need to significantly improve their PIs if they are to avoid a qualification next year.

Quality of Performance Indicator Reporting

Problems encountered during the PI verification process related to:

- omission of data;
- inadequate explanatory statements;
- inconsistent reporting periods;
- lack of, or inappropriate comparative data; and
- poor supporting documentation.

Control Issues

During the audit cycle, a range of audit findings were advised to responsible staff and confirmed through management letters to health agencies. Principal areas where controls need to be improved were:

- asset management;
- revenue collections and banking;
- expenditure controls; and
- payroll reconciliation and management review of payroll.

Summary of Results – Other Ministerial Portfolio Agencies

Twenty-three audit opinions for six statutory authorities, two subsidiaries, seven cemetery boards and eight request audits appear in this Report.

One qualified opinion was issued. The Eastern Goldfields Transport Board did not report key effectiveness indicators as it was unable to accurately measure the number and distribution of people needful of public transport in the area of its operations. This qualification has continued for a number of years and it may be appropriate for the Board to revisit their outcome objectives.

A copy of the report can be accessed at www.audit.wa.gov.au/
For further information contact by email: info@audit.wa.gov.au