



**AUDITOR GENERAL
FOR WESTERN AUSTRALIA**

Serving the Public Interest

EXECUTIVE SUMMARY

AUDIT RESULTS REPORT:

- Universities and TAFE Colleges
- Other audits completed since 16 October 2006
- Legislative Changes and Audit Practice Statement

Report 4 – April 2007

Audit findings from the annual attest audits of financial statements and performance indicators prepared by agencies are summarised for Parliament in two reports each year.

This Report covers agencies with a 31 December 2006 reporting date, and includes the finalisation of other 2006 audits not previously reported.

The Report also contains:

- key reforms resulting from the new *Auditor General Act 2006*
- an update of our Audit Practice Statement that details the extent and character of the public sector audit function.

Key Findings

- All four universities, four of their subsidiaries and nine of the 10 TAFE colleges with a reporting date of 31 December 2006 received clear opinions. One TAFE college received a qualified opinion on its financial statements and on its controls
 - Two agencies with a 30 June 2006 reporting date have been issued with opinions on financial statements, controls and/or performance indicators since 16 October 2006. One opinion on performance indicators was qualified.
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- Flaws in the Government Employees Superannuation Board's (GESB) investment switching process allowed a small number of members to gain financial advantage. The GESB has used \$3.8 million of reserves to offset the disadvantage suffered by other members.
- Weaknesses in information system security arrangements continue with many being contrary to the most basic information system security practices. Agencies acknowledge these weaknesses each year but invariably fail to take a holistic approach that will prevent emergence of related security weaknesses.
- The Department of Education and Training (DET) has serious weaknesses in its financial management and governance arrangements that need to be addressed. These relate to its:
 - asset management procedures
 - financial management and controls in schools
 - internal audits of schools and the internal audit services it provides to TAFE colleges.
- The computer applications for managing student records at Curtin and Edith Cowan universities were found to be reliable. These applications are critical to the operational effectiveness of the universities.
- Certification of payroll reports by cost centre managers is a fundamental control that was not consistently followed at two universities and six TAFE colleges. This control failure repeatedly occurs in universities and TAFE colleges.
- The Professional Standards Council has not submitted certified financial statements and performance indicators for audit since the period ending 31 December 2002. This situation is unsatisfactory and requires resolution.
- DET and two TAFE colleges failed to provide adequately prepared financial statements and supporting working papers by the agreed date, thereby affecting the timeliness and cost of the audits.

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