



Office of the Auditor General Western Australia

Audit Results Report Annual 2009-10 Assurance Audits

Report 10 – November 2010

This report covers the annual assurance audits of financial statements, controls and key performance indicators (KPIs) for the 2009-10 reporting year. One hundred and sixty-three audit opinions were issued by 1 November, primarily for agencies with year-end reporting on 30 June 2010.

Qualified Audit Opinions

Five agencies received qualified opinions. The Metropolitan Public Hospitals received a qualified opinion on their financial statements and controls because not all revenue from medical practitioners' treatment of private and overseas patients was invoiced and brought to account. Four agencies received qualified opinions on KPIs – the Department of Agriculture and Food, Department for Child Protection, Local Health Authorities Analytical Committee and Racing and Wagering Western Australia.

Key Findings

- 366 financial management control deficiencies were identified at 78 of the 146 agencies. This was a similar result to the two previous years, although 19 per cent were rated as significant, meaning they require immediate attention. The number of significant deficiencies has doubled in the last two years.
- 280 information system control deficiencies were identified and reported to agencies. Information security deficiencies predominated and while unresolved, leave agencies vulnerable to security incidents and system disruption.
- 20 agencies were advised of a total of 45 deficiencies in their KPIs with two-thirds relating to data collection and target setting.

- Widespread non-compliance with the legislative requirement to table annual Statements of Corporate Intent (SCI) continues. The 2010-11 SCIs of only seven of 22 agencies had been tabled in Parliament by 30 September 2010 and many prior year SCIs were still not tabled. These SCIs contain key details of the annual contractual agreement between the agency and the Government and should be tabled in Parliament either before commencement of or early in the financial year to which they relate.
- The Commonwealth Government in 2009-10 provided economic stimulus funding to the Western Australian Government of \$720.3 million under the Building the Education Revolution (BER) program and \$282 million for construction and refurbishment of public housing. No issues were found from an audit of the expenditure relating to these programs.
- The Department of Regional Development and Lands disbursed \$311 million in Royalties for Regions funding to 24 agencies during 2009-10. Clear certification opinions for 41 Statements of Receipts and Payments prepared under the program were issued by 1 November 2010 for expenditure totalling \$251 million.
- The Department of Treasury and Finance's Shared Service Centre at Cannington is dealing with a range of processing and timeliness issues as more agencies continue to roll-in. At 30 June 2010, 50 of the planned 90 agencies had joined the corporate service arrangement, with the others scheduled for roll-in by June 2012.

Quality and Timeliness of Financial Reporting

Sixty-four per cent of agencies demonstrated improved efficiency in their year-end processes by being audit ready at an earlier date than last year. However, improved quality assurance processes prior to submission for audit still need to be implemented at many agencies.

Sixty-six agencies (43 per cent) were rated as better practice in managing their financial reporting and controls including 44 from the prior year.