

# MEDIA STATEMENT



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## **LATEST REPORT DELIVERS MIXED ANNUAL FINANCIAL AUDIT RESULTS**

The Auditor General's annual financial Audit Results Report - covering 161 audit opinions and 142 certifications, as well as the results of two across government benchmarking audits, Non-Payroll EFT Payments to Employees and Agency Gift Registers - shows some signs of agency improvement, however some areas of concern remain.

Auditor General Colin Murphy said while some issues had been highlighted in the 2011-12 financial reports, the number of issues identified in relation to financial and management controls and Key Performance Indicators (KPIs) were down from last year.

"It was also pleasing to see an increase in the number of agencies demonstrating efficiency in their year-end processes by being audit ready within 20 days of year-end," Mr Murphy said.

"Of concern however was the fact that the number of financial and management control deficiencies rated as significant and requiring prompt attention did not improve from last year, and there was a 15 per cent increase in the number of information system control weaknesses.

"Disappointingly, 19 per cent of the financial and management control weaknesses at 24 agencies were unresolved from last year."

Controls relating to expenditure, financial reporting, payroll and human resources, revenue and legislative compliance had the most weaknesses.

"Also disappointing is the fact that the majority of information system control weaknesses are simple to fix with minimal effort and little expense - and yet if left unresolved, have the potential to compromise the confidentiality, integrity and availability of computer systems and information."

Seven agencies received qualified opinions of which four were repeated from last year.

The Metropolitan Public Hospitals, Department for Communities and the Legal Contribution Trust received qualified opinions on their financial statements, controls and KPIs. The KPIs of the WA Country Health Service and the Queen Elizabeth II Medical Centre Trust were qualified, while the controls opinions for the Housing Authority and the Department for Child Protection were qualified.

Mr Murphy said an ongoing issue identified in this report was the delay in the tabling of annual Statements of Corporate Intent (SCIs), which contain details of the contractual agreements between agencies and the Government.

"These are important accountability documents required by legislation and yet at 30 September 2012, the SCIs of 12 of the 23 agencies had not been tabled by the responsible Minister," he said.

The second part of the report covers two across government benchmarking audits.

"I am pleased to report that our computer aided audit of 265 000 non-payroll EFT payments did not identify any fraudulent employee payments at the five agencies we sampled," Mr Murphy said.

"Our audit of agency gift registers however identified an overall need for improvement in managing gifts received by employees to ensure that conflicts of interest do not arise."

Mr Murphy said most of the 11 agencies audited needed to improve their policies and practices for employees accepting gifts.

"Employees at six agencies accepted a total of 38 gifts without the approval of another officer, which is a fundamental control to prevent conflicts of interest," he said.

"Eight of the agencies need to monitor compliance with their policies to identify potential conflicts of interest or trends such as frequent providers or receivers of gifts."

A total of 835 gifts were listed as accepted during the period of the audit with vast majority valued at less than \$100 with some up to \$1 100, including invitation to corporate functions, tickets to sporting events, low value ornaments and consumables.

"What agencies need to understand is that no matter how appropriate it may be, the acceptance of any gift by a public officer has the potential to cause a real or perceived conflict of interest and this risk needs to be properly monitored and managed."

"Parliament and the community need to know the State's finances are well managed and I expect all agencies to take note and act on the findings throughout this report."

The complete Audit Results Report: Annual 2011-12 Assurance Audits can be downloaded from the Office of the Auditor General website at [www.audit.wa.gov.au](http://www.audit.wa.gov.au)

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