



Auditor General Western Australia

Serving the Public Interest

Report on Ministerial Portfolios at November 30, 2001



**Report No. 13
December 2001**



Auditor General

Western Australia

THE SPEAKER
LEGISLATIVE ASSEMBLY

THE PRESIDENT
LEGISLATIVE COUNCIL

Report on Ministerial Portfolios at November 30, 2001

I submit to Parliament the Report on Ministerial Portfolios at November 30, 2001 pursuant to section 95 of the *Financial Administration and Audit Act 1985* (FAAA). This Report primarily covers the financial statement and performance indicator audits of the departments, statutory authorities and subsidiary bodies under that Act which have balance dates between June 30, 2001 and July 31, 2001, and have been completed at November 30, 2001.

It also includes the results of the audits of the eleven corporatised bodies that report under provisions mirroring the *Corporations Act 2001*, Cemetery Boards reporting under the *Cemeteries Act* and audits of other entities requested by the Treasurer.

This report excludes agencies in the tertiary education sector with a December 31, 2001 balance date and the 24 agencies that have not submitted financial statements and performance indicators for audit or were late in submitting, thus precluding finalisation of the audits in time for inclusion in this report. These agencies will be the subject of a future report.

A handwritten signature in black ink, appearing to read 'D D R Pearson'.

D D R PEARSON
AUDITOR GENERAL
December 19, 2001

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1 Foreword

In discharging the public sector audit mandate, there is a responsibility to provide Parliament with independent and impartial advice regarding public sector accountability and performance. This Report therefore provides:

- a summary of the results of financial statement and performance indicator audits completed at November 30, 2001;
- specific commentary on qualifications of financial statements and performance indicators; and
- commentary on control, compliance and accounting issues that have been identified concurrently with the annual financial statement and performance indicator audit.

Issues in this Report have arisen from the conduct of audit procedures that are primarily intended to enable the formation of an opinion on the controls, financial statements and performance indicators of individual agencies. Not all matters of significance will be identified during the course of routine financial statement and performance indicator audits. Other matters detected during the course of additional and complementary audit procedures, such as control, compliance and accountability audits and performance examinations are reported separately to Parliament.

Audit practices and reporting arrangements are continually being enhanced to enable the delivery of high quality products and services that meet the needs of both Parliament and agencies by providing information on accountability and performance. During the 2001 audit cycle a new audit methodology was introduced to enhance the efficiency and effectiveness of this Office's approach in undertaking audits. An overview of the scope of audits and the audit approach applied is provided in the next section, Public Sector Audit Issues. Also included in this section is commentary on:

- reporting issues associated with the electronic presentation of audit reports on web sites; and
- the recent Machinery of Government reforms and audit implications arising from these changes for future audit cycles.

2 Public Sector Audit Issues

The Audit Approach

Audit Mandate and Scope

Parliament requires the Auditor General to audit and provide an opinion on the annual financial statements and performance indicators prepared by public sector entities. These audits are an independent examination of public sector entities' financial statements and performance indicators. The results of these examinations are presented in audit reports which express an audit opinion on:

- whether the financial statements are based on proper accounts and present fairly the financial position of the entity at the reporting date and the results of the entity's operations and its cash flows for the period under review;
- the adequacy of controls in satisfying legislative provisions. This covers those requirements relevant to the maintenance of accounts and records, and controls over the receipt, expenditure and investment of moneys, the acquisition and disposal of property and the incurring of liabilities; and
- whether the performance indicators are relevant and appropriate, having regard to their purpose, and fairly represent indicated performance.

Audit opinions add credibility to the financial statements and performance indicators reported by agencies. This allows Parliament and other users to place more reliance than would otherwise be possible on such information.

The work undertaken to form an opinion is permeated by judgement and most audit evidence is persuasive rather than conclusive. In addition, there are inherent limitations in any audit, including the use of testing, the effectiveness of internal control structures and the possibility of collusion. As a result, audits are not an absolute guarantee of the veracity or reliability of agency information and not all matters of significance may have been identified.

In this regard, it is important to note 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. In addition, management is responsible for developing and maintaining proper records and systems for preparing and presenting relevant and appropriate performance indicators. It should also be noted that the primary responsibility for the detection, investigation and prevention of irregularities rests with agency management.

Audit Approach and Methodology

Audits of public sector entities focus on identifying the business risks impacting on financial operations and the reporting of performance indicators, evaluating the effectiveness of internal control structures to mitigate those risks and assessing whether the financial and performance information is fairly presented.

The audit approach and work performed by this Office to form audit opinions is undertaken using an internationally recognised audit methodology adapted to the public sector business environment. This methodology, known internally as the Audit Documentation and Planning Tool (ADAPT), includes standard tools and techniques based on best practice. The audit of performance indicators is also supported in terms of internally generated standards. ADAPT has been implemented for all audits with a June 30, 2001 (or later) reporting date.

ADAPT is a risk based approach that places emphasis on identifying and assessing business risks associated with each agency, as well as government wide risks. This assessment is based on an understanding of the agency's business and operations gained through discussions with agency management, cumulative knowledge of their operations and systems gained from previous audits and the results of revised assessment of those considerations.

Based on this process, an audit strategy is developed that addresses the risks identified and ensures audit effort is focused on critical and material areas. This typically involves:

- evaluating and testing internal control structures and associated systems and processes;
- assessing the adequacy of controls in satisfying legislative provisions; and
- assessing whether the information and disclosures made in the financial statements and performance indicators are in accordance with relevant accounting standards and legislative and other reporting requirements.

The implementation of this audit methodology enables a more efficient and effective audit to be conducted in a consistent and focused approach. Further, it fosters clearer and more frequent communication with agency management with respect to:

- the financial operations of their agency;
- the manner in which audits are performed; and
- providing management with meaningful business advice.

Presentation of Annual Reports on Web Sites

Government agencies are required to prepare an annual report containing the financial statements, performance indicators and a report on the operations of the agency. The FAAA requires Ministers to cause these reports, together with the opinions of the Auditor General, to be laid before both Houses of Parliament within 21 days of receiving the Auditor General's opinion.

In the past, hard copies of the annual report were provided to interested parties. However, with the development of the World Wide Web, many agencies have constructed web sites which serve as a means of communication with interested parties and stakeholders. An agency's annual report is generally included on the web site.

The presentation of information on a web site raises a number of different presentation issues which may increase the risk of inappropriate association of unaudited information with the audit opinion. In addition, information on the web site might be changed or manipulated without the knowledge of the agency if appropriate security measures are not in place.

As the audit engagement of the financial statements and performance indicators does not provide assurance in respect to matters relating to the agency's web site, the following comment has been included in the transmittal letter sent to agencies:

"Electronic Presentation of the Annual Report on the Internet

There is an increasing trend for agencies to present annual reports and related information on a web site. If your agency intends to present the audited financial statements and performance indicators, and the Auditor General's audit opinions on a web site, it is management's responsibility to ensure that the information is published in full, and that there are adequate security measures and controls in place to maintain the integrity of the information. The examination of security measures and controls over the electronic presentation of the audited financial statements and performance indicators, and the Auditor General's audit opinions was beyond the scope of our audit.

Should you decide to publish material on a web site that is a component part of, or an extract from, the annual report such as a summary section, report on operations or appendix, this should be clearly identified as such, and should not include the Auditor General's audit opinions."

Public Sector Reforms: Machinery of Government Review

In recent years, successive government reforms have been implemented to encourage a more efficient and effective public sector. These reforms have included accrual accounting and budgeting, regular whole of government reporting and output based management.

A recent initiative has been the Machinery of Government taskforce, established to review the machinery of Western Australia's Government. The implementation of their reported reforms, although offering significant longer term enhancement to accountability mechanisms, will have significant risks for public sector accountability and reporting during the period these reforms are being implemented.

This review has resulted in significant changes to the structure of the Western Australian public sector. These changes, which were effective from July 1, 2001, will result in a reduction to 23 departments of State and the abolition or amalgamation of over 20 agencies. In a number of cases, these changes were not fully operational from July 1 for a range of reasons, including the need for legislative changes. The review recommended that final arrangements should be in place no later than December 2002.

In addition to these changes, further changes are envisaged with the review also recommending that the functions of each statutory authority be reviewed before July 1, 2002 to assess the appropriateness and feasibility of incorporating those functions in departments of State.

Implementation of the Reforms

The importance of managing the implementation of these changes was recognised by the Taskforce which recommended that the primary responsibility for implementing machinery of government reforms rest with the portfolio Minister and the relevant Director General. The report also raised the need:

- to develop a Restructure Plan for each new agency;
- to prepare a detailed implementation plan with milestones, timings and accountabilities; and
- for central coordination of the implementation. This is being undertaken by the Department of the Premier and Cabinet.

In addition, the (then) Treasury Department provided agencies with a checklist outlining budgeting and financial arrangements which should be put in place including:

- establishment of an outcome/output structure;
- establishment of a new chart of accounts and new departmental operating accounts;
- consolidation of financial statements; and
- reviewing and renewing delegations and appointments where appropriate.

Audit Implications

These changes did not have a significant impact on the 2001 cycle with the abolished and amalgamated agencies reporting for the full financial year. Reporting officers were appointed under the provisions of the FAAA for the eleven abolished departments with these officers being responsible for final reporting requirements. However, experience from past restructuring arrangements indicates there will be a range of transitional problems which impact on agency accountability and reporting arrangements and the audit cycle for 2002. From an audit perspective, potential issues will arise from:

- amalgamating corporate service sections and associated issues such as the disparate accounting and performance management systems used by the amalgamated agencies and the different control structures in place;
- the different locations of the combined agencies; and
- the “blurred” lines of accountability and/or responsibility during the initial stages of amalgamations.

It is recommended that management in restructured agencies ensure control systems and reporting arrangements provide accountability for the operations of their agency.

3 Summary of Audit Results

This section summarises the results of 226 financial statement and 198 performance indicator audits completed at November 30, 2001 as part of the 2001 audit cycle. The entities included in this Report are classified into the following:

- Audit opinions issued on financial statements, controls and performance indicators
 - ▶ 48 Departments
 - ▶ 149 Statutory Authorities (including 44 hospitals and health services)
- Audit opinions issued on financial statements
 - ▶ Treasurer's Annual Statements
 - ▶ 11 Corporatised Bodies
 - ▶ 10 Subsidiary Entities
 - ▶ 3 Cemetery Boards
 - ▶ 4 Request Audits

At November 30, 2001, the audits of eight statutory authorities and six Cemetery Boards were not finalised, due primarily to late submission by the agencies. Three statutory authorities¹, two Cemetery Boards and five request audits have yet to submit financial statements for audit.

Financial Statement and Control Audits

Audit Qualifications

Qualified audit opinions are issued where it is considered that the financial statements and performance indicators do not fairly present, or where controls within the agency were not considered to be operating effectively during the period of review. This generally occurs when the scope of audit work required to form an opinion has been limited in some way, where the agency has not complied with provisions of the FAAA, Treasurer's Instructions or other relevant laws, or where there has been a departure from accounting standards or other mandatory reporting requirements.

To November 30, 2001, the opinions of five agencies were qualified in relation to their controls, compliance with relevant laws or financial statements. Before qualified opinions are issued, proposed qualifications are comprehensively discussed with respective agencies. Particular actions to address the issues may be proposed by the agency and agreement reached on the way in which the situation may be resolved. Details of these qualifications are set out in Table 2.

¹ Includes the Dried Fruits Board and Parliamentary Superannuation Board which have yet to submit final statements for audit.

3 SUMMARY OF AUDIT RESULTS (continued)

AGENCY	REASON FOR QUALIFICATION
Department of Transport	<p>Controls and Financial Statements: Monthly combined reconciliations of the Department's two bank accounts included unexplained reconciling items that varied in amount from month to month. As the combined reconciliations had not been finalised and there was \$2 486 000 in outstanding reconciling items at reporting date, an opinion could not be formed on whether Cash Assets of \$42 846 000 in the Statement of Financial Position and Cash of \$1 290 000 in the Schedule of Administered Items were fairly presented.</p>
Education Department of Western Australia	<p>Financial Statements: The employee entitlements figures in the financial statements for 2000 were qualified due to inadequate controls over leave records during that year. The statements were also qualified because financial details for a number of schools were not available or were incomplete and estimates used as a substitute were not considered reliable.</p> <p>Accordingly, an opinion could not be formed on whether the 2000 comparative figures included in the 2001 statements are fairly presented.</p>
Rottnest Island Authority	<p>Controls and Financial Statements: The Authority did not have adequate procedures in place to ensure that controls over hotel revenue were operating effectively throughout the year. In addition, the Authority relies on information provided by third parties to determine the landing fee revenue due to the Authority. The Authority did not have controls in place to ensure the accuracy or completeness of the information provided.</p> <p>As a result of the above issues, an opinion on whether the Hotel Sales amount of \$3.6 million included in Trading Profit and \$3.2 million from Admission Fees included in Revenue from Goods and Services were fairly presented could not be formed.</p>
The National Trust of Australia (WA)	<p>Controls and Financial Statements: Internal controls over transactions relating to receipt and banking of moneys were not adequate and did not comply with legislative provisions. As a result, an opinion could not be formed on whether the amount of \$1 302 000 included as Other Revenues from Ordinary Activities in the Statement of Financial Performance was fairly presented. Extensive testing of other revenue items did not disclose any significant errors.</p> <p>Furthermore, controls over transactions relating to the expenditure of moneys were not adequate and did not comply with legislative requirements. Although the control deficiencies were significant, extensive testing did not disclose any material errors.</p>
Western Australian Greyhound Racing Authority	<p>Financial Statements: A discount received of \$99 864 for early part repayment of a loan was reported as extraordinary revenue in the Statement of Financial Performance. This revenue is not in the nature of an extraordinary item as defined in the Australian Accounting Standards and should have been recognised as part of Revenues from Ordinary Activities.</p>

Table 2: Qualified Financial Statement and Control Audit Opinions.

