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**Report on the Western
Australian Public Health Sector
and of Other Ministerial
Portfolio Agencies for 1999**

Report No. 2 April 2000



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**The Speaker
Legislative Assembly**

**The President
Legislative Council**

Report on the Western Australian Public Health Sector and of Other Ministerial Portfolio Agencies for 1999

This Report, submitted to Parliament pursuant to section 95 of the *Financial Administration and Audit Act 1985 (FAAA)*, summarises the results of the 74 financial statement and 69 performance indicator audits completed at public health sector agencies as part of the 1998-99 audit cycle. (Four agencies not subject to the *FAAA* were not required to submit performance indicators). One agency did not submit performance indicators for the reason explained in this Report.

Agencies included in the public health sector comprise one department, 69 statutory authorities (including 62 hospitals and health services) and four audits requested by the Treasurer.

The Ministerial Portfolio section summarises the results of a further 75 financial statement and 59 performance indicator audits completed for the 1998-99 audit cycle since the Auditor General's Report on Ministerial Portfolios to November 5, 1999 (Report No 9, November 1999). Five agencies did not submit performance indicators for reasons that are explained in this Report. A further eleven agencies not subject to the *FAAA* were not required to submit performance indicators. Also included in this Report are three final audits on agencies that ceased operations.

The completion of the 1998-99 audit cycle maintained the positive trend with respect to the decline in the issue of qualified opinions.

Overall, eight qualified opinions were issued on financial statements and controls, and six opinions on performance indicators were qualified.

The Ministerial Portfolio section includes the Consolidated Financial Statements for the State of Western Australia, one department, 62 statutory authorities, four subsidiary entities, six cemetery boards and one request audit.

I commend the dedication and commitment of my staff and contractors on the efficient and effective completion of their audit assignments thereby enabling me to present this Report to the Parliament.

D D R PEARSON
AUDITOR GENERAL
April 5, 2000

Contents

About this Report	4
Overview of Audit Results – Public Health Sector	5
Matters of Significance in the Public Health Sector	8
Timeliness of Reporting	8
Performance Indicators of Hospitals and Health Services	9
Metropolitan Health Service Board	12
Manual Controls Over the Purchasing and Payment Functions at the Health Department of Western Australia	13
Summary of the Audit Results of Public Health Sector Agency Audits	15
Metropolitan Agencies	16
Non Metropolitan Agencies	18
Request Audits	24
Other Ministerial Portfolio Agencies for 1999	25
Financial Statement Audits	26
Performance Indicator Audits	28
Summary of the Audit Results of Other Ministerial Portfolio Agencies for 1999	29

About this Report

This Report summarises the results of financial statement and performance indicator audits for the Public Health Sector and agencies in other Ministerial Portfolios, and together with the Report on Ministerial Portfolios to November 5, 1999 (Report No 9, 1999) completes the 1998-99 audit cycle. The tabling of the initial Report on Ministerial Portfolios to November 5, 1999 and the preparation of this complementary Report, reflect a recognition of Parliament's need for the continuous and timely reporting of information on the significant risk and control issues identified during the audit cycle.

The Report provides an overview of:

Public Health Sector

- the results of financial statement and performance indicator audits completed at public health sector agencies as part of the 1998-99 audit cycle;
- commentary on four issues arising from audits:
 - Timeliness of Reporting
 - Performance Indicators of Hospitals and Health Services
 - Metropolitan Health Service Board (MHSB); and
 - Manual Controls Over the Purchasing and Payment Functions at the Health Department of Western Australia

Completion of Other Ministerial Portfolio Agencies for 1999

- Financial statement audits
- Performance indicator audits
- Qualifications arising from financial statement and performance indicator audits.

Issues in this Report have arisen from the conduct of audit procedures that are primarily intended to enable an opinion on the controls, financial statements and performance indicators of individual agencies to be formed. Not all issues or exceptions will be identified during the course of a routine financial statement and performance indicator audit. Other irregularities may be detected during the course of additional and complementary audit procedures, such as controls, compliance and accountability audits and performance examinations.

It should also be understood that agency management remains responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing and presenting the financial statements, complying with the *Financial Administration and Audit Act 1985 (FAAA)* and other relevant written law, and for developing and maintaining proper records and systems for preparing and presenting relevant and appropriate performance indicators. The primary responsibility for the detection, investigation and prevention of irregularities rests with agency management.

Overview of Audit Results

Public Health Sector

This section summarises the results of 74 financial statement and 69 performance indicator audits of the public health sector agencies completed as part of the 1998-99 audit cycle. The health sector comprises the Health Department of Western Australia (HDWA), 69 statutory authorities (including 62 hospitals and health services) and four incorporated bodies which collectively employ in excess of 21 000¹ full time equivalent staff. The agencies included in this Report are classified into the following:

- Audit opinions issued on financial statements and controls, and performance indicators
 - 1 department
 - 68 statutory authorities
- Audit opinions issued on financial statements
 - 1 statutory authority
 - 4 incorporated bodies

Timeliness of Reporting

Of the 70 agencies subject to the *F444* reporting deadlines, 14 (20 per cent) failed to fulfil their statutory reporting obligations by the designated reporting dates compared with 25 (31 per cent) in 1997-98. While this reflects a positive trend, the continuing high number of hospitals and health services that failed to meet their reporting deadlines remains a concern. This matter is commented on separately in this Report.

Financial Statement Audits

Audit Qualifications

No qualified audit opinions were issued for the 74 agencies audited in 1998-99 – representing the culmination of a positive trend established in previous years. Two agencies were qualified in 1997-98 and five in 1996-97.

