



Office of the Auditor General Western Australia

Audit Results Report Annual 2010-11 Assurance Audits

Report 10 – November 2011

This report summarises the annual assurance audits of financial statements, controls and key performance indicators (KPIs) for the 2010-11 reporting year. One hundred and sixty audit opinions were issued by 31 October primarily for agencies with year-end reporting on 30 June 2011. Eighty-eight certifications have also been issued, mostly for Royalties for Regions projects.

Qualified Audit Opinions

Six agencies received qualified opinions:

- Department of Agriculture and Food's (DAFWA's) financial statements were qualified because special purpose accounts and related transactions and balances were not appropriately reported in the financial statements. Nine KPIs were also qualified because they had limited correlation to DAFWA's outcomes. In addition, because the Western Australian Agriculture Authority's transactions and balances had not been separately disclosed in DAFWA's financial statements, this was highlighted as a Matter of Significance.
- The Department for Communities and the Legal Contribution Trust received qualified opinions on their financial statements, controls and KPIs. Sufficient audit evidence could not be obtained about the eligibility of Seniors Card holders or recipients of rebates, and the total amount of interest receivable on solicitors' trust bank accounts respectively.
- The Metropolitan Public Hospitals' financial statements and controls were again qualified as controls over medical practitioners' treatment charges for private and overseas patients were inadequate to ensure that all revenue from that source had been brought to account.
- WA Country Health Service and Western Australian Land Information Authority received qualified opinions on their KPIs for reasons of unreliable or incomplete data for one KPI respectively.

Key Findings

- 410 financial control deficiencies were identified in 2010-11, up from 366 last year. Overall however there was a decline in significant issues requiring prompt attention.
- 246 information system control deficiencies were identified. This was a 12 per cent decrease in findings and there was a 19 per cent reduction in significant or moderate deficiencies compared to last year.
- More KPI shortcomings were identified – 79 deficiencies were reported this year compared to 45 last year.
- Non-compliance with the legislative requirement to table annual Statements of Corporate Intent (SCI) continues. The 2011-12 SCIs for 11 of the 23 agencies had not been tabled by 30 September 2011. SCIs are required from agencies that operate at arm's length from government. They contain details of the annual contractual agreement between the agency and the government and are intended to be tabled in Parliament either before commencement of or early in the financial year to which they relate.
- Western Australia's submission under the Commonwealth's Natural Disaster Relief and Recovery Arrangements Determination of 2011 was reviewed and an independent assessment report issued. The Commonwealth Department of Finance and Deregulation in conjunction with the Commonwealth Attorney-General will now review the submissions and the assessments of all States to determine whether Australian jurisdictions are adequately insured in the event of a natural disaster.
- A feature analysis of Western Australia's eight port authorities found an overall increase in shipping and trade activity in 2010-11. This resulted in a 21 per cent increase in revenue.

Quality and Timeliness of Financial Reporting

Forty-nine per cent of agencies demonstrated efficiency in their year-end processes by being audit ready within 20 days of year-end, an improvement from 32 per cent last year.

Eighty-two agencies (54 per cent) were rated as better practice agencies for their good financial controls and reporting practices, up from 41 per cent last year.