Source: OAG

The qualifications issued for 2000-2001 continue the trend of general improvement in this regard over the past three years since 1997-98 (see Figure 1).

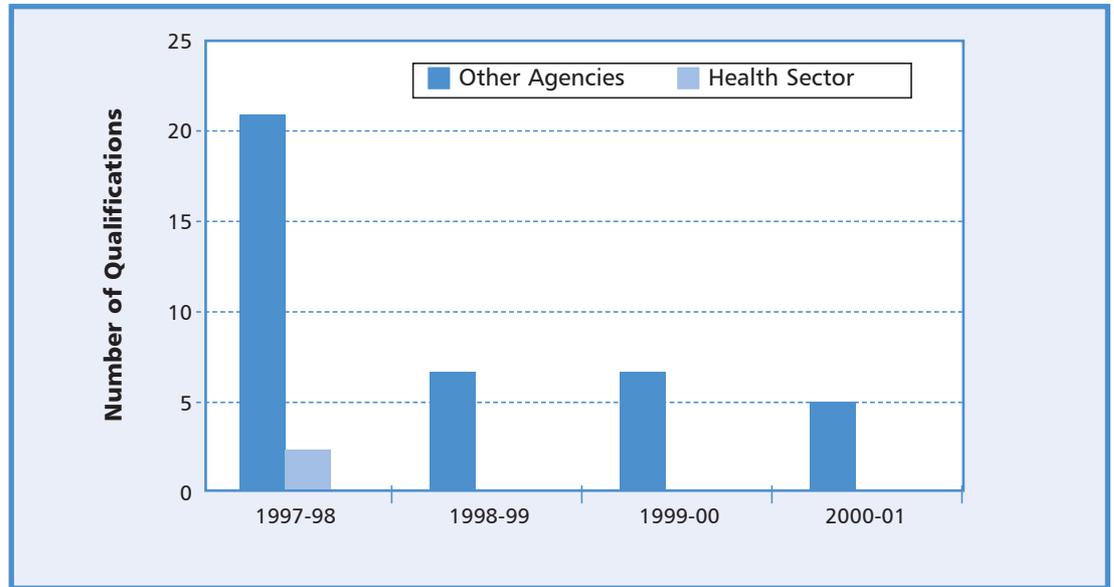


Figure 1: Number of Financial Statement and Control Qualifications 1998-2000.

There has been a general reduction in qualifications issued between 1998 and 2001.

Source: OAG

Further commentary on particular qualifications and action being undertaken, where applicable, by the agency to address the issue is outlined below:

Department of Transport

The audit opinion on the financial statements and controls of the Department of Transport was qualified again this year because the reconciliation process for its two bank accounts was not an effective check to identify and correct any errors or discrepancies between bank and departmental records. Monthly combined reconciliations included unexplained reconciling items that varied in amount from month to month, and at the end of the financial year outstanding reconciling items totalled \$2 486 000. At the time of the audit an opinion could not be formed as to whether Cash Assets of \$42 846 000 disclosed in the Statement of Financial Position and Cash of \$1 290 000 disclosed in the Schedule of Administered Items in Note 37 to the Financial Statements were fairly presented.

The Department has undertaken considerable work to resolve this reconciliation problem. However due to the complexities of the integration of the various accounting systems and the four year period over which this problem has occurred it is a resource intensive task that will take time to resolve.

National Trust of Australia (WA)

The National Trust of Australia (WA) was qualified in respect of its controls over receipting and banking. Further, as a result of these control deficiencies, an opinion could not be formed as to whether "Other Revenues from Ordinary Activities" of \$1 302 000, recognised in the Trust's Statement of Financial Performance was fairly presented. The Trust also received a qualification in respect of the inadequate controls over transactions relating to the expenditure of moneys, though extensive audit procedures did not disclose any significant errors. Weaknesses were found in the following areas, including those where a qualification was given:

- the controls over transactions relating to receipting and banking of moneys were not adequate and did not comply with legislative provisions. These included a lack of separation of duties between receipting, banking and recording functions, inadequate documentation to support bankings and extensive delays in the banking of moneys. Further, a number of receipt books could not be located or produced on audit request;
- expenditure controls were inadequate and did not comply with legislative requirements. This resulted in payments being inadequately incurred and certified, insufficient documentation to support payments and duplicate payments. Further, goods and services were ordered using processes that did not comply with the Trust's own purchasing policies, payments were incorrectly recorded against cost centre accounts and there was a lack of control over cancelled and returned cheques.
- corporate credit cards were issued without the Trust having established a corporate credit card policy setting out the responsibilities of cardholders, the nature and type of expenditures and designated limits. Although no unauthorised use of corporate credit cards was found, the audit revealed transactions that were unsupported, instances where limits were exceeded and where explanations for hospitality expenditure were not recorded;
- records of attendance and time worked were insufficient to demonstrate that payroll payments and leave entitlements are valid and accurate. In addition reconciliation procedures between the payroll system and the general ledger were inadequate; and
- an asset register was not properly maintained and assets were not subjected to periodic stock-take procedures. Depreciation rates and methods were not applied correctly.

The Trust has advised that it implemented a new accounting software package on July 1, 2001 that it considers will enhance internal controls and reconciliation processes within the system. Audit recommends that action be undertaken to update the accounting manual to reflect these new and improved control practices in order to comply with the FAAA and Treasurer's Instructions. In addition, the Trust needs to prepare annual estimates on an accrual basis in order to comply with section 42 of the FAAA.

Rottnest Island Authority

Hotel Operations

The Rottnest Island Authority (RIA) entered into a new management arrangement for the operation of the Rottnest Hotel from July 1, 2000 until a new lease agreement could be finalised. This involved the appointment (through a tender process) of a contracted manager to oversee the day-to-day management of the hotel operations under the oversight of the Authority. Unlike a lease agreement this management arrangement places control of the operations of the Hotel with the Authority. This transitional arrangement has now been in place for 17 months and will continue until such time as the new lease agreement is finalised.

Audit's review concluded that RIA did not have adequate processes in place to ensure that controls over the operations of the Hotel were operating effectively and that the requirements of the FAAA and Treasurer's Instructions were being met. Controls over the collection of revenue were found to be inadequate and controls over expenditure, inventory and asset management required improvement. Control issues included:

- receipts not being issued for all accommodation moneys received;
- void transactions from cash registers not being appropriately authorised; and
- difficulties reconciling daily cash register totals to moneys collected.

The Authority has implemented a number of improvements to strengthen internal controls to overcome the issues raised. Commencement of a new lease arrangement will fully resolve the issues faced by the Authority under the current management arrangement. The Authority expects to have a new lease in place by mid 2002.

Admission Fees

The Authority relies on information provided by third parties to determine the landing fee revenue due and does not have controls in place to verify the accuracy and completeness of this information. Therefore audit was unable to determine whether the amount of \$3.2 million included as Admission Fees in Revenue from Goods and Services is fairly presented.

Other Audit Findings

Audit procedures designed to assess the effectiveness of agency controls are an integral part of the formation of an audit opinion. Although control deficiencies in themselves may not result in the issue of an audit qualification, they need to be addressed to enable agencies to meet accountability obligations and to improve the efficiency and effectiveness of operations.

Outlined below are common control issues identified during the audit cycle and a procurement issue identified at the Metropolitan Health Service which has resulted in the commencement of a wider review of procurement practices.

3 SUMMARY OF AUDIT RESULTS (continued)

Information Technology Controls

Information Technology (IT) systems represent a significant investment for individual agencies and are integral in supporting financial management and other operational activities. The audit of key IT controls is therefore essential for determining whether reliance can be placed on the integrity, reliability and availability of IT systems.

The 2000-01 audits identified several common IT control issues across 41 agencies relating to access and security, program changes, and disaster recovery.

Access and security controls, such as passwords, are designed to prevent unauthorised changes, disclosure, or loss of valuable and confidential information. Audit findings in this area included:

- in 27 agencies, the password security settings on computer networks or systems were not adequate to prevent the discovery or abuse of passwords. For example, some systems did not limit the number of attempts to log in and others did not require regular changes to passwords;
- the level of access provided to staff in 23 agencies was not being properly approved and reviewed. This resulted in terminated or transferred staff having access to systems or functions that did not relate to their current duties; and
- in 23 agencies, access logs were not being reviewed and monitored to identify potential security breaches.

Eight agencies did not have adequate controls to ensure that authorised system modifications were properly carried out, and therefore, were at greater risk of disruption to IT systems and agency operations.

As dependency on IT systems increase, agencies need to know that they can recover their systems in the event of a minor processing error or a major incident such as fire or failure of hardware and software. Sixteen agencies did not, however, have effective disaster recovery plans to facilitate the recovery of all critical systems in a timely manner.

Reconciliations

Reconciliations involve agreeing an amount recorded in a system to another source of information. The preparation and review of reconciliations is a fundamental control for ensuring the completeness and accuracy of information. The 2000-2001 audits identified that the following reconciliations were not regularly being performed and/or reviewed in 13 agencies:

- bank reconciliations, whereby an agency's recorded bank balance is agreed to the actual cash in the bank as per the bank statement;
- reconciliations between general ledger balances and subsidiary ledgers such as asset registers and accounts receivable systems; and
- payroll reconciliations to ensure that salaries and wages reported agrees to the payroll system.

The failure to perform reconciliations on a regular basis may result in errors and irregularities going undetected for long periods, and may prove extremely time consuming and costly to rectify. An inability to ensure the completeness and accuracy of information in financial statements may also result in a qualified audit opinion.

Metropolitan Health Services; Fremantle Hospital and Health Service; Purchase of Diagnostic Ultrasonic Scanners

The State Supply Commission supply policy on "Integrity and Ethics" requires agencies to ensure that there are no actual or perceived conflicts of interest in the purchasing process. This policy is supported in the health purchasing sector by guidelines on "Ethical Business Conduct in Health Supply" issued by the Government Health Supply Council.

The potential for conflicts of interest and bias is considered to be greater when suppliers offer additional benefits (or "value added" components) when responding to public tenders. In these situations, there is a risk that suppliers may gain an unfair advantage and value for money may not be achieved.

Perceptions of conflicts of interest and bias in the procurement of diagnostic ultrasonic scanners (ultrasounds) valued at \$495 000 by Fremantle Hospital and Health Service (FHGHS) in February 2000 have been identified. Although the request for tender for the ultrasound machines did not seek "value added" components, the successful tenderer offered a \$10 000 "educational grant" and a free upgrade of an existing ultrasound machine. Two of the other four respondents also offered "value added" components. Documentation of the evaluation process shows that these "value added" components were considered in the evaluation process and influenced the decision of the tender evaluation panel.

In June 2000, the \$10 000 "educational grant" was paid into an unauthorised bank account maintained to the benefit of the FHGHS Radiology Department. Some officers of the Radiology Department were members of the evaluation panel.

It was also identified that one of the two ultrasound machines supplied by the successful tenderer was not of the required specifications but rather a more expensive model. This more expensive machine was understood to have been supplied on loan as only one of the required models was available by the contracted date. Instead of addressing this breach of contract, FHGHS accepted the non-contracted model and, in September 2000, paid an additional \$47 000 to retain it.

When FHGHS management became aware of the unauthorised bank account they immediately conducted an investigation into this matter. The bank account was closed in November 2000 and the balance transferred to an account maintained by FHGHS for the Radiology Department.

The issue of “value adding” in the health supply sector has been receiving greater attention in recent months. The State Supply Commission advised the State Tenders Committee in April 2001 that “value added” components should not be considered in the tender evaluation process (when determining value for money), except where it has been sufficiently defined in the selection criteria.

In November 2001, audit commenced a more wide ranging review of the procurement practices for medical equipment in the State public health sector. Matters of significance arising from the review will be reported to the Parliament as appropriate.

Performance Indicator Audits

The implementation of the Output Based Management initiative requires departments and statutory authorities (excluding government enterprises granted an exemption) to disclose in their annual report:

- the Government desired outcome(s) to which each output relates;
- output measures of quantity, quality, timeliness and cost. The disclosure in the annual report requires these output measures to include a comparison of actual results against targets, together with reasons for significant variations;
- key efficiency indicators for each output, relating outputs to inputs consumed; and
- key effectiveness indicators for each outcome, relating outputs to outcomes achieved.