Quality of Financial Reporting

Similarly, the quality of financial reporting in 1998-99 showed a significant improvement over previous years reflecting both greater attention to the quality of financial reporting and more stability in the financial reporting system. Adjustments made to financial statements as a consequence of audit findings totalled \$5.1 million compared with \$280 million in 1997-98 and \$54.9 million in 1996-97. Notwithstanding the significant improvement in routine financial

¹ Source: HDWA Annual Report

Overview of Audit Results

Public Health Sector

reporting, agencies within the public health sector that undergo amalgamation will need to take particular care in the treatment of complex accounting issues in connection with any restructure.

Other Audit Findings

As part of the audit cycle, around 80 issues covering a range of control weaknesses over accounting records and systems, non-compliance with statutory requirements and areas for continuous improvement were raised with agencies. This represents a significant improvement from 1997-98 when around 350 issues were raised. However, certain significant issues that were reported in 1997-98 occurred again in 1998-99 and included:

- weaknesses in asset management including:
 - asset registers not regularly updated for purchases and disposals, or not regularly reconciled to the general ledger;
 - physical stocktakes of assets not completed during 1998-99;
 - stocktakes not signed by two officers; and
 - stocktake discrepancies not followed up.

Accurate asset records are essential to enable management to exercise proper control over assets and adequately perform their management function.

- agencies that had failed to implement risk management policies and practices as required by Treasurer's Instruction 109 *Risk Management*. These agencies are exposing themselves to unnecessary risks by not having suitable risk management policies and practices in place. Nine agencies failed to do this.

Other issues that arose during the 1998-99 audit cycle were:

- lack of follow-up on internal audit recommendations;
- understatement of employee entitlements due to on costs being omitted from the calculation.

The effort that has gone into improving the quality of financial reporting and strengthening controls needs to be maintained to capitalise on the achievements to date, and to derive the benefits of more effective resource management.

Performance Indicator Audits

Audit Qualifications

The number of qualified audit opinions continued to fall in 1998-99 reflecting further improvement in the development and reporting of performance indicators. In 1998-99, 23 per cent of the agencies audited (16 of 69) received a qualified audit opinion compared with 51 per cent (41 of 81) in 1997-98.

Performance indicators of hospitals and health services are commented on separately in this Report.

Matters of Significance in the Public Health Sector

Timeliness of Reporting

Under the *FAAA* agencies are required to submit certified financial statements and performance indicators to their Minister and the Auditor General by the following designated timelines:

- Departments August 15
- Statutory Authorities August 31

Agencies can apply to the Minister for an extension of time to submit financial statements and performance indicators.

The number of agencies subject to statutory reporting deadlines fell from 81 in 1997-98 to 70 in 1998-99 as a result of the amalgamation of a number of hospital and health service boards.

What Did We Find?

Of the 70 agencies subject to statutory reporting deadlines, 14 (20 per cent) failed to fulfil their reporting obligations by the designated reporting dates. Of these agencies, Mount Henry Hospital and Esperance Health Service did not submit their financial statements and performance indicators for periods of four weeks or more after the reporting deadline.

Two agencies applied for and were granted extensions to the statutory reporting deadline (HDWA and Local Health Authorities Analytical Committee). Only HDWA met the approved extension date. The certified financial statements and performance indicators of the Local Health Authorities Analytical Committee were submitted shortly after the extension date of October 31, 1999.

Whilst there was some improvement during 1998-99, the following factors were identified as responsible for delays for agencies that failed to meet their reporting deadlines:

- lack of adequate planning by hospitals and health services to ensure timely reporting;
- shortage of suitably qualified staff; and
- competing demands on existing staff.

Recommendations

- Establish timetables and action plans to ensure financial statements and performance indicators are submitted within statutory reporting deadlines;
- Conduct early testing of year end closing procedures; and
- Give greater attention to setting priorities for staff involved with statutory reporting so statutory reporting deadlines are respected.

Performance Indicators of Hospitals and Health Services

The implementation of the Output Based Management initiative, which is part of the Government's financial reform agenda, has resulted in a number of significant changes to the reporting of performance by health sector agencies. The initiative has resulted in Treasurer's Instruction 904 *Performance Indicators* being revised in 1999, with agencies now required to disclose in their annual report:

- the Government desired outcome(s) to which each output relates (replaces objectives and programs);
- output measures of quantity, quality, timeliness and cost;
- key efficiency indicators for each output, relating outputs to inputs consumed; and
- key effectiveness indicators for each outcome, relating outputs to outcomes achieved.

Only the key effectiveness and efficiency indicators are required to be audited. These indicators are to be clearly identified in the annual reports of agencies as the audited performance indicators.

As a result of the revision to Treasurer's Instruction 904, key efficiency indicators are required, as applicable, to be reported for the following outputs of hospitals and health services:

- prevention and promotion;
- diagnosis and treatment; and
- continuing care.

Key effectiveness indicators are required to be reported to address the extent to which the outputs of the hospitals and health services contribute in achieving the health outcome "Improvement in health by a reduction in the incidence of preventable disease, injury, disability and premature death, restoration of the health of people and improvement in the quality of life for people with chronic illness and disability".

During 1998-99 the joint Health Department and Hospitals' Key Performance Indicator Working Party continued to assist hospitals and health services develop acceptable indicators to address the health outcome and outputs. The indicators recommended by the Working Party reflect not only the progress made to date on those developed in the prior year but also the implementation of the Output Based Management initiative. The manual issued in 1997-98 providing guidelines addressing the key performance indicators was updated to reflect this progress.

Matters of Significance in the Public Health Sector

Performance Indicators of Hospitals and Health Services (continued)

Indicators for the outputs 'prevention and promotion' and 'continuing care' continued to be developed as part of a staged process leading to more comprehensive and meaningful measurement of performance in these areas. In recognition of the continuing progress made in 1998-99 to develop more meaningful indicators for hospitals and health services, the scope of the performance indicators audit opinion for 1998-99 continued to be modified by the inclusion of the following paragraph:

"Performance indicators are required to address the extent to which the following outputs of the Health Service contribute to the achievement of the health outcome, 'Improvement in health by a reduction in the incidence of preventable disease, injury, disability and premature death, restoration of the health of people and improvement in the quality of life for people with chronic illness and disability':

- *Prevention and promotion;*
- *Diagnosis and treatment; and*
- *Continuing care.*

The performance indicators reflect the progress made to date as part of the staged process to develop more enhanced measurement of performance in these areas".