However, only the key effectiveness and efficiency indicators are required under the FAAA to be audited. These indicators are clearly identified in the annual reports of agencies as the audited performance indicators.

Audit Qualifications

To November 30, 2001, six qualified opinions were issued in respect of the 198 agencies required to submit performance indicators, while seven agencies did not submit indicators as required by the FAAA. The major reason for non submission of performance indicators was that the agency only operated for part of the financial period.

The results of performance indicator audits for all agencies (including the health sector) are as indicated in Figure 2.

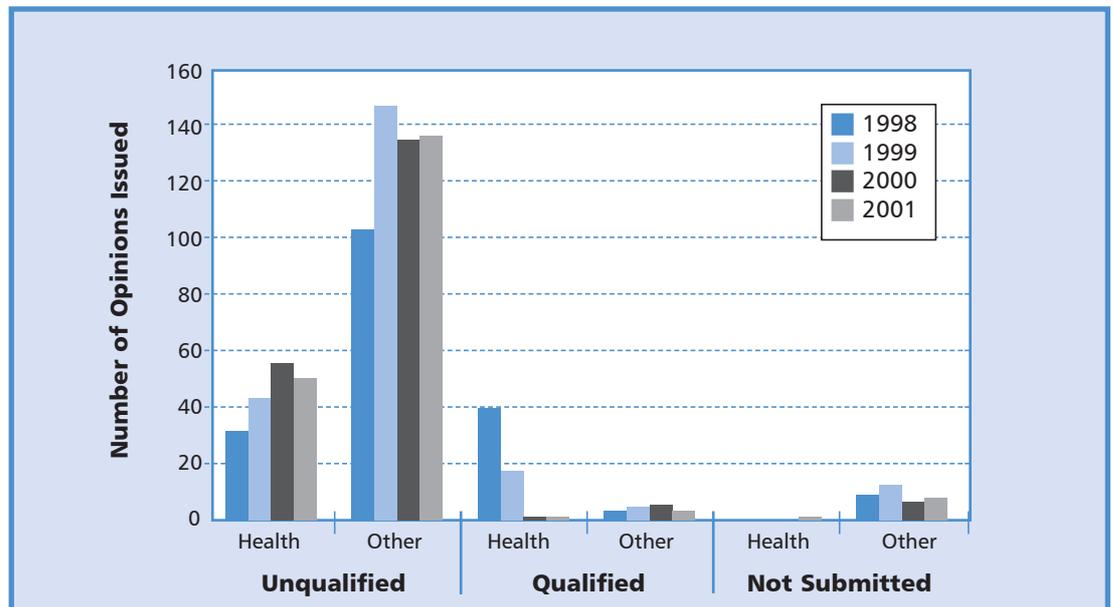


Figure 2: Results of performance indicator audits for all agencies: 1997-98 to 2000-2001.

Source: OAG

The reasons for the six qualifications are summarised below:

- Commissioner of Workplace Agreements: Effectiveness indicators were not reported. Management considered the cost of undertaking a survey was not warranted as the agency is expected to be abolished.
- Department of Land Administration: The effectiveness indicator "customer complaints per 1 000 government land actions" did not measure the extent to which the related outcome had been achieved. It was also incomplete as not all complaints had been recorded by the Department.
- Esperance Health Service: The Health Service did not report the key effectiveness indicator "elective waiting times for public patients."
- Midland Redevelopment Authority: The redevelopment project is in its early stages and as a consequence the Authority was unable to provide meaningful performance data for its key effectiveness indicators.
- Rottnest Island Authority: The number of visitors to the Island is provided by third parties and the Authority did not have controls in place to verify the accuracy or completeness of the information provided. Consequently, an opinion could not be given on the two efficiency indicators reporting on the "average cost per visitor of services" and "average cost per visitor of conserving the natural and cultural heritage."
- The Eastern Goldfields Transport Board: The Board did not report key effectiveness indicators because it has been unable to accurately measure the number and distribution of people needful of public transport in the area of its operations.

Health Sector Performance Indicators

For health sector agencies, there has been measured progress in the development of key indicators. This has resulted in a modification to the scope of health services and hospitals opinions as part of the staged process to develop more enhanced measurement of performance.

For 2001, key effectiveness indicators address the extent to which the outputs of hospitals and health services (prevention and promotion; diagnosis and treatment; and continuing care) 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"*. Hospitals and health services are required to produce key efficiency indicators for the three outputs.

During the current audit, the health sector's performance indicators were reviewed, focusing on future improvements to their relevance and appropriateness to external readers by strengthening their link to the achievement of the health outcome. For example, the indicators for:

- *"prevention and promotion"* would move from the rate of full screening of WA children to reporting the actual results of the screening, what diseases and disabilities are likely to be detected and if the screening had an impact on reducing the incidences; and
- *"continuing care"* would improve from measuring things that *"impact on quality of life"* to measuring *"improvement in quality of life"* and showing the extent to which the target population of people having continuous care for chronic illness and disability are receiving the required level of services.

Given the changes that are currently underway within the health sector, this is an opportune time to further review, develop and refine further measures and systems to better capture and report on hospitals and health services' performance and achievement of the health outcome. Consequently, the following comment has been included in the transmittal letter sent to agencies:

"Enhancement of Performance Indicators

The Health Service's key performance indicators are required to measure its efficiency in producing outputs and the extent to which it has achieved its outcome. Since 1998 the scope to our audit opinion has made reference to "the staged process to develop more enhanced measurement of performance" in recognition of the difficulties being experienced by the health sector in developing key performance measures that clearly measure outcome achievement and output performance.

It is our view that further enhancement of the key performance indicators is now required so that the Health Service's performance is more clearly communicated to Parliament and the community. It is therefore recommended that the Health Service liaise with both the Department of Health and the KPI Working Party to progress the development of more appropriate key performance indicators."

Customer Satisfaction and Market Surveys used for Performance Indicator Reporting

The results of customer and market surveys are used by many agencies as an indicator of their effectiveness. A previous audit review of 72 customer surveys conducted by 50 agencies² in 2000 found among other things, that:

- many of the surveys examined contained excessive amounts of methodological error; and
- most agencies were still failing to disclose the technical limitations of their surveys.

In order to continue the improvement in the use of surveys in performance indicators, a further review of survey usage and methodology was conducted as part of the 2001 audit cycle. Excluding hospitals and other health services, 68 agencies undertook 116 surveys in 2001 to report indicators such as market penetration, the quality of services and facilities provided, and customer awareness.

This review specifically focused on survey response rates, standard error rates and the extent to which agencies were disclosing these technical limitations in the information supporting the relevant performance indicators. Overall, there has been an improvement in the survey methodology and disclosures although there is still scope for improvement as outlined below.

Response Rates

Survey response rates are important as people who do not respond to a survey often have different views compared to those who do. This difference is called response bias and, if present, it affects the accuracy of the survey results.

As a basic guide, a response rate of at least 50 per cent is generally considered adequate in order to help minimise the effects of non-response bias. A low response rate does not necessarily mean, without undertaking further analysis, that the survey findings are biased. Good survey practice suggests however, that the amount of response bias should be routinely assessed for all surveys.

For 2001, 30 per cent of surveys examined had a response rate of less than 50 per cent (and 20 per cent not specified) which compares with 32 per cent (and 26 per cent not known/specified) in 2000. Many of the not known category are due to the survey method utilised, such as telephone surveys, where the sample size is not recorded. However, there is still room for improvement in the survey methods used and agencies should consider adopting strategies for improving response rates as outlined in the June 2001 *Public Sector Performance Report*.

Standard Error Rates

Survey findings obtained from a random sample always include a degree of sampling variability or error, and influences how survey results are interpreted.

An error rate of equal to or less than +/- five per cent, (at a 95 per cent confidence level) is generally considered to be acceptable for analysing trends over time and making comparisons. There is then a reasonable prospect that the results and conclusions drawn are appropriate for assisting users to judge the agency's performance. Standard error rates greater than +/- five per cent may mean that it is difficult to determine whether trends over time reflect agency performance or sampling variability. The best way to decrease a survey's standard error rate is to increase the number of survey respondents.

² *Public Sector Performance Report, Report No. 4, June 2001.*

3 SUMMARY OF AUDIT RESULTS (continued)

Twenty-four per cent of the surveys examined in 2001 reported a standard error rate greater than +/- five per cent (and six per cent not specified) compared with 49 per cent in 2000 (and 22 per cent not specified). Agencies should consider increasing the number of survey respondents if the standard error rate is above five per cent.

Disclosure of Technical Limitations

Performance indicators based on survey data should disclose any survey limitations, such as:

- the client population and survey sample;
- survey method;
- who conducted the survey;
- survey response rates; and
- survey error rates.

Over one-half of the survey based indicators initially submitted for audit did not disclose all of the relevant technical limitations outlined above. However, as a result of the audit process many of these disclosures were subsequently included. Agencies should ensure all relevant disclosures are included.

Timeliness of Reporting

Financial reforms and continuing enhancements to information systems over recent years have generally seen improvements in agencies' ability to meet statutory reporting deadlines³ required under the FAAA (see Table 1). However, in 2001, the impacts of the Machinery of Government review and the requirements to prepare information for the September budget, which has been presented four months later this year, contributed to an increase in the number of agencies not meeting deadlines.

	1998-1999				1999-2000				2000-2001			
	Depts	Stat Auth	Health Sector	Total	Depts	Stat Auth	Health Sector	Total	Depts	Stat Auth	Health Sector	Total
Statements not received by the statutory date	5	19	14	38	2	12	9	23	8	9	14	31
Expressed as a percentage of all agencies in that category	10%	14%	20%	16%	4%	10%	15%	10%	17%	9%	25%	16%

Table 1: Performance against reporting deadlines.

*Agencies ability to meet statutory deadlines has remained relatively constant although there was an increase in 2001.*⁴

Source: OAG

³ Most departments are required to submit statements and performance indicators by August 15, while statutory authorities must submit within two months after the end of the financial year. Corporatised entities must take reasonable steps to ensure that statements are audited by September 30.

⁴ Note: Table 1 excludes educational institutions with December 31 balance dates and cemeteries, corporatised entities and request audits which do not have legislatively imposed reporting deadlines.

Most agencies continue to forward signed statements and performance indicators on the statutory date which delays the finalisation of audit processes and the issuing of audit opinions. In contrast, a range of agencies were able to submit this information earlier which enabled audit opinions to be issued for agencies whose assets totalled \$40.1 billion, or approximately 65 per cent of total State assets, by September 30.

In addition to annual reporting, most agencies are now required to produce monthly or quarterly financial reporting to the Department of Treasury and Finance for whole of government reporting purposes. This requirement should assist agencies in improving the timeliness of year end reporting as agencies financial management information systems become fully functional and staff gain experience in accrual accounting and reporting. Other benefits, such as informed operating and management decision making, would also result from reporting more timely information.

There is evidence that best practice organisations world-wide have reduced financial statement preparation time to two days, and common practice is to produce financial reports within five to seven days of the end of the financial reporting period.⁵

The challenge now is for public sector agencies to improve the timeliness of their annual financial and performance indicator reporting. This may involve a reconsideration of how current financial reporting practices can be improved. Further strengthening of monthly management and financial reporting practices will enable the continuous preparation of high quality information throughout the year and would contribute to:

- advancing the preparation of year end financial information; and
- facilitating better informed operational and management decisions.

Quality of Financial Reporting

In 2000-01, there was a marked decline in the quality of financial reporting by a number of agencies. During the year a number of new accounting standards and amendments to existing standards were introduced, resulting in changes to financial reporting requirements. A majority of agencies failed to correctly understand and apply these changes despite "model" financial statements that incorporated these changes being made available by the Department of Treasury and Finance. Specifically, agencies failed to:

- apply changes to the presentation and format of financial statements resulting from the revised Australian Accounting Standard 1 "Statement of Financial Performance" and the new Australian Accounting Standards 36 and 37 "Statement of Financial Position" and "Financial Report Presentation and Disclosures" respectively; and
- disclose a reconciliation of the carrying amounts of each class of non-current assets as required by Australian Accounting Standard 38 "Revaluation of Non-Current Assets".

There was also a general lack of quality control, with Accountable Officers and Authorities certifying financial statements with numerous typographical errors and irrelevant, inconsistent, or missing note disclosures. In some cases, there was inadequate documentation to support the financial statements, which required additional audit resources to form an opinion as to the fair presentation of the financial statements.

⁵ From the Australian National Audit Office Best Practice Guide Building Better Financial Management Support as cited in Australian National Audit Office: Audits of the Financial Statements of Commonwealth Entities for the Period Ended June 30, 2000, Auditor-General Audit Report No. 23.

4 Control Issues

The annual attest audit of all agencies required under the FAAA is directed at forming an opinion on controls, financial statements and performance indicators. Audit tests are performed to the extent necessary under auditing standards to obtain sufficient appropriate evidence to support each opinion.