What Did We Find?

The benefits provided by the guidelines on key performance indicators issued to hospitals and health services helped staff comprehend and effectively implement the new regime. Consequently audit procedures disclosed a higher level of statutory compliance which resulted in the continued reduction in the number of qualified audit opinions for hospitals and health services. For 1998-99, of the 61 hospitals and health services audited, the audit opinions for 15 (or 25 per cent) were qualified.

Reasons for qualified opinions are shown individually in the Summary of the Results of Public Health Sector Agency Audits section of this Report and include:

- reliable measures not being reported for patient satisfaction because they were either based on relatively small sample sizes when compared to the total patient population or had low response rates;

- measures not being reported due to the unavailability of data or the absence of data collection systems; and
- measures that were derived from data that could not be relied upon.

The progress made to date by hospitals and health services in developing and reporting indicators is acknowledged. However a particular challenge facing the hospitals and health services is to further develop a comprehensive suite of indicators relevant in measuring the health outcome whilst ensuring that the number of indicators developed for reporting is not an onerous task for hospitals and health services.

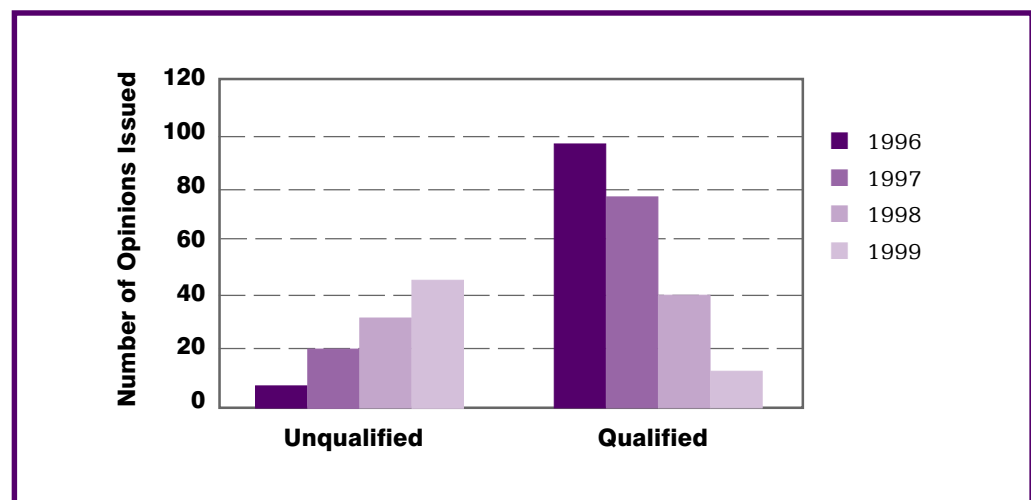


Figure 1: Results of performance indicator audits of hospitals and health services: 1995-96 to 1998-99

A continuing positive trend in the development and reporting of performance indicators has been maintained.

Source: OAG

Matters of Significance in the Public Health Sector

Metropolitan Health Service Board

In 1998-99 the MHSB had a total expenditure of \$1 194 million (1997-98 - \$1 154 million), with \$1 103 million of its total revenue (1997-98 - \$1 028 million) of \$1 191 million coming from government (1997-98 - \$1 096 million). Combined assets of the MHSB totalled \$1 094 million (1997-98 - \$1 096 million). The MHSB employs approximately 15 000 full time equivalent staff (1997-98 - 15 000).

What Did We Find?

Financial Statements and Controls

The MHSB made substantial progress in adopting appropriate quality review procedures in preparing the Board's financial statements in 1998-99. However, the Board still needs to make further improvement by using its updated financial management system to produce full monthly accrual financial statements on a timely basis after month-end. This will assist the Board in monitoring MHSB's financial situation more accurately and enable them to make more timely and informed decisions.

The MHSB's Audit Committee is now implementing a more coordinated approach to the Board's internal audit function compared to the previous focus on individual metropolitan hospital and health service sites. In fulfilling its role of coordinating the internal audit function for the Board, the Committee is adopting a broader approach by advocating operational audits in addition to routine audits of financial transactions and underlying systems.

Performance Indicators

The MHSB continued to make progress in developing and reporting indicators in 1998-99. The audit opinion on performance indicators was qualified because current information was not provided for the following key performance indicators:

- Average cost per person with mental illness who is provided with care under community management;
- Percentage of people aged 65 years and over without any natural teeth; and
- Percentage of the total population holding health care cards who attended a dentist, and those who did not hold health care cards who attended a dentist.

Advice has been received that the MHSB is working towards further development of performance indicators to better measure the extent to which the health outcome is being achieved.

Manual Controls Over the Purchasing and Payment Functions at the Health Department of Western Australia

The Commissioner of Health has an obligation under section 53(c) of the *FAAA* to ensure that there is adequate control over expenditure and that it is in accordance with legal requirements. In discharging this statutory obligation, the Commissioner has to ensure that all expenditures are properly checked and approved prior to payment.

What Did We Find?

The manual controls established over the operation of the purchasing and payment system in the smaller branches of the HDWA allows users to perform the following multiple functions that compromise the payment function:

- raise a purchase requisition;
- approve the purchase requisition;
- record the receipt of the goods or services; and
- enter the invoice details for processing the payment.

Without adequate manual controls unauthorised payments may be entered, and once entered, automatically processed and cheques drawn. Instances were noted where valid payments were made without evidence of them being formally checked and approved prior to payment.