The statutory requirement for an explicit opinion on controls in the public sector reflects the higher expectation that effective controls operate to assure the integrity of the use of taxpayer moneys. Further, the public sector environment generally is not exposed to the natural rigour imposed by the competitive market environment and in consequence is not able to apply the degree of flexibility and more discretionary approach applicable in the private sector.

In view of the nature and extent of audit work undertaken as part of the annual audit, further complementary reviews of the reliability of the operations of systems and procedures are undertaken over groups of selected agencies. This provides added assurance that the individual professional judgements and conclusions reached during the course of annual attest audits are soundly based and consistent.

In the 2000-2001 audit cycle, four areas were chosen for review:

- assets;
- expenditure;
- payroll; and
- purchasing and procurement.

The following commentary summarises the results of these control audits and contains recommendations for all public sector agencies to enable them to review their own control practices and procedures, and where necessary, take appropriate action.

Assets

The Government of Western Australia's Consolidated Financial Statements for the year ended June 30, 2000 report non-current assets including land (\$13.325 billion), buildings (\$7.661 billion), infrastructure (\$18.606 billion) and plant, equipment and other (\$3.155 billion). These assets are owned and controlled by individual government agencies.

Plant, equipment and other assets include computer equipment, furniture and motor vehicles. Because of their nature agencies should have good internal controls and accounting records to ensure these assets are safeguarded against loss or improper use and that asset values are accurately reflected in financial statements.

What Is The Potential Risk?

Ineffective controls over plant and equipment asset transactions may result in:

- unauthorised or inappropriate asset purchases;
- purchased assets not being identified and recorded in asset records;
- inappropriate use or loss of assets;
- improper accounting for proceeds from the sale of assets;
- unreliable asset values; and
- non-identification of under utilised and obsolete assets.

What Did We Do?

A sample of ten agencies was selected and audits undertaken to ascertain whether adequate controls existed over plant and equipment assets. For each agency a sample of plant and equipment transactions and assets was selected for audit testing to assess whether:

- purchases were properly authorised;
- assets were being capitalised and recorded in asset registers;
- disposals were properly authorised and accounted for;
- plant and equipment records were being reconciled with accounting records and physical stocktakes;
- plant and equipment assets were adequately safeguarded against unauthorised removal and/or destruction;
- rates used for depreciating assets were regularly reviewed by management for appropriateness, and consistently applied in accordance with management policies;
- revaluations of plant and equipment were adequately supported by appropriate advice from competent valuers; and
- practices were in place to provide assurance that assets were being utilised efficiently and effectively.

What Did We Find?

For the agencies selected, controls over plant and equipment were generally found to be operating effectively. However, the following three areas were identified where agencies need to improve their current procedures and systems to enable them to effect greater control over their plant and equipment assets.

4 CONTROL ISSUES (continued)

Asset Records

Maintaining complete and accurate records of assets controlled by agencies assists in ensuring that all assets can be accounted for. These records are usually maintained in an asset register, and include details such as date of purchase, description of asset, location, identification code, cost, depreciation rate, current written down value and disposal proceeds.

The audit found that a number of asset registers were not being updated when assets were purchased, moved or disposed of and that asset registers were not being regularly reconciled to general ledger accounts. This can result in inaccurate and incomplete accounting records resulting in unreliable financial and management information.

Accounting for Assets

In a number of agencies depreciation was not always being consistently applied and asset expenditures were not always capitalised in accordance with agencies' accounting policies.

Some of these errors occurred due to staff not being fully aware of their agency's accounting policy for the capitalisation of plant and equipment expenditures.

Asset Policies and Procedures

Asset policies and procedures should be widely available to all relevant staff to assist them in the performance of their duties, assist in promoting efficient and effective practices across the agency and help promote compliance with relevant statutory responsibilities.

The audit found that several agencies had various asset policies and procedures that needed further development or enhancement in that they:

- were out of date and inconsistent with actual practices and/or State Supply Commission supply policies;
- did not provide guidance on leasing versus buying options or on what expenditures should be capitalised as assets; and
- did not provide guidance on processes to be followed when reviewing the suitability of depreciation rates.

What Should Be Done?

Agencies should:

- review the procedures for the timely update of asset registers for acquisitions, movements and disposals;
- regularly reconcile asset registers to general ledger accounts;
- review expenditures to ensure all asset acquisitions have been identified and capitalised in accordance with their accounting policies; and
- regularly review asset accounting policies and ensure relevant staff are aware of the policies.

Expenditure

The public sector spent in excess of \$5 billion on the purchase of goods and services and assets this year. Given the level of expenditure, it is important to maintain appropriate and sufficient control over the type of goods and services bought, and the amount of money spent.

Controls over the expenditure of public moneys are set out in various legislation including the *Constitution Act 1889*, the *State Supply Commission Act 1991*, the FAAA and Treasurer's Instructions, and the enabling legislation of specific government agencies. These controls operate to ensure that:

- agencies have the authority to make payments;
- payment amounts are correct;
- duplicate payments are not made;
- payments are satisfactorily recorded;
- adequate audit and management trails are maintained; and
- agencies receive value for money.

What is the Potential Risk?

Where controls over expenditure and purchasing transactions are ineffective, there is an increased likelihood of:

- incorrect payments to suppliers;
- duplicate payments;
- unauthorised payments (ie payments which do not comply with legislative requirements or agency policies);
- fraudulent payments;
- inaccurate recording of payments; and
- inappropriate purchasing practices.

What Did We Do?

In depth reviews covering expenditure transactions at seven agencies were undertaken in 2000-2001. This latest review builds on two previous reviews of expenditure at five agencies in 1998-99 and a further 12 agencies in 1999-2000.

Computer assisted audit techniques (CAATs) were utilised to analyse agencies' payments to suppliers. The CAATs were used to identify exceptions (eg the number of potential dual payments and possible split orders), to identify large payments for particular review, and to select a sample of

4 CONTROL ISSUES (continued)

payments for use in assessing the effectiveness of agency processing and authorisation controls and the accuracy of the payments. For each agency audited, 50 payments were randomly selected to assess the effectiveness of controls relating to:

- authorisation of payments by properly appointed incurring and certifying officers;
- input controls over computer processing of payments;
- re-submission of rejected transactions;
- adequacy of supporting documentation;
- accuracy of calculations and additions;
- correct classification of payments;
- obtaining tenders and quotes where appropriate; and
- purchase and receipt of goods.

What Did We Find?

Controls at six agencies were generally found to be operating effectively. However, a number of issues were raised with agency management to improve controls over the authorisation and checking of payments. One agency was considered to have significant control weaknesses, however agency management has acted to improve control systems and procedures and these were reviewed during the attest audit cycle. The review indicated that the control weaknesses originally reported as part of the focused review of expenditure have been satisfactorily addressed.

Exceptions that were identified across agencies included:

Segregation of Duties

Segregation of duties is the separation of tasks between and across staff with responsibilities relating to functions such as payments made through electronic transfer systems, and the authorising and recording of transactions. Segregation of duties is important in minimising the scope for misappropriation. However, it needs to be recognised that the extent to which segregation of duties can be achieved is dependent on the size and complexity of the agency.

Specific instances identified during the review related to:

- officers having sole access to electronic transfer systems for approving payments;
- officers who were able to create orders for goods and services, and then take receipt of those goods and services without independent review of the transaction by another person; and
- officers who were able to create and authorise changes to accounts payable systems and vendor master files without independent review.

As a result of these exceptions, agencies were not always able to demonstrate that they had an appropriate level of control over expenditure transactions which increases the risk of unauthorised or incorrect payments, and misappropriation.

Authorisation of Payments

The FAAA and Treasurer's Instructions require all payments for goods and services to be signed by properly appointed incurring and certifying officers. Responsibilities of these officers include ensuring payments are valid and satisfy legislative requirements. Audit procedures disclosed exceptions including:

- inadequate maintenance of registers of certifying and incurring officers and cheque signatories;
- payments being processed without being certified or incurred;
- payments being certified after they had been processed and paid; and
- officers either not appointed or incorrectly appointed under the FAAA.

Consequently, agencies were unable to demonstrate that all payments had been appropriately approved and independently checked prior to payment.

Duplicate Payments

Twenty-two duplicate payments totalling \$113 995 were identified by audit procedures. In all but four cases (totalling \$406), the agencies had identified the duplicate payments, though after the payment had been made, and had already taken action to recover the money. Duplicate payments were generally the result of:

- payment being made on a "pro-forma" invoice;
- having duplicate creditor and vendor details on master file lists; and
- incorrectly using dates or creditor names (and not invoice numbers) as payment reference details.

Credit Cards

The use of credit cards to facilitate the purchase of goods and services can result in significant benefits through a reduction in administration and a streamlining of purchasing procedures. Credit cards are to be used for official purposes only and it is expected that their use will comply with the same legislative requirements that apply to other expenditure transactions.

Audit procedures indicated that while the use of credit cards across the agencies was generally in line with accepted practices, exceptions were noted where:

- transactions were not supported by sufficient or adequate documentation;
- explanations for particular types of expenses, such as entertainment expenses, were not adequate;
- transaction supports were not provided in a timely manner for processing and late payment fees were incurred;
- the nature and type of transaction did not comply with the agency's stated policy on expenditure; and
- expenditure was not checked or verified independently by appropriate officers.

4 CONTROL ISSUES (continued)

Inadequate support or explanation makes it difficult for the agency to demonstrate that the expenses were for official purposes. Further, without independent checks and review of the expenditure, there is potential for the credit cards to be inappropriately used.

What Should Be Done

Management in agencies should regularly review the effectiveness of internal controls over expenditure and purchasing functions. Such regular reviews will assist in maintaining a high standard of compliance with legislative requirements.

Payroll

Background

Payroll costs are the largest expense of most public sector agencies. The Western Australian public sector employs approximately 88 000 people and pays \$4.074 billion in payroll related expenditure. In recent years several significant changes have introduced additional risk factors to payroll expenditure, including the decommissioning of centralised personnel and payroll systems, the introduction of workplace and enterprise bargaining agreements, and downsizing. Management therefore has a responsibility to ensure that these costs are adequately controlled and monitored.

What is The Potential Risk?

Ineffective controls over payroll transactions increase the likelihood of the following:

- **Authorisation** - Changes to payroll are not appropriately authorised (eg commencements, increments and allowances).
- **Existence/occurrence** – Payments made to “bogus” employees or for work not performed or for entitlements that are not due.
- **Completeness and accuracy** – Payroll transactions (including leave payments) may not be calculated in accordance with relevant awards and conditions. Arithmetic or clerical errors may be made in the processing of payroll transactions and updating of personnel records.
- **Security** – Personnel and payroll records may not be properly secured to ensure confidentiality and to prevent unauthorised changes.

What Did We Do?

A sample group of four agencies was selected and an audit performed to ascertain whether adequate controls existed over payroll.

Computer assisted audit techniques (CAAT's) were utilised to analyse the payroll data for further inquiry and to select a sample of employees' fortnightly payments for use in assessing the effectiveness of agency processing and authorisation controls and the accuracy of the payments.

What Did We Find?

Generally, controls over payroll were found to be operating effectively. However, instances were identified in one agency where particular controls lapsed resulting in payments that were not properly authorised or were inadequately supported and checked prior to payment. Exceptions identified in individual agencies have been raised with agency management and satisfactory procedures have been implemented to address the particular instances noted.

The control weaknesses most prevalent across agencies included:

- **Reconciliation between the General Ledger and the Payroll System Records**

A reconciliation needs to be performed between the General Ledger and the Payroll System records on a regular basis and this reconciliation needs to be reviewed by management. This was not occurring at three of the four sampled agencies.

- **Review of the Accuracy of Payroll Adjustments**

Payroll adjustments should be reviewed by an independent officer to ensure the accuracy of all transactions performed within the payroll system. Agencies could not demonstrate that this was always happening.

- **Payroll Verification**

Payroll output reports should be reviewed by section management to ensure that payments are not made to "bogus" employees or for work not performed or for entitlements that are not due. Review of these reports needs to be verified by a signature and returned to the payroll section. Agencies could not demonstrate that this was happening.

What Should Be Done

Agency management should regularly review the effectiveness of their internal controls over payroll functions to provide assurance to accountable officers and authorities that all payroll transactions are in accordance with legislative provisions.

Purchasing and Procurement

Western Australian government agencies spent approximately \$5.02 billion⁶ during 1999-2000 on procuring goods and services. Most agencies are required to follow State Supply policies and guidelines, or similar practices that establish a policy framework for efficient and effective purchasing in government. These policies, which cover principles such as open and effective competition and value for money, require agencies to:

- obtain written quotations where the value of the goods or services to be purchased is between \$5 000 and \$50 000 and call public tenders where the value is expected to exceed \$50 000. Sufficient verbal quotes should be obtained for purchases below \$5 000; and
- avoid bias, provide adequate and consistent information to a bidder and deal "even-handedly" with all potential suppliers.

⁶ Source – "Who Buys What - 1999/2000 Western Australian Government Purchasing Statistics" (State Supply Commission).

What is the Potential Risk?

Ineffective controls over the purchasing of goods and services may result in:

- the acquisition of goods or services that do not meet agency's needs if requirements are not clearly identified and specified;
- value for money not being obtained; and
- claims of unfair practices and possible contractual disputes.

What Did We Do?

A sample of seven agencies was selected and an audit undertaken against six high level control objectives for the procurement function, covering the process from the time that a need for the particular goods or services was identified, through to the awarding of the contract. These control objectives were:

Identifying the Need - Requests for purchases should be clearly documented and forwarded to appropriately qualified and authorised purchasing officers.

Selecting a Procurement Method - The selected method of purchasing should provide value for money to the agency by affording all potential suppliers an opportunity to bid.

Developing the Specification and Contract Documents - Invitations to quote or tender and related contract documents should be clear, precise, not biased towards any particular supplier or product, and be fair and reasonable to encourage as many potential suppliers as possible.

Seeking, Clarifying and Closing Offers - Offers should be sought widely to give all potential suppliers equal opportunity and ample time to respond.

Evaluating Offers and Choosing the Preferred Supplier - All offers received should be impartially evaluated on the selection criteria, with the total cost relating to each offer being taken into account.

Negotiating and Awarding the Contract - All contract negotiations should have the purpose of seeking a better deal from the highest ranked offer, and be fully documented. Authorised officers should confirm contracts in writing based on the terms set out by the buyer.

What Did We Find?

Overall, controls over the purchasing and procurement of goods and services were found to be operating satisfactorily across the agencies within the review sample. Minor exceptions were noted in five areas as outlined below.

- **Inadequate Quotations**

At two agencies, quotes for a number of purchases were only obtained from one supplier. This is contrary to State Supply Commission policies for the purchase of goods or services and increases the likelihood of an agency not achieving maximum value for money. In other instances, evidence that verbal quotes had been obtained had not been maintained to demonstrate that more than one quote had been obtained.

- **Extension of Contracts**

One agency had several contracts that had expired, however services were still being received. No formal extensions to the contracts had been granted. The agency was not able to demonstrate that the informally extended contract provides maximum value for money. In addition, the absence of a binding contract could result in financial loss in the event of a dispute.

- **Purchase Orders**

One agency rarely used purchase orders. Consequently the agency may accept and pay for goods and services which are not in accord with ordered quantities, specifications and at the agreed price. Furthermore, a purchase order forms a legally binding document for the supply of goods and services, provides a record of who authorised the purchase and allows an agency to identify commitments.

- **Disclosing Financial Interests of Staff**

Four of the seven agencies did not have records of, or procedures in place to record the financial interests of staff that could impact on the probity of the purchasing function. Without a register or other procedures for identifying and recording any financial interests of staff, there is potential for bias in the decision making process. This could result in the agency not achieving the best value for money purchase or raise concerns about the probity of purchasing.

- **Purchasing Policy and Procedures Manual**

Two agencies had not updated their purchasing procedures to take into account their current practices. Outdated manuals increase the likelihood of new employees not being totally conversant with their full responsibilities. This could result in non-compliance with State Supply policies, the FAAA or other applicable legislation.

What Does this Mean?

Although controls were generally satisfactory in the areas covered by the audit, there is a need to enhance current practices at some agencies to ensure transparency and maximise value for money from the procurement process.

What Should be Done?

Agencies should:

- obtain adequate quotations for all purchases. Where verbal quotes are required, a record should be maintained of those quotes. If more than one quote is not obtained (if a sole supplier or common use contract situation applies) this fact should be noted as the reason for not obtaining other quotes;
- establish procedures whereby staff involved in the ordering, procuring or the approving of payment for goods or services periodically declare any financial interests that they may have in procurement; and
- when the expiry date of a contract is reached, a new procurement process should be initiated.

5 Accounting and Contemporary Issues

While the annual cycle of attest audits is primarily designed to enable the formation of an opinion on the controls, financial statements and performance indicators of individual agencies, matters of wider significance are noted. These issues are included in this report to provide an independent commentary on public sector accountability and performance issues.

Sale of Public Sector Assets

During the 2000-2001 financial year, the government completed negotiations to sell two significant areas of public sector business, namely the Westrail freight business and the Gas Corporation (AlintaGas). In view of the significance of these transactions and their impact on individual agency and government wide reporting, an overview of the sale transactions and the accounting disclosures shown in the audited financial statements is provided below:

Westrail Freight Business

Sale of Freight Business

On December 17, 2000, The State sold the Westrail freight business to the Australian Railroad Group (ARG). ARG purchased all of the freight business assets with the exception of the below-rail infrastructure (ie the railway lines and associated land reserve). Ownership of the below-rail infrastructure remains with WAGR and ARG has entered into a 49 year operating lease for its use.

As a result of the sale ARG:

- acquired assets used by WAGR for the freight business including rolling stock and equipment;
- assumed responsibility for all of WAGR's freight contracts, access contracts, supply contracts and related contracts of the freight business;
- gained the right to operate the freight terminals at Kwinana, Forrestfield, Picton, Albany, Narngulu, Kalgoorlie, Merredin and Avon Yard;
- acquired staff houses and barracks; and
- leased accommodation in the Westrail Centre and other WAGR facilities for an initial period of up to two years.

The agreed purchase price for the freight business assets was \$265 million, which included \$213.6 million for plant and equipment, \$19 million for inventory and \$32.4 million for capital works in progress. The sale agreement also contained provisions for certain post-sale adjustments to reflect the difference between the pre-sale estimates of inventory, capital expenditure and employees' leave entitlements and the actual values at settlement date. These post-sale adjustments totalled \$4.9 million resulting in net sale proceeds of \$260.1 million.

WAGR's financial statements for the year ended June 30, 2001 reported a loss of \$116 million on the sale of the freight business. This loss was determined after deducting the book value of the assets sold (\$310 million), employee related expenses (\$47 million) and sale expenses (\$19 million) from the net sales proceeds.

Lease of Rail Freight Network

Associated with the sale WAGR entered into a Rail Freight Corridor Land Use Agreement and Rail Infrastructure Lease for each of the Standard Gauge Network and Narrow Gauge Network with ARG subsidiaries. Both rail infrastructure leases are identical and are for a term of 49 years. The leases require the network lessees to maintain the leased rail infrastructure "fit for purpose" and to return it to WAGR on the expiration of the lease term in a condition not worse than "fit for purpose".

The annual lease rentals for the rail infrastructure for the 49 years were fully prepaid at the inception of the lease and amounted to \$292.5 million. The book value of the leased rail infrastructure at June 30, 2000 was approximately \$495 million.

Utilisation of Sales Proceeds

The gross proceeds of approximately \$557 million, which comprised the freight business purchase price of \$265 million and prepaid lease rentals of \$292.5 million, were mainly utilised to retire WAGR debt. The State also received \$27.5 million in stamp duty on the transactions.

Other Matters

The State has provided a specific warranty in relation to pre-existing environmental contamination at certain freight terminals which were sold. The State's liability is capped at \$10 million, and exists for seven years. The State has also provided a general warranty, capped at \$10 million, for one year, in respect to the sale including the State's right to operate and sell the business, compliance with legislation, disclosure of accurate material information, and the non-existence of undisclosed liabilities, encumbrances, restrictions, claims or disputes that may affect the Purchaser.

The State has also provided various guarantees and indemnities in relation to the cross border lease arrangements for the freight rolling stock transferred to the purchaser. The potential liability to the State is up to \$70 million in the event of a default. The potential liability and risks are similar to what existed before the sale.

Gas Corporation (AlintaGas)

On December 24, 1999 the Governor assented to the *Gas Corporation (Business Disposal) Act 1999* ("the Act"). The Act authorised the sale of the gas distribution and gas trading and retail businesses conducted by the Gas Corporation (trading as AlintaGas).

The Act also required the Auditor General to examine and report on certain matters relating to "any obligations, duties, or liabilities taken over by or imposed on the State", and any "indemnities or guarantees given by or on behalf of the State", within 60 days of the proclamation of Part 6, Division 3 of the Act, which occurred on December 16, 2000. This requirement was discharged on February 14, 2001 with the tabling of Report Number 1, *Sale of the Corporation's Businesses*. It was concluded that "the commitments imposed on the State by virtue of the sale of the businesses of the Gas Corporation were normal and consistent with a transaction of this nature".

Sale Process

The State received total gross sale proceeds of \$971 million from the sale of the Gas Corporation, which included \$45.7 million in stamp duty. The process for the sale comprised four major steps:

- On June 30, 2000 the Gas Corporation entered into an agreement for the sale of the AlintaGas businesses to AlintaGas Limited (the holding company), AlintaGas Networks Pty Ltd and AlintaGas Sales Pty Ltd (together as the buyer). These companies had been set up to be the corporate vehicle through which the sale would be conducted.
- The final adjusted price paid by AlintaGas Limited (the holding company) was \$711.8 million comprising cash of \$411.2 million which was paid to the State, 160 million loan notes (value of \$20 million) and 159 999 995 ordinary shares (value \$280.6 million). These loan notes and shares are together known as a stapled security. In addition an amount of \$38.8 million was paid in stamp duty on the Agreement for Sale. AlintaGas Limited borrowed \$450 million to finance this transaction.
- The second stage involved the sale of the business through a cornerstone initial public offering. This involved selling a significant ownership interest in the business to a cornerstone investor through a competitive tender and the sale of the remaining stapled securities to retail and institutional investors in a public offer by way of an offer document. On July 31, 2000 WA Gas Holdings Pty Limited was announced as the successful cornerstone bidder for 45 per cent of the issued stapled securities of AlintaGas Limited for a consideration of \$312.6 million plus stamp duty of \$6.9 million.
- The remaining 55 per cent of stapled securities in AlintaGas limited were issued to retail and institutional investors and realised \$201.5 million. The shares listed on the Australian Stock Exchange on October 17, 2000.

Wind-up of the Gas Corporation

With the sale of its gas businesses to the AlintaGas Group and the completion of the sale of the stapled securities to the cornerstone investor and the retail and institutional investors on October 17, 2000 steps were taken to wind-up the Gas Corporation. The audit opinion on the final statements of the Corporation was issued on December 15, 2000. The remaining assets comprising cash and receivables of \$6.9 million and land of \$3.9 million (AlintaGas Limited has a two year option to purchase ending December 16, 2001), together with current liabilities of \$2.5 million were transferred to the Minister for Energy and the *Gas Corporation Act* was repealed.

Finalisation of State's Light Vehicle Fleet (Matrix) Leasing Arrangement

In 1996 the Government entered into a private sector funded fleet leasing arrangement with the intention of achieving savings in the financing and overall management of the Government's vehicle fleet. Changes in Commonwealth tax laws and a drop in the second-hand vehicle market have resulted in the arrangement no longer being beneficial to the State. On May 11, 2001 Cabinet approved a range of actions to address the position of the State's light vehicle fleet leasing arrangement (Matrix). Subject to good faith negotiations with the other parties on a restructure to restore the viability of the transaction, the options included termination of the transaction and bringing the financing of the vehicle fleet back under Government control.

On May 30, the State Supply Commission (Commission) delegated to Treasury powers relating to the existing fleet lease transaction and the future funding, management and operation of the vehicle fleet. Among the powers delegated to Treasury was the power to borrow moneys under section 31 of the *State Supply Commission Act*. As a result of this a debt facility of \$250 million has been arranged with the Western Australian Treasury Corporation to make payments related to the winding up and to fund ongoing acquisition and replacement of vehicles.

Negotiations with the investor banks did not produce a means of restructuring the transaction to restore the economic benefit to a level acceptable to the Government. Consequently, on August 17 the Government issued formal termination notices to the relevant parties as provided in the contract. Treasury, on behalf of the Commission, is taking steps to ensure that the Government does not suffer undue financial disadvantage from the extended termination timeframe.

In June 2001, the Commission commenced funding cars from borrowing and then leasing them direct to agencies rather than through the terminating fleet lease contract. Under this new arrangement the Commission expects that light vehicle fleet operations will be self-funding from the vehicle lease rents paid by client agencies.

Audit is satisfied that the accounting treatment of transactions relating to the termination of the Matrix contract, the \$250 million debt facility through the Western Australian Treasury Corporation are fairly presented and adequately disclosed in the Commission's financial statements.

The State Superannuation Act: Changes to Superannuation Arrangements

The *Government Employees Superannuation Act 1987* was repealed on February 17, 2001 with the proclamation of the *State Superannuation Act 2000*. This Act provides for superannuation schemes for persons working for:

- the Crown;
- the Government of Western Australia;

- Ministers of the Crown; or
- certain authorities, bodies and persons.

Superannuation schemes operating under the *Government Employees Superannuation Act 1987* prior to repeal of the Act are continued as superannuation schemes under the new Act. State Superannuation Regulations 2001 governing the operation of superannuation schemes took effect from February 16, 2001. Further regulations titled "State Superannuation Amendment Regulations 2001" took effect from July 1, 2001.