Whilst the instances detected by audit were not significant, the manual controls in the current system require further strengthening to ensure that:

- unauthorised or fraudulent payments are not processed; and
- the legal requirement for all payments to be checked and approved prior to payment are not bypassed.

Matters of Significance in the Public Health Sector

Manual Controls Over the Purchasing and Payment Functions at the Health Department of Western Australia (continued)

Recommendations

- The appropriateness of centralising the purchasing and payment functions need to be evaluated.
- The requisition raising and approval functions need to be segregated.

Recent Developments

The Department's management has advised that a centralised purchasing and payments function is being trialled for a number of its branches.

Summary of the Audit Results of Public Health Sector Agency Audits

Reporting Structure

This Section outlines the results of financial statement and performance indicator audits completed at public health sector agencies as part of the 1998-99 audit cycle.

Audit results are reported as follows:

- A table indicating for each agency audited the type of opinion issued (qualified or unqualified) for both its financial statements and controls, and performance indicators as well as the issue date.

Agencies are categorised under the headings of:

- Metropolitan Agencies
- Non-Metropolitan Agencies
- Request Audits – This section contains the results of audits requested by the Treasurer under section 78 of the *FAAA*.

- Reasons for Qualified Audit Opinions

Unless otherwise noted, audit opinions issued relate to the reporting period July 1, 1998 to June 30, 1999. Where relevant, performance indicator audit opinions are issued on the same date as the financial statement audit opinions. Performance indicators are only required for agencies reporting under the *FAAA*.

In the table a ✓ denotes an unqualified opinion, while N/A means that an opinion is not applicable as performance indicators are not required to be submitted.

Summary of the Results of Public Health Sector Agency Audits

Metropolitan Agencies

Audit Opinions

Agency	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
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Department and Statutory Authorities

Animal Resources Authority	✓	✓	19/11/1999
Health Department of Western Australia	✓	✓	10/11/1999
Local Health Authorities Analytical Committee	✓	✓	21/01/2000
Office of Health Review	✓	✓	18/10/1999
The Queen Elizabeth II Medical Centre Trust	✓	Qualified	26/11/1999

Reason for Qualified Opinion

The Trust did not conduct a customer satisfaction survey during 1998-99. As a result it did not report any measures for 1998-99 for the performance indicator "The percentage of positive responses on the customer satisfaction survey".

The Western Australian Centre for Pathology and Medical Research	✓	✓	30/09/1999
Western Australian Alcohol and Drug Authority	✓	✓	19/11/1999
Western Australian Health Promotion Foundation	✓	✓	01/11/1999

Metropolitan Health Services

Metropolitan Health Service Board	✓	Qualified	23/12/1999
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Reason for Qualified Opinion

The Board did not report any measures for the following performance indicators as it did not have the information systems necessary to provide current year data:

- Average cost per person with mental illness who is provided with care under community management;
- Percentage of people aged 65 years and over without any natural teeth; and
- Percentage of the total population holding HCC's who attend a dentist, and those who did not hold HCC's who attended a dentist.

As a result these indicators were assessed as being relevant but not appropriate for assessing performance.

Agency	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Other Hospitals and Nursing Homes			
Hawthorn Hospital	✓	✓	05/11/1999
Mount Henry Hospital	✓	Not Submitted	17/03/2000
<u>Reason for Non Submission</u>			
The agency was in the process of being wound up during the financial period.			
Quadriplegic Centre Board	✓	✓	22/10/1999

Summary of the Results of Public Health Sector Agency Audits

Non-Metropolitan Agencies

Audit Opinions

Agency	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Avon			
Avon Health Service	✓	✓	26/11/1999
Bunbury			
Bunbury Health Service	✓	✓	18/11/1999
Central Great Southern			
Gnowangerup District Hospital Board	✓	✓	26/11/1999
Katanning Health Service	✓	✓	06/12/1999
Kojonup District Hospital Board	✓	✓	25/11/1999
Tambellup Hospital Board	✓	✓	25/11/1999
Central Wheatbelt			
Beverley Health Services	✓	✓	17/11/1999
Bruce Rock Memorial Hospital Board	✓	✓	17/11/1999
Corrigin District Hospital Board	✓	✓	17/11/1999
Cunderdin District Hospital Board	✓	✓	17/11/1999
Quairading District Hospital Board	✓	✓	17/11/1999
East Pilbara			
East Pilbara Health Service	✓	✓	24/11/1999
Eastern Wheatbelt			
Kellerberrin Health Services Board of Management	✓	✓	25/11/1999
Kununoppin and Districts Health Service	✓	✓	25/11/1999
Merredin Health Service	✓	✓	26/11/1999
Mukinbudin Health Service	✓	✓	23/11/1999
Narembeen Health Services Board	✓	✓	29/11/1999

Agency	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Southern Cross District Health Service	✓	Qualified	26/11/1999
<u>Reason for Qualified Opinion</u> The Health Service conducted an inpatient satisfaction survey. However, the response rate was too low to provide a statistically reliable indication of customer satisfaction. Consequently the Health Service did not report the results of the survey.			
Wyalkatchem-Koorda and Districts Hospital Board	✓	Qualified	23/11/1999
<u>Reason for Qualified Opinion</u> The Board conducted an inpatient satisfaction survey. However, the response rate was too low to provide a statistically reliable indication of customer satisfaction. Consequently the Health Service did not report the results of the survey.			
Gascoyne			
Gascoyne Health Service	✓	Qualified	26/11/1999
<u>Reason for Qualified Opinion</u> The indicator "Inpatient Satisfaction" was based on a survey which had been drawn from only 60 per cent of the patient population. In addition, the survey returned a low response rate. Consequently the survey was unlikely to provide a statistically reliable indication of customer satisfaction.			