West State Superannuation Scheme

West State Super (WSS) was set up as a consequence of the Commonwealth's *Superannuation Guarantee (Administration) Act 1992* which required employers to provide superannuation support for their employees from July 1, 1992. It is an accumulation scheme designed to cater for all government employees not contributing to other State Superannuation Schemes. Employing agencies are required to contribute a percentage of a member's salary, currently eight per cent.

The Regulations gazetted on June 29, 2001 allow the Government Employees Superannuation Board (Board) to establish one or more investment plans with asset allocations determined by the Board. Five different investment plans have been established to allow members to choose between different investment strategies (eg Growth or Conservative Plans). This is known as Member Investment Choice (MIC) and commenced on July 1, 2001.

In order for the Board to offer MIC, they needed to develop investment plans and allocate assets to those plans to determine the rate of return payable to members of the plan. The Board was of the view that the best way of achieving the appropriate rate of return was for the Board to have all the member funds available to invest in the plans of their choice. This raised a number of issues as a substantial amount of the WSS was unfunded. This unfunded liability was primarily for employees of departments, as departments did not contribute to the WSS, with the Treasurer assuming the liability and paying the Board when the member became entitled to payment of the benefit.

As a result of discussions between Treasury and the Board the State Government agreed to discharge the unfunded liability in West State Super through an amortisation arrangement which provided the GESB with a fixed income stream over the next 20 years. Over the 20 year life of the amortisation arrangement the Treasurer will pay the Board \$1.157 billion. However, to introduce MIC the Board needed all member accounts to be fully funded from July 1, 2001. This fixed amortisation income stream provided the opportunity for the Board to borrow in order to fully fund member accounts ready for MIC.

In accordance with the *State Superannuation Act 2000* the Board sought Treasurer's approval for the borrowing. The unfunded liability of \$632.091 million was calculated effective June 30, 2001. Approval was given to the Board to borrow \$634.629 million, which included \$2.539 million to cover associated costs. Audit concluded that this transaction is fairly presented and adequately disclosed in the Board's financial statements.

HIH Collapse

On March 14, HIH Casualty & General Insurance Limited (HIH) was placed in provisional liquidation in New South Wales. The consequences for the Western Australian government of this event are summarised below:

Activating provisions of the Employers' Indemnity Supplementation Fund Act 1980

The major impact of HIH's collapse was that it activated provisions of the Employers' Indemnity Supplementation Fund Act 1980. The Act requires the Workers' Compensation and Rehabilitation Commission (WorkCover) to establish the "Supplementation Fund" as an account at the Treasury to be used to pay awards for workers' compensation and for damages arising from injury or death to a worker when their employer's insurer does not pay due to the insurer having been dissolved. The Fund primarily consists of a one per cent surcharge on premiums paid by employers to insurance companies for workers' compensation insurance and also from a surcharge equivalent to one per cent from employers who have approval to self insure. To cover potential claims on the Fund resulting from the HIH collapse, on June 7, 2001 the Employers' Indemnity Supplementation Fund Amendment Act 2001 provided for a maximum five per cent surcharge on premiums on renewal of policies to be charged until June 30, 2006 after which it reverts back to one per cent.

WorkCover engaged an actuary who assessed the outstanding claims liability at \$122.3 million, which included \$5.7 million for claims handling expenses. WorkCover recognised this liability of the Supplementation Fund in their financial statements at June 30, 2001.

However, legal advice on the interpretation of the Act concluded that the Insurance Commission of Western Australia (ICWA) had the obligation to meet claims against the Supplementation Fund in the first instance. Consequently ICWA recognised an actuarially determined outstanding claims provision in relation to workers' compensation claims liability of \$119.2 million at June 30, 2001. As ICWA was entitled to recover all claims and expenses from the Supplementation Fund, a corresponding right of indemnity was raised as an asset. A difference of \$2.4 million in ICWA's statements relates to claims paid to June 30, 2001 but not reimbursed from the Fund at that time.

Agencies authorised to arrange their own insurance cover

ICWA also administers the Government's self-insurance arrangements through the RiskCover Managed Fund. This Fund provides cover for workers' compensation, property, public liability and motor vehicle risks for the majority of public sector agencies.

A number of agencies have authority to arrange insurance outside that offered by RiskCover. Advice from agencies to date has been that potential financial loss from the HIH collapse is minimal.

5 ACCOUNTING AND CONTEMPORARY ISSUES (continued)

- The Grain Pool and Fire and Emergency Services Authority (FESA) advised that they had no policies with HIH. FESA also advised that HIH had not remitted all the fire levies expected to be charged from policies written in Western Australia. However the shortfall in fire levy income will be raised from increasing the contributions paid by all other insurers.
- Gold Corporation advised that their only insurance with HIH was for trade debtors and that the policy was close to renewal and there were no outstanding claims.
- The State Housing Commission and Government Employees Housing Authority advised that they would only incur losses on the unexpired period of their property insurance policy.
- Water Corporation and Western Power Corporation also incurred losses on the unexpired period of insurance placed with HIH. The main area of potential loss for these two Corporations is under public liability insurance where the agencies consider their existing claims to be minor but there is potential for public liability claims to be lodged in the future for past events.

Investments

The State's major investing bodies, ICWA and the Government Employees Superannuation Board have advised that they did not hold shares in HIH at the time of the collapse. No exercise has been undertaken to determine if other State bodies have suffered loss from the holding of HIH shares at the time of the collapse. Losses would be limited to those bodies with the power to invest.

Follow-up of Corporate Governance Issues

In the Report on Ministerial Portfolios at December 1, 2000 (Report No. 10, December 2000) two issues concerning corporate governance were reported. During the 2000-2001 audit cycle, the status of these two issues were reviewed to determine whether action had been taken to implement the reported recommendations.

Inconsistencies in Disclosure Requirements

As reported last year, changes were made to the *Corporations Law* resulting from the *Companies Review Act* amendments which came into effect on July 1, 1998. Key amendments related to the extension of information required in annual directors' reports and in particular, the manner of information disclosed by publicly listed companies on the remuneration of each director and the five highest paid officers. Audit recommended that the enabling legislation of public sector corporations should be reviewed in recognition of the current provisions of the *Corporations Act 2001*.

At June 30, 2001 these *Companies Review Act* amendments have yet to be incorporated into the enabling legislation of all ten public sector corporations, being eight port authorities and two corporations working under arrangements that enable them to operate in a manner similar to public companies.

However, the Water Corporation chose voluntarily to adopt the equivalent of the mandatory level of disclosure of senior officers' remuneration required of publicly listed companies whilst Western Power decided not to. In respect of the port authorities, the (then) Minister for Transport considered the issue and using his discretion in the *Port Authorities Act 1999* decided that he would not take action in respect to this audit recommendation at this point in time. It was determined that this matter be further considered when the Act has been in operation for three years.

Statement of Corporate Intent – Corporatised Entities

At the core of the accountability requirements for corporatised entities is the need to prepare, each year, a strategic development plan and a statement of corporate intent. The latter is a form of contractual agreement between the corporations and the Government, and facilitates an evaluation of the corporations' performance each year. Within the *Water Corporation Act 1995*, the *Electricity Corporation Act 1994* and the *Port Authorities Act 1999* there are a number of provisions that enable Parliament to be sufficiently informed in respect of the Corporations' overall plans and objectives for the forthcoming year.

In the 2000 Ministerial Portfolio Report, it was reported that Western Power Corporation's Statements of Corporate Intent for the financial year ending June 30, 2000 and June 30, 2001 respectively were submitted to the Minister by April 30 of the preceding year as required. However, the then Minister had not formally agreed to these nor was a written direction provided by the Minister. Subsequent to that Report the Minister approved the 2001 Statements of Corporate Intent.

During this year's audit cycle, it was noted that Statements of Corporate Intent for Western Power Corporation and the Water Corporation for the financial year ending June 30, 2002 were submitted to the respective Ministers by April 30, 2001 as required. However, the Ministers did not formally agree to these, nor was a written direction subsequently provided by the Ministers pursuant to the relevant Acts. As a consequence the latest draft Statement of Corporate Intent became the current contractual agreement between the corporations and the Government. Although this situation is provided for in the enabling legislation, Parliament has effectively not had the opportunity to consider the drafts or deliberate the contents.

It was also noted that a similar situation had arisen with the eight port authorities for their Statements of Corporate Intent for the year ending June 30, 2002. All but one of the eight port authorities had submitted their Statement of Corporate Intent by the due date (March 31, 2001). However, the Minister had not approved these statements.

Recommendations

It is again recommended:

- that the enabling legislation of public sector corporations be reviewed in recognition of the current provisions in the *Corporations Act 2001*; and
- that the Statement of Corporate Intent for corporatised entities be agreed in a timely manner or a Ministerial Direction be issued.

6 Summary Results of Agency Audits

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

The Legislature

The three parliamentary departments comprising the Legislature are included in this section.

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 conducted under the FAAA are reported on a Ministerial Portfolio basis.

Audits of subsidiary bodies conducted under the *Corporations Act 2001* 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, 2000 to June 30, 2001. Performance indicators are only required for agencies reporting under the FAAA. These opinions are issued on the same date as the financial statement audit opinions.

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

The Legislature

Parliamentary Departments

Audit Opinions

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Administration of the Legislative Assembly	✓	Not submitted	31/10/2001
Administration of the Legislative Council	✓	Not submitted	31/10/2001
Administration of the Joint House Committee	✓	Not submitted	31/10/2001

Reason for Non Submission

As in previous years, the Parliamentary Departments have not submitted performance indicators as required by the FAAA.

Ministerial Portfolios

Premier; Minister for Public Sector Management; Federal Affairs; Science; Citizenship and Multicultural Interests

Audit Opinions

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Anti-Corruption Commission	✓	✓	30/11/2001
Governor's Establishment	✓	✓	12/10/2001
Ministry of the Premier and Cabinet	✓	✓	15/10/2001
Office of Citizenship and Multicultural Interests (Final Audit)	✓	✓	04/10/2001
Office of the Public Sector Standards Commissioner	✓	✓	15/10/2001
Parliamentary Commissioner for Administrative Investigations	✓	✓	31/10/2001
Western Australian Drug Abuse Strategy Office (Final Audit)	✓	Not submitted	11/10/2001

Reason for Non Submission

Approval was received from the Treasurer under section 65A of the FAAA excluding the Office from the requirement to prepare performance indicators for the purposes of the final report.

Request Audits

Ngala Inc	✓	NA	26/09/2001
South West Cogeneration Joint Venture	✓	NA	27/09/2001
Tertiary Institutions Service Centre (Inc)	✓	NA	14/09/2001
The Director of Legal Aid and Others in Trust	✓	NA	30/08/2001

Request Audits in Progress/Not Submitted

Consolidated Financial Statements for the State of Western Australia

Beverley Frail Aged Lodge (Inc.) (Final Audit)

Foundation for Advanced Medical Research Inc

Friends of the KEMH Inc

Rottneest Island Railway Trust

Deputy Premier; Treasurer; Minister for Energy

Audit Opinions

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Western Power Corporation	✓	NA	18/07/2001
Subsidiary: Wind Energy Corporation Pty Ltd	✓	NA	04/10/2001
Gas Corporation (Final Audit: 1/7/2000 - 15/12/2000)	✓	NA	15/12/2000
Office of Energy	✓	✓	15/10/2001
Perth International Centre for Application of Solar Energy	✓	✓	28/11/2001
State Revenue Department (Final Audit)	✓	✓	21/09/2001
The ANZAC Day Trust (1/1/00 - 31/12/00)	✓	✓	20/04/2001
Treasurer's Annual Statements	✓	NA	31/10/2001
Treasury Department	✓	✓	15/10/2001
Western Australian Gas Disputes Arbitrator	✓	✓	23/11/2001
Western Australian Independent Gas Pipelines Access Regulator	✓	✓	23/11/2001
Western Australian Treasury Corporation	✓	✓	03/09/2001

6 SUMMARY RESULTS OF AGENCY AUDITS (continued)

Minister for Agriculture, Forestry and Fisheries; the Midwest, Wheatbelt and Great Southern

Audit Opinions

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Agricultural Practices Board of Western Australia	✓	✓	28/11/2001
Agricultural Produce Commission	✓	✓	28/11/2001
Agriculture Western Australia	✓	✓	31/10/2001
Dairy Industry Authority of Western Australia (Final Audit 1/7/00 - 13/7/00)	✓	Not submitted	18/04/2001
<u>Reason for Non Submission</u>			
The Authority ceased trading on 13/7/00 and performance indicators were not submitted for the part financial period.			
Fisheries Western Australia	✓	✓	15/10/2001
Forest Products Commission	✓	✓	28/11/2001
Landcare Trust	✓	✓	27/11/2001
Perth Market Authority	✓	✓	30/11/2001
Rural Business Development Corporation	✓	✓	29/11/2001
The Agriculture Protection Board of Western Australia	✓	✓	27/11/2001
The Grain Pool of WA (1/11/99 - 31/10/00)	✓	✓	21/12/2000
Subsidiary: AgraCorp Pty Ltd (1/11/99 - 31/10/00)	✓	✓	21/12/2000
The Potato Growing Industry Trust Fund Advisory Committee	✓	✓	28/11/2001
The Poultry Industry Trust Fund Committee(1/8/00 - 31/7/01)	✓	✓	30/11/2001
Western Australian Meat Industry Authority	✓	✓	28/11/2001