Summary of the Results of Public Health Sector Agency Audits

Non-Metropolitan Agencies

Audit Opinions (continued)

Agency	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Geraldton			
Geraldton Health Service	✓	✓	19/11/1999
Kimberley			
Kimberley Health Service	✓	Qualified	30/11/1999
Reason for Qualified Opinion			
The indicator "Inpatient Satisfaction" was based on a survey which had been drawn from only 26 per cent of the patient population. In addition, the survey returned a low response rate. Consequently the survey was unlikely to provide a statistically reliable indication of customer satisfaction.			
Lower Great Southern			
Albany Health Service	✓	Qualified	30/11/1999
Reason for Qualified Opinion			
Data was not available to support the Board's indicator "Elective Surgery Waiting Times".			
Denmark District Hospital	✓	✓	26/11/1999
Jerramungup Hospital Board	✓	✓	25/11/1999
Plantagenet District Hospital Board of Management	✓	✓	26/11/1999
Midwest			
Dongara Health Service	✓	✓	18/11/1999
Morawa and Districts Health Service	✓	✓	17/11/1999
Mullewa Health Services, Board of Management	✓	✓	17/11/1999
North Midlands Health Service	✓	✓	17/11/1999
Northampton Kalbarri Health Services	✓	✓	17/11/1999
Yalgoo Health Services	✓	✓	18/11/1999

Agency	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Murchison Health Service	✓	✓	29/11/1999
Northern Goldfields			
Kalgoorlie-Boulder Health Service	✓	✓	16/11/1999
Laverton and Leonora Health Service	✓	✓	16/11/1999
Peel			
Peel Health Services	✓	Qualified	19/11/1999
<u>Reason for Qualified Opinion</u>			
The Board did not report the following required indicators:			
<ul style="list-style-type: none"> ■ Median bed days for persons under Mental Health Community Management who were admitted to hospital; and ■ Average cost per person with mental illness under community management. 			
Consequently the indicators reported were not considered comprehensive.			
South East Coastal			
Dundas Health Service	✓	Qualified	15/12/1999
<u>Reason for Qualified Opinion</u>			
The controls maintained by the Health Service over the recording of patient information for reporting performance indicators were inadequate.			
Esperance Health Service	✓	Qualified	15/12/1999
<u>Reason for Qualified Opinion</u>			
The controls maintained by the Health Service over the recording of patient information for reporting performance indicators were inadequate.			

Summary of the Results of Public Health Sector Agency Audits

Non-Metropolitan Agencies

Audit Opinions (continued)

Agency	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Ravensthorpe Health Service	✓	Qualified	15/12/1999
Reason for Qualified Opinion The controls maintained by the Health Service over the recording of patient information for reporting performance indicators were inadequate.			
Upper Great Southern			
Boddington District Hospital Board	✓	✓	24/11/1999
Brookton Health Service	✓	✓	24/11/1999
Upper Great Southern Health Service	✓	Qualified	26/11/1999
Reason for Qualified Opinion The Health Service did not report the required indicators "Unplanned re-admissions within 28 days to the same hospital for treatment and care for a related Mental Illness condition" and "Average cost per emergency department attendance" because it had not collected data to measure these. Further, the effectiveness indicator "Rate of screening of children" had been compiled from data that did not include two months of the period. Consequently, the indicator did not fairly represent the Health Service's effectiveness in reporting the number of children screened.			
Vasse-Leeuwin			
Vasse-Leeuwin Health Board	✓	✓	30/11/1999
Warren-Blackwood			
Boyup Brook Health Service	✓	✓	29/11/1999
Bridgetown District Hospital Board	✓	Qualified	29/11/1999
Reason for Qualified Opinion Data was not available to support the Board's indicator, "Median waiting times for community health consultation".			
Nannup Health Service	✓	✓	30/11/1999
Northcliffe Nursing Post Board	✓	✓	29/11/1999

Agency	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Pemberton District Hospital Board	✓	✓	29/11/1999
Warren District Hospital Board	✓	Qualified	30/11/1999
<u>Reason for Qualified Opinion</u> Data was not available to support the Board's indicator, "Median waiting times for community health consultation".			
Wellington			
Collie Health Service	✓	✓	19/11/1999
Donnybrook/Balingup Health Service	✓	✓	19/11/1999
Harvey Health Service Board	✓	✓	24/11/1999
Yarloop Health Services	✓	✓	24/11/1999
West Pilbara			
Ashburton Health Service	✓	Qualified	24/11/1999
<u>Reason for Qualified Opinion</u> The Health Service conducted an inpatient satisfaction survey. However, the response rate was too low to provide a statistically reliable indication of customer satisfaction. Consequently the Health Service did not report the results of the survey.			
Nickol Bay Hospital Board	✓	✓	30/11/1999
Roebourne District Hospital	✓	✓	29/11/1999
Wickham District Hospital	✓	Qualified	30/11/1999
<u>Reason for Qualified Opinion</u> Data was not available for the indicators "Emergency Department Waiting Time" and "Unplanned Hospital Readmissions" because systems were not in place to collect data for these indicators. Also the Hospital did not report the results of the inpatient satisfaction survey as the response rate was too low to provide a statistically reliable indication of customer satisfaction.			
Western Wheatbelt			
Western Health Service	✓	✓	25/11/1999

Summary of the Results of Public Health Sector Agency Audits

Request Audits

Audit Opinions

Agency	Financial Statements	Date Opinion Issued
Beverley Frail Aged Lodge (Inc.)	✓	24/12/1999
Foundation for Advanced Medical Research Inc	✓	15/12/1999
Friends of the KEMH Inc	✓	15/12/1999
Ngala Inc	✓	03/09/1999

Other Ministerial Portfolio Agencies for 1999

To complete the 1999 audit cycle, 75 financial statement and 59 performance indicator audits were finalised between the issue of the Auditor General's Report on Ministerial Portfolios to November 5, 1999 (Report No 9, November 1999) and February 15, 2000. A further three final audits were completed on agencies that ceased operations during this period. The entities included in this Report are as follows:

- Audit opinion issued on financial statements and controls, and performance indicators
 - 1 Department
 - 62 Statutory Authorities
- Audit opinion issued on financial statements
 - 4 Subsidiary Entities
 - 6 Cemetery Boards
 - 2 Request Audits

The audits of three Cemetery Boards remain outstanding.

The completion of the 1998-99 audit cycle maintained the positive trend with respect to the decline in the issue of qualified opinions. Overall, eight qualified opinions were issued on financial statements and controls, and six opinions on performance indicators were qualified.

Other Ministerial Portfolio Agencies for 1999

Financial Statement Audits

Audit Qualifications

Two agencies received qualifications on their financial statements, controls or compliance with relevant laws. Together with the six agencies qualified in the Ministerial Portfolios Report tabled on November 5, 1999, this brings the total qualifications for 1998-99 cycle to eight. Details of the qualifications are set out in Table 1 and further explained in the Summary of the Audit Results of Other Ministerial Portfolio Agencies for 1999 section of this Report.

Agency	Reason for Qualification
Dried Fruits Board	Legal Compliance: Fees and contributions were not collected in accordance with the <i>Dried Fruits Act 1947</i> because the Board is awaiting the passage of legislation that will repeal the Act and abolish the Board.
Government Employees Superannuation Board	Controls: Control procedures were not sufficient to ensure accuracy of employee superannuation contributions information provided by agencies.

Table 1: Qualified Financial Statement and Control Audit Opinions.

The table above denotes those issues that were identified and were considered to have a significant impact on the reliability, accuracy or presentation of information in the financial statements.

Source: OAG

The following chart (Figure 2) depicts an overall decline in financial statement and controls qualifications issued since 1996. This indicates agencies have taken a positive approach to addressing issues associated with the introduction of accrual accounting in 1996 through the development and refining of accounting systems. Further, government departments have experienced a phased introduction of net appropriation determinations over 1998 and 1999. These determinations have allowed government departments to recognise revenues as being within their control, and therefore the basis for qualification on the grounds of non-compliance with Australian Accounting Standard AAS 29 *Financial Reporting by Government Departments* has been removed.

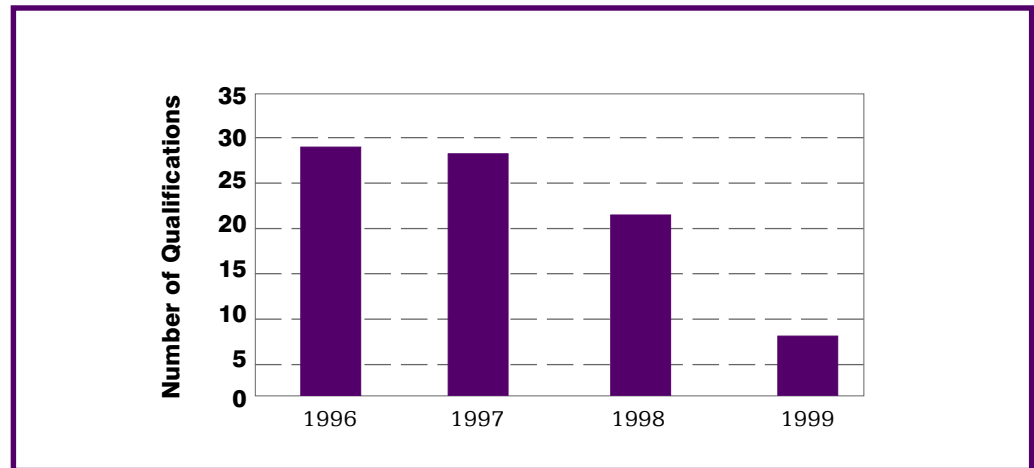


Figure 2: Number of Financial Statement and Control Qualifications 1996–99

Overall, there has been a significant reduction in qualifications issued between 1996 and 1999.

Source:OAG

Other Ministerial Portfolio Agencies for 1999

Performance Indicator Audits

As reported previously (Report No 9, November 1999) there was a large degree of change experienced in 1999 with respect to performance indicators. Two qualifications on performance indicators were issued between November 5, 1999 and the date of this Report. Overall, for the 1998-99 audit cycle six qualifications were issued in respect of the 155 agencies that submitted performance indicators. For the 1998-99 audit cycle, a further 15 agencies in total did not submit indicators as required by the *FAAA*.

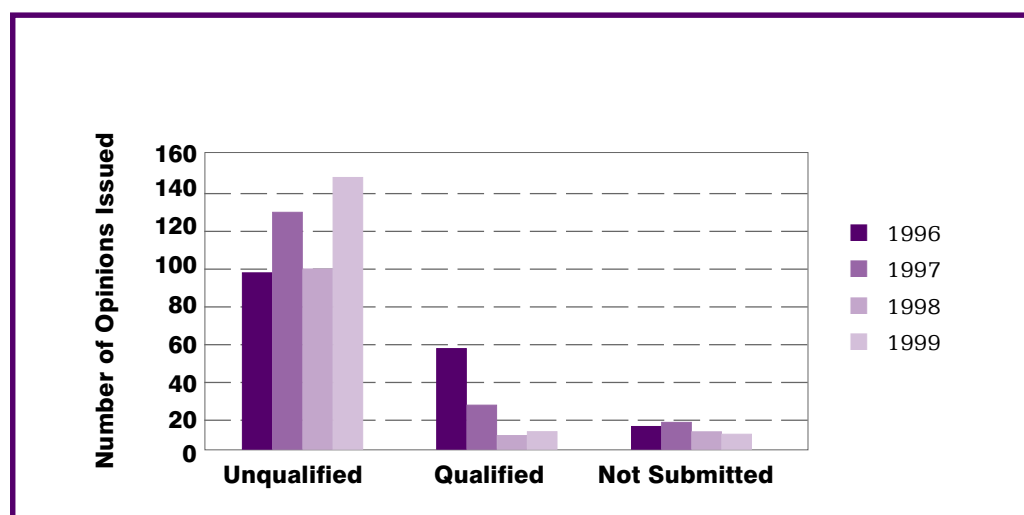


Figure 3: Results of performance indicator audits: 1995-96 to 1998-99.