Audits in Progress

Potato Marketing Corporation of Western Australia

The Western Australian Egg Marketing Board

Not Submitted

Dried Fruits Board (Final Audit)

Minister for Housing and Works; Local Government and Regional Development; the Kimberley, Pilbara and Gascoyne

Audit Opinions

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Country Housing Authority	✓	✓	14/09/2001
Department of Contract and Management Services (Final Audit)	✓	✓	15/10/2001
Department of Local Government	✓	✓	31/10/2001
Fremantle Cemetery Board	✓	✓	23/11/2001
Gascoyne Development Commission	✓	✓	30/11/2001
Goldfields Esperance Development Commission	✓	✓	28/11/2001
Government Employees' Housing Authority	✓	✓	28/09/2001
Government Projects Office (Final Audit)	✓	✓	15/10/2001
Great Southern Development Commission	✓	✓	29/11/2001
Keep Australia Beautiful Council (WA)	✓	✓	30/11/2001
Kimberley Development Commission	✓	✓	23/11/2001
Metropolitan Cemeteries Board	✓	✓	21/11/2001
Mid West Development Commission	✓	✓	28/11/2001
Peel Development Commission	✓	✓	29/11/2001
Pilbara Development Commission	✓	✓	23/11/2001
South West Development Commission	✓	✓	29/11/2001
State Supply Commission	✓	✓	30/11/2001
The State Housing Commission	✓	✓	31/08/2001
Subsidiaries: Homeswest Loan Scheme Trust	✓	NA	17/08/2001
Keystart Bonds Limited	✓	NA	17/08/2001
Keystart Housing Scheme Trust	✓	NA	17/08/2001
Keystart Loans Limited	✓	NA	17/08/2001
Keystart Support (Subsidiary) Pty Ltd	✓	NA	17/08/2001
Keystart Support Pty Ltd	✓	NA	17/08/2001
Keystart Support Trust	✓	NA	17/08/2001
Western Australian Building Management Authority	✓	✓	31/10/2001
Wheatbelt Development Commission	✓	✓	30/11/2001

6 SUMMARY RESULTS OF AGENCY AUDITS (continued)

Minister for Housing and Works; Local Government and Regional Development; the Kimberley, Pilbara and Gascoyne (continued)

Audit Opinions

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
<i>Cemeteries Act Audits</i>			
Cemetery Boards audited under the <i>Cemeteries Act</i> do not have a statutory date for submitting financial statements.			
Details of Cemetery Board audits completed are as follows:			
Chowerup Cemetery Board (1/7/99 - 30/6/00)	✓	NA	18/01/2001
Nabawa Cemetery Board	✓	NA	29/08/2001
Upper Preston-Lowden Cemetery Board (1/7/99 - 30/6/00)	✓	NA	20/04/2001

Audits in Progress

Albany Cemetery Board

Bunbury Cemetery Board

Dwellingup Cemetery Board

Geraldton Cemetery Board

Kalgoorlie-Boulder Cemetery Board

South Caroling Cemetery Board

Not Submitted

Chowerup Cemetery Board

Upper Preston-Lowden Cemetery Board

Minister for Consumer and Employment Protection; Training

Audit Opinions

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Building and Construction Industry Training Board	✓	✓	16/11/2001
Commissioner of Workplace Agreements	✓	Qualification	14/09/2001
<u>Reason for Qualified Opinion</u>			
Effectiveness indicators were not reported by the Commissioner. Management considered the cost of undertaking a survey was not warranted as the agency is expected to be abolished.			
Construction Industry Long Service Leave Payments Board	✓	✓	08/11/2001
Department of Productivity and Labour Relations (Final Audit)	✓	✓	14/09/2001
Department of the Registrar, Western Australian Industrial Relations Commission	✓	✓	21/09/2001
Ministry of Fair Trading (Final Audit)	✓	✓	11/10/2001
Real Estate and Business Agents Supervisory Board	✓	✓	09/11/2001
Settlement Agents Supervisory Board	✓	✓	09/11/2001
Western Australian Department of Training and Employment	✓	✓	28/09/2001
Workers' Compensation and Rehabilitation Commission	✓	✓	28/08/2001
WorkSafe Western Australia (Final Audit)	✓	✓	04/10/2001

6 SUMMARY RESULTS OF AGENCY AUDITS (continued)

Attorney General; Minister for Justice and Legal Affairs; Electoral Affairs; Peel and the South West

Audit Opinions

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Commissioner for Equal Opportunity	✓	✓	12/10/2001
Law Reform Commission of Western Australia	✓	✓	29/11/2001
Legal Aid Commission of Western Australia	✓	✓	29/08/2001
Legal Contribution Trust (1/1/01 - 30/6/01)	✓	✓	21/11/2001
Legal Contribution Trust (1/7/00 - 31/12/00)	✓	✓	20/04/2001
Legal Costs Committee	✓	✓	26/11/2001
Ministry of Justice	✓	✓	11/10/2001
Office of the Director of Public Prosecutions	✓	✓	15/10/2001
Office of the Information Commissioner	✓	✓	12/10/2001
Office of the Inspector of Custodial Services	✓	✓	26/10/2001
Professional Standards Council (1/1/00 - 31/12/00)	✓	✓	31/05/2001
Public Trustee	✓	✓	21/11/2001
Western Australian Electoral Commission	✓	✓	12/10/2001

Minister for the Environment and Heritage

Audit Opinions

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Conservation Commission of Western Australia (Final Audit: 16/11/00 - 30/6/01)	✓	Not submitted	04/10/2001
Reason for Non Submission			
The Commission commenced operations on 16/11/2000 and in consequence operated for only part of the year.			
Department of Conservation and Land Management	✓	✓	26/09/2001
Department of Environmental Protection	✓	✓	23/10/2001
Heritage Council of Western Australia	✓	✓	23/11/2001
Office of Water Regulation	✓	✓	04/10/2001
Swan River Trust	✓	✓	22/11/2001
The National Trust of Australia (WA)	Qualified	✓	30/11/2001
Reason for Qualification			
Internal controls over transactions relating to the receipt and banking of moneys were not adequate and did not comply with legislative provisions. As a result, an opinion could not be formed on whether the amount of \$1 302 000 included as Other Revenues from Ordinary Activities in the Statement of Financial Performance was fairly presented. Extensive testing of other revenue items did not disclose any significant errors.			
Furthermore, controls over transactions relating to the expenditure of moneys were not adequate and did not comply with legislative requirements. Although the control deficiencies were significant, extensive audit testing did not disclose any material errors.			
Water and Rivers Commission	✓	✓	16/11/2001
Zoological Gardens Board	✓	✓	26/11/2001

Audits in Progress

Botanic Gardens and Parks Authority

6 SUMMARY RESULTS OF AGENCY AUDITS (continued)

Minister for Police and Emergency Services; Minister Assisting the Minister for Planning and Infrastructure

Audit Opinions

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Fire and Emergency Services Authority of Western Australia	✓	✓	06/11/2001
Police Service	✓	✓	07/09/2001
Western Australian Fire Brigades Superannuation Board	✓	✓	30/10/2001

Minister for Planning and Infrastructure

Audit Opinions

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Albany Port Authority	✓	NA	28/09/2001
Broome Port Authority	✓	NA	28/09/2001
Bunbury Port Authority	✓	NA	14/09/2001
Commissioner of Main Roads	✓	✓	24/10/2001
Dampier Port Authority	✓	NA	28/09/2001
Department of Land Administration	✓	Qualification	15/10/2001
<u>Reason for Qualification</u>			
The effectiveness indicator "customer complaints per 1000 government land actions" did not measure the extent to which the related outcome had been achieved. It was also incomplete as not all complaints had been recorded by the Department.			
Department of Transport	Qualification	✓	15/10/2001
<u>Reason for Qualification</u>			
Monthly combined reconciliations of the Department's two bank accounts included unexplained reconciling items that varied in amount from month to month. As the combined reconciliations had not been finalised and there was \$2 486 000 in outstanding reconciling items at reporting date, an opinion could not be formed on whether Cash Assets of \$42 846 000 in the Statement of Financial Position and Cash of \$1 290 000 in the Schedule of Administered Items were fairly presented.			
East Perth Redevelopment Authority	✓	✓	30/11/2001
Esperance Port Authority	✓	NA	28/09/2001
Fremantle Port Authority	✓	NA	31/08/2001
Geraldton Port Authority	✓	NA	28/09/2001
Metropolitan (Perth) Passenger Transport Trust	✓	✓	13/11/2001
Midland Redevelopment Authority	✓	Qualification	30/11/2001
<u>Reason for Qualification</u>			
The redevelopment project is in its early stages and as a consequence the Authority was unable to provide meaningful performance data for its key effectiveness indicators.			

6 SUMMARY RESULTS OF AGENCY AUDITS (continued)

Minister for Planning and Infrastructure (continued)

Audit Opinions

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Ministry for Planning	✓	✓	15/10/2001
Port Hedland Port Authority	✓	NA	28/09/2001
Subiaco Redevelopment Authority	✓	✓	30/11/2001
The Eastern Goldfields Transport Board	✓	Qualification	30/11/2001
<u>Reason for Qualification</u>			
The Board did not report key effectiveness indicators because it has been unable to accurately measure the number and distribution of people needful of public transport in the area of its operations.			
The Western Australian Government Railways Commission	✓	✓	21/09/2001
Valuer General's Office (Final Audit)	✓	✓	15/10/2001
Western Australian Coastal Shipping Commission	✓	✓	30/10/2001
Western Australian Land Authority	✓	✓	11/10/2001
Western Australian Planning Commission	✓	✓	31/10/2001

Minister for State Development; Tourism; Small Business

Audit Opinions

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Chemistry Centre (WA) (Final Audit)	✓	✓	11/10/2001
Coal Industry Superannuation Board	✓	✓	17/10/2001
Department of Commerce and Trade	✓	✓	30/10/2001
Department of Minerals and Energy	✓	✓	11/10/2001
Department of Resources Development (Final Audit)	✓	✓	11/10/2001
Minerals and Energy Research Institute of Western Australia	✓	✓	27/11/2001
Rottneest Island Authority	Qualification	Qualification	30/11/2001
<u>Reason for Qualified Opinions</u>			
<p>Financial Statements and Controls: The Authority did not have adequate procedures in place to ensure that controls over hotel revenue were operating effectively throughout the year. In addition, the Authority relies on information provided by third parties to determine the landing fee revenue due to the Authority. The Authority did not have controls in place to ensure the accuracy or completeness of the information provided.</p>			
<p>Performance Indicators: The number of visitors to the Island is provided by third parties and the Authority did not have controls in place to verify the accuracy or completeness of the information provided. Consequently, an opinion could not be given on the two efficiency indicators reporting on the "average cost per visitor of services" and "average cost per visitor of conserving the natural and cultural heritage."</p>			
Small Business Development Corporation	✓	✓	09/11/2001
The Coal Miners' Welfare Board of Western Australia	✓	✓	28/11/2001
Western Australian Tourism Commission	✓	✓	23/11/2001

6 SUMMARY RESULTS OF AGENCY AUDITS (continued)

Minister for Education; Sport and Recreation; Indigenous Affairs

Audit Opinions

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Aboriginal Affairs Department	✓	✓	31/10/2001
Country High School Hostels Authority	✓	✓	08/11/2001
Curriculum Council	✓	✓	22/10/2001
Department of Education Services	✓	✓	28/09/2001
Education Department of Western Australia	Qualification	✓	15/10/2001
<u>Reason for Qualification</u>			
<p>The employee entitlements figures in the financial statements for 2000 were qualified due to inadequate controls over payroll and leave records. The statements were also qualified because financial details for a number of schools were not available or was incomplete and estimates used as a substitute were not considered reliable.</p> <p>Accordingly, an opinion could not be formed on whether the 2000 comparative figures included in the 2001 statements is fairly presented.</p>			
Ministry of Sport and Recreation	✓	✓	11/10/2001
Recreation Camps and Reserve Board	✓	✓	08/11/2001
The Aboriginal Affairs Planning Authority	✓	Not Submitted	31/10/2001
<u>Reason for Non Submission</u>			
<p>The Authority has not submitted performance indicators as its function and charter were assumed by the Aboriginal Affairs Department.</p>			
Trustees of the Public Education Endowment	✓	✓	07/11/2001
Western Australian Boxing Commission	✓	✓	08/11/2001
Western Australian Institute of Sport	✓	✓	23/11/2001
Western Australian Sports Centre Trust	✓	✓	23/11/2001

Minister for Community Development; Women's Interests, Seniors and Youth; Disability Services; Culture and the Arts