A positive trend in the development of performance indicators has been maintained.

Source: OAG

Summary of the Audit Results of Other Ministerial Portfolio Agencies for 1999

This section outlines the results of routine audits of government agencies and other entities that are reported under the following categories:

Ministerial Portfolios

The ongoing operations of the public sector are administered by the Government of the day by assigning responsibility for the control of government agencies to individual Ministers. Consistent with this structure, the results of audits are reported on a Ministerial Portfolio basis.

Audits of subsidiary bodies conducted under Corporations Law are listed with the related agency, while audits conducted under the *Cemeteries Act* are reported to the Minister for Local Government and are listed with that portfolio. The results of audits requested by the Treasurer under section 78 of the *FAAA* are reported under the Treasurer's Portfolio.

Reporting Structure

Audit results are reported as follows:

- A table indicating for each agency audited the type of opinion issued (qualified or unqualified) for both its financial statements and controls and performance indicators and the issue date.
- Reasons for Qualified Audit Opinions.

Unless otherwise noted, audit opinions issued relate to the reporting period July 1, 1998 to June 30, 1999. Where relevant, performance indicators audit opinions are issued on the same date as the financial statement audit opinions. Performance indicators are only required for agencies reporting under the *FAAA*.

In the table a ✓ denotes an unqualified opinion, while N/A means that an opinion is not applicable as performance indicators are not required to be submitted.

Summary of the Audit Results of Other Ministerial Portfolio Agencies for 1999

Ministerial Portfolios

**Premier; Treasurer; Minister for Public Sector Management;
Federal Affairs**

Audit Opinions

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Gold Corporation	✓	✓	19/11/1999
Subsidiary:Gold Corporation (Lanka) Pty Ltd	✓	N/A	19/11/1999
Parliamentary Superannuation Board	✓	✓	10/11/1999
R&I Holdings (1/10/98-30/9/99)	✓	Not Submitted	25/02/2000

Reason for Non Submission

The agency is winding up the residual affairs in
respect of the sale of the R&I Bank.

Request Audits

Consolidated Financial Statements for the State of Western Australia	✓	N/A	23/12/1999
South West Cogeneration Joint Venture	✓	N/A	09/12/1999

Deputy Premier; Minister for Commerce and Trade; Regional Development; Small Business

Audit Opinions

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Gascoyne Development Commission	✓	✓	26/11/1999
Goldfields Esperance Development Commission	✓	✓	15/11/1999
Great Southern Development Commission	✓	✓	30/11/1999
Kimberley Development Commission	✓	✓	19/11/1999
Mid West Development Commission	✓	✓	16/11/1999
Peel Development Commission	✓	✓	18/11/1999
Perth International Centre for Application of Solar Energy	✓	✓	17/11/1999
South West Development Commission	✓	✓	25/11/1999
Wheatbelt Development Commission	✓	✓	26/11/1999

Summary of the Audit Results of Other Ministerial Portfolio Agencies for 1999

**Minister for Resources Development; Energy; Education; Leader
of the House in the Legislative Assembly**

Audit Opinions

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Country High School Hostels Authority	✓	✓	11/11/1999
Western Australian Independent Gas Pipelines Access Regulator (9/2/99-30/6/99)	✓	Not Submitted	30/11/1999
<u>Reason for Non Submission</u>			
The agency only operated for part of the financial period.			
Western Australian Gas Disputes Arbitrator (9/2/99-30/6/99)	✓	Not Submitted	30/11/1999
<u>Reason for Non Submission</u>			
The agency did not undertake any activities during the period.			

Minister for Primary Industry; Fisheries

Audit Opinions

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Agricultural Practices Board of Western Australia	✓	✓	17/11/1999
Dairy Industry Authority of Western Australia	✓	✓	24/11/1999
Dried Fruits Board	Qualification	Not Submitted	23/12/1999
Reason for Qualified Opinion/Non Submission Under sections 16, 24 and 26 of the <i>Dried Fruits Act 1947</i> the Board is required to determine contributions to be collected from growers and collect registration fees from dealers and fruit packing sheds. The Board has not collected these contributions or fees during the year as it is awaiting the passage of legislation that will abolish the Board. Further performance indicators were not submitted as the Board did not undertake any activities during the period.			
Herd Improvement Service of Western Australia	✓	Qualification	11/11/1999
Reason for Qualified Opinion The Board did not report an efficiency indicator for its output titled 'Semen' as it considers this information to be commercially sensitive. In addition, the efficiency indicator for the output titled "Herd Recording" did not relate costs to outputs.			
Horticultural Produce Commission	✓	✓	12/11/1999
Landcare Trust	✓	✓	19/11/1999
Perth Market Authority	✓	✓	09/11/1999
Potato Marketing Corporation of Western Australia	✓	✓	19/11/1999
Rural Adjustment and Finance Corporation of Western Australia	✓	✓	26/11/1999
The Agriculture Protection Board of Western Australia	✓	✓	19/11/1999
The Carnarvon Banana Industry Compensation Committee	✓	✓	12/11/1999
The Carnarvon Banana Industry Compensation Committee (1/7/99-19/11/99 : Final Audit)	✓	✓	04/02/2000

Summary of the Audit Results of Other Ministerial Portfolio Agencies for 1999

Minister for Primary Industry; Fisheries

Audit Opinions

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
The Grain Pool of W.A. (1/11/98-31/10/99)	✓	✓	22/12/1999
Subsidiary: AgraCorp Pty Ltd (1/11/98-31/10/99)	✓	✓	22/12/1999
The Potato Growing Industry Trust Fund Advisory Committee	✓	✓	12/11/1999
The Poultry Industry Trust Fund Committee (1/8/98-31/7/99)	✓	✓	12/11/1999
Western Australian Meat Industry Authority	✓	✓	17/11/1999
Western Australian Meat Marketing Corporation (1/7/99-13/8/99: Final Audit)	✓	Not Submitted	07/03/2000

Reason for Non Submission

This was the final period of operation for the Corporation.

Minister for Mines; Tourism; Sport and Recreation; Racing and Gaming; Leader of the Government in the Legislative Council

Audit Opinions

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Coal Mines Accident Relief Trust Fund (Final Audit)	✓	Not Submitted	24/11/1999
Reason for Non Submission			
This was the final period of operation for the Trust.			
Minerals and Energy Research Institute of Western Australia	✓	✓	10/11/1999
Racecourse Development Trust (1/8/98-31/7/99)	✓	✓	30/11/1999
Racing Penalties Appeal Tribunal of Western Australia (1/8/98-31/7/99)	✓	✓	30/11/1999
Recreation Camps and Reserve Board	✓	✓	30/11/1999
Rottneest Island Authority	✓	✓	19/11/1999
The Coal Miners' Welfare Board of Western Australia	✓	✓	24/11/1999
Western Australian Boxing Commission	✓	✓	26/11/1999
Western Australian Sports Centre Trust	✓	✓	30/11/1999
Western Australian Tourism Commission	✓	✓	24/11/1999

Summary of the Audit Results of Other Ministerial Portfolio Agencies for 1999

Minister for Transport

Audit Opinions

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Department of Transport	✓	✓	15/11/1999
The Eastern Goldfields Transport Board	✓	Qualification	24/11/1999

Reason for Qualified Opinion

The number of responses received for this year's Client Satisfaction Survey was insufficient to provide a reliable indicator of client satisfaction with the Board's performance.

Minister for the Environment; Labour Relations

Audit Opinions

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Construction Industry Long Service Leave Payments Board	✓	✓	23/11/1999

Summary of the Audit Results of Other Ministerial Portfolio Agencies for 1999

Minister for Lands; Fair Trading; Parliamentary and Electoral Affairs

Audit Opinions

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Real Estate and Business Agents Supervisory Board	✓	✓	23/11/1999
Settlement Agents Supervisory Board	✓	✓	25/11/1999
Enterprise Park Business Association (Subsidiary of Western Australian Land Authority)	✓	N/A	14/01/2000

Minister for Police; Emergency Services

Audit Opinions

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Fire and Emergency Services Authority of Western Australia (1/1/99-30/6/99)	✓	✓	30/11/1999

Summary of the Audit Results of Other Ministerial Portfolio Agencies for 1999

Attorney General; Minister for Justice

Audit Opinions

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Law Reform Commission of Western Australia	✓	✓	12/11/1999
Legal Contribution Trust (1/1/99-30/6/99)	✓	✓	16/11/1999
Public Trustee	✓	✓	12/11/1999
Western Australian Financial Institutions Authority (1/7/99-14/12/99 : Final Audit)	✓	Not Submitted	14/01/2000

Reason for Non Submission

This was the final period of operation for the Authority.

Minister for Planning; Heritage; Minister Assisting the Treasurer

Audit Opinions

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Government Employees Superannuation Board	Qualification	✓	07/01/2000
Reason for Qualified Opinion <p>Although employer agencies have the primary obligation to ensure that employee superannuation information provided to the Board is correct, the Board has a statutory obligation to take reasonable steps to ensure the accuracy of this information. Controls implemented by the Board have not been sufficient to ensure the accuracy of employee superannuation contributions provided by agencies. The net effect of the inaccuracies in member accounts did not however have material net effect on the Board's financial statements.</p>			
Subsidiary: SB Investment Trust	✓	N/A	07/01/2000
Heritage Council of Western Australia	✓	✓	26/11/1999
The Burswood Park Board	✓	✓	10/11/1999
The National Trust of Australia (W.A.)	✓	✓	12/11/1999

Summary of the Audit Results of Other Ministerial Portfolio Agencies for 1999

Minister for Employment and Training; Youth; the Arts

Audit Opinions

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Screen West (Inc)	✓	✓	11/11/1999
The Board of the Art Gallery of Western Australia	✓	✓	19/11/1999
The Library Board of Western Australia	✓	✓	11/11/1999

Minister for Housing; Aboriginal Affairs; Water Resources

Audit Opinions

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Busselton Water Board	✓	✓	16/11/1999
Country Housing Authority	✓	✓	23/11/1999
Government Employees' Housing Authority	✓	✓	23/11/1999
Swan River Trust	✓	✓	17/11/1999
Water and Rivers Commission	✓	✓	19/11/1999

Summary of the Audit Results of Other Ministerial Portfolio Agencies for 1999

Minister for Local Government; Disability Services; Forest Products

Audit Opinions

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Disability Services Commission	✓	✓	12/11/1999
Fremantle Cemetery Board	✓	✓	30/11/1999

Cemeteries Act Audits

Cemetery Boards audited under the *Cemeteries Act* do not have a statutory date for submitting financial statements.

Details of Cemetery Board audits for the 1998-99 year are as follows:

Albany Cemetery Board	✓	N/A	15/02/2000
Bunbury Cemetery Board	✓	N/A	14/01/2000
Chowerup Cemetery Board	✓	N/A	20/01/2000
Dwellingup Cemetery Board	✓	N/A	12/11/1999
Kalgoorlie-Boulder Cemetery Board	✓	N/A	17/12/1999
South Caroling Cemetery Board	✓	N/A	17/01/2000

Cemetery Board audits outstanding for the 1998-99 year are as follows:

Geraldton Cemetery Board
Nabawa Cemetery Board
Upper Preston-Lowden Cemetery Board