Audit Opinions

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Department for Family and Children's Services	✓	✓	15/10/2001
Disability Services Commission	✓	✓	27/11/2001
Ministry for Culture and the Arts	✓	✓	03/10/2001
Screen West (Inc)	✓	✓	29/11/2001
The Board of the Art Gallery of Western Australia	✓	✓	30/11/2001
The Library Board of Western Australia	✓	✓	22/11/2001
The Western Australian Museum	✓	✓	30/11/2001

Audit in Progress

Perth Theatre Trust

6 SUMMARY RESULTS OF AGENCY AUDITS (continued)

Minister for Health

Audit Opinions

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Metropolitan Agencies			
<i>Department and Statutory Authorities</i>			
Animal Resources Authority	✓	✓	22/11/2001
Health Department of Western Australia	✓	✓	14/11/2001
Office of Health Review	✓	✓	28/11/2001
The Queen Elizabeth II Medical Centre Trust	✓	✓	30/11/2001
The Western Australian Centre for Pathology and Medical Research	✓	✓	29/11/2001
Western Australian Alcohol and Drug Authority	✓	✓	23/11/2001
Western Australian Health Promotion Foundation	✓	✓	30/11/2001
<i>Metropolitan Health Services</i>			
Hawthorn Hospital	✓	✓	30/11/2001
Quadriplegic Centre Board	✓	✓	26/11/2001
Non-Metropolitan Agencies			
<i>Avon</i>			
Avon Health Service	✓	✓	30/11/2001
<i>Bunbury</i>			
Bunbury Health Service	✓	✓	30/11/2001
<i>Central Wheatbelt</i>			
Beverley Health Services	✓	✓	29/11/2001
Bruce Rock Memorial Hospital Board	✓	✓	29/11/2001
Corrigin District Hospital Board	✓	✓	28/11/2001
Cunderdin District Hospital Board	✓	✓	28/11/2001
Quairading District Hospital Board	✓	✓	29/11/2001
<i>East Pilbara</i>			
East Pilbara Health Service	✓	✓	26/11/2001
<i>Eastern Wheatbelt</i>			
Kellerberrin Health Services Board of Management	✓	✓	30/11/2001
Kununoppin and Districts Health Service	✓	✓	30/11/2001

Minister for Health (continued)

Audit Opinions

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Non-Metropolitan Agencies (continued)			
Merredin Health Service	✓	✓	30/11/2001
Mukinbudin Health Service	✓	✓	30/11/2001
Narembeen Health Services Board	✓	✓	30/11/2001
Southern Cross District Health Service Board	✓	✓	30/11/2001
Wyalkatchem-Koorda and Districts Hospital Board	✓	✓	30/11/2001
<i>Geraldton</i>			
Geraldton Health Service	✓	✓	30/11/2001
<i>Kimberley</i>			
Kimberley Health Service	✓	✓	27/11/2001
<i>Lower Great Southern</i>			
Lower Great Southern Health Service Board	✓	✓	30/11/2001
<i>Midwest</i>			
Dongara Eneabba Mingenew Health Service Board	✓	✓	30/11/2001
Morawa and Districts Health Service	✓	✓	30/11/2001
Mullewa Health Services, Board of Management	✓	✓	30/11/2001
North Midlands Health Service	✓	✓	30/11/2001
Northampton Kalbarri Health Services	✓	✓	30/11/2001
Yalgoo Health Services	✓	✓	30/11/2001
<i>Northern Goldfields</i>			
Kalgoorlie-Boulder Health Service	✓	✓	30/11/2001
Laverton and Leonora Health Service	✓	✓	29/11/2001
<i>Peel</i>			
Peel Health Services	✓	✓	28/11/2001
<i>South East Coastal</i>			
Dundas Health Service	✓	✓	30/11/2001
Esperance Health Service	✓	Qualification	30/11/2001
<u>Reason for Qualification</u>			
The Health Service did not report the key effectiveness indicator "elective waiting times for public patients."			
Ravensthorpe Health Service	✓	✓	30/11/2001

6 SUMMARY RESULTS OF AGENCY AUDITS (continued)

Minister for Health (continued)

Audit Opinions

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Non-Metropolitan Agencies (continued)			
<i>Upper Great Southern</i>			
Boddington District Hospital Board	✓	✓	30/11/2001
Brookton Health Service	✓	✓	29/11/2001
Upper Great Southern Health Service	✓	✓	21/11/2001
<i>Vasse Leeuwin</i>			
Vasse Leeuwin Health Board	✓	✓	30/11/2001
<i>Warren Blackwood</i>			
Warren Blackwood Health Service Board	✓	✓	30/11/2001
<i>Wellington</i>			
Wellington Health Service Board	✓	✓	30/11/2001
Harvey Yarloop Health Service Board	✓	✓	30/11/2001
<i>West Pilbara</i>			
Ashburton Health Service	✓	✓	29/11/2001
Nickol Bay Hospital Board	✓	✓	27/11/2001
Roebourne District Hospital	✓	✓	23/11/2001
Wickham District Hospital	✓	✓	23/11/2001
<i>Western Wheatbelt</i>			
Western Health Service	✓	✓	30/11/2001

Audits in Progress

Central Great Southern Health Service Board
 Gascoyne Health Service Board
 Metropolitan Health Services
 Murchison Health Service

Not Submitted

Local Health Authorities Analytical Committee

Minister for Racing and Gaming; Government Enterprises; Goldfields-Esperance

Audit Opinions

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Betting Control Board (1/8/00 - 31/7/01)	✓	✓	23/11/2001
Bunbury Water Board	✓	✓	09/11/2001
Busselton Water Board	✓	✓	29/11/2001
Gaming Commission of Western Australia	✓	✓	22/11/2001
Gold Corporation	✓	✓	26/10/2001
Government Employees Superannuation Board	✓	✓	03/10/2001
Subsidiary: SB Investment Trust	✓	NA	03/10/2001
Insurance Commission of Western Australia	✓	✓	29/08/2001
Lotteries Commission	✓	✓	28/08/2001
Office of Racing, Gaming and Liquor	✓	✓	11/10/2001
Racecourse Development Trust (1/8/00 - 31/7/01)	✓	✓	30/11/2001
Racing Penalties Appeal Tribunal of Western Australia (1/8/00 - 31/7/01)	✓	✓	27/11/2001
State Government Insurance Corporation	✓	✓	29/08/2001
The Burswood Park Board	✓	✓	16/11/2001
Totalisator Agency Board (1/8/00 - 31/7/01)	✓	✓	26/09/2001
Water Corporation	✓	NA	30/08/2001
Western Australian Greyhound Racing Authority (1/8/00 - 31/7/01)	Qualification	✓	26/10/2001

Reason for Qualification

A discount received of \$99 864 for early part repayment of a loan was recorded as extraordinary revenue in the Statement of Financial Performance. This revenue is not in the nature of an extraordinary item as defined in the Australian Accounting Standards and should have been recognised as part of Revenues from Ordinary Activities.

Not Submitted

Parliamentary Superannuation Board (Final Audit)

Previous Reports of the Auditor General

1996

Improving Road Safety – Speed and Red Light Cameras – The Road Trauma Trust Fund	May 1, 1996
First General Report – On Departments, Statutory Authorities, (including Hospitals), Subsidiaries and Request Audits	May 8, 1996
The Internet and Public Sector Agencies	June 19, 1996
Under Wraps! – Performance Indicators of Western Australian Hospitals	August 28, 1996
Guarding the Gate – Physical Access Security Management within the Western Australian Public Sector	September 24, 1996
For the Public Record – Managing the Public Sector’s Records	October 16, 1996
Learning the Lessons – Financial Management in Government Schools	October 30, 1996
Order in the Court – Management of the Magistrates’ Court	November 12, 1996
Second General Report for 1996 – On Departments, Statutory Authorities, Subsidiaries and Request Audits	November 20, 1996

1997

On Display – Public Exhibitions at: The Perth Zoo, The WA Museum and the Art Gallery of WA	April 9, 1997
The Western Australian Public Health Sector	June 11, 1997
Bus Reform – Competition Reform of Transperth Bus Services	June 25, 1997
First General Report 1997 – covers financial statements and performance indicators of departments, statutory authorities (excluding hospitals other than Wanneroo Hospital) and subsidiary bodies	August 20, 1997
Get Better Soon – The Management of Sickness Absence in the WA Public Sector	August 27, 1997
Waiting for Justice – Bail and Prisoners in Remand	October 15, 1997
Report on Controls, Compliance and Accountability Audits – Public Property Management – Management of Information Technology Systems – Payroll and Personnel Management – Purchasing Goods and Services	November 12, 1997
Public Sector Performance Report 1997 – Examining and Auditing Public Sector Performance – Follow-ups of Previous Performance Examinations – Sponsorship in the Public Sector	November 13, 1997
Private Care for Public Patients – The Joondalup Health Campus	November 25, 1997

1998

Report on Ministerial Portfolios – Audit Results – Consolidated Financial Statements – Summary of the Results of Agency Audits	April 8, 1998
Selecting the Right Gear – The Funding Facility for the Western Australian Government’s Light Vehicle Fleet	May 20, 1998

1998 (continued)

Report on the Western Australian Public Health Sector	May 20, 1998
Sale of the Dampier to Bunbury Natural Gas Pipeline (Special Report)	May 20, 1998
Weighing up the Marketplace – The Ministry of Fair Trading	June 17, 1998
Listen and Learn – Using customer surveys to report performance in the Western Australian public sector	June 24, 1998
Report on the Western Australian Public Tertiary Education Sector	August 12, 1998
Do Numbers Count? – Educational and Financial Impacts of School Enrolment	August 19, 1998
Report on Controls, Compliance and Accountability Audits 1998 – Control of Agency Expenditure – Human Resource Management – Administration of Superannuation Systems	October 14, 1998
Public Sector Boards – Boards governing statutory authorities in Western Australia	November 18, 1998
Send Me No Paper! – Electronic Commerce – purchasing of goods and services by the Western Australian public sector	November 18, 1998
Accommodation and Support Services for Young People Unable to Live at Home	November 26, 1998
Public Sector Performance Report 1998 – Monitoring and Reporting the Environment – Recruitment Practices in the WA Public Sector – The Northern Demersal Scalefish Fishery	December 9, 1998
Report on Audit Results 1997-98 – Financial Statements and Performance Indicators	December 9, 1998

1999

Report on the Western Australian Public Health Sector – Matters of Significance – Summary of the Results of Agency Audits	April 21, 1999
Proposed Sale of the Central Park Office Tower – by the Government Employees Superannuation Board	April 21, 1999
Lease now – pay later? The Leasing of Office and Other Equipment	June 30, 1999
Getting Better All The Time – Health sector performance indicators	June 30, 1999
Report on the Western Australian Public Tertiary Education Sector – 1998 Annual Reporting Cycle	June 30, 1999
Fish for the Future? Fisheries Management in Western Australia	October 13, 1999
Public Sector Performance Report 1999 – Controls, Compliance and Accountability Audits – Follow-up Performance Examinations	November 10, 1999
A Stitch in Time – Surgical Services in Western Australia	November 24, 1999
Report on Ministerial Portfolios to November 5, 1999 – Issues Arising from Audits – General Control Issues - Summary of the Results of Agency Audits	November 24, 1999

PREVIOUS REPORTS OF THE AUDITOR GENERAL (continued)

2000

Public Sector Performance Report 2000 – Emerging Issues – Management Control Issues	April 5, 2000
Report on the Western Australian Public Health Sector and of Other Ministerial Portfolio Agencies for 1999	April 5, 2000
A Means to an End – Contracting Not-For-Profit Organisations for the Delivery of Community Services	June 14, 2000
Private Care for Public Patients – A Follow-on Examination of the Joondalup Health Campus Contract	June 21, 2000
Report on Western Australian Public Universities and TAFE Colleges – 1999 Annual Reporting Cycle	June 21, 2000
Bus Reform: Further down the road – A follow-on examination into competition reform of Transperth bus services	June 28, 2000
Surrender Arms? Firearm Management in Western Australia	September 13, 2000
Second Public Sector Performance Report 2000 – Administration of Legislation – Financial and Management Control Issues	October 11, 2000
A Tough Assignment – Teacher Placements in Government Schools	October 18, 2000
Report on Ministerial Portfolio at December 1, 2000 – Summary of Audit Results – Accountability Issues (Corporate Governance, Accounting for GST Transitional Loan)	December 20, 2000

2001

Sale of the Gas Corporation's Businesses (Special Report)	February 14, 2001
On-line and Length? Provision and use of learning technologies in Government schools	May 23, 2001
Implementing and Managing Community Based Sentences	May 30, 2001
Public Sector Performance Report, 2001	June 20, 2001
Report on Public Universities and TAFE Colleges - 2000 annual reporting cycle	June 20, 2001
Lifting the Rating - Stroke Management in Western Australia	August 22, 2001
Good Housekeeping: Facilities Management of Government Property and Buildings	August 29, 2001
Second Public Sector Performance Report 2001	September 19, 2001
Righting the Wrongs: Complaints Management in the Western Australian Public Sector	October 17, 2001
Life Matters: Management of Deliberate Self-Harm in Young People	November 28, 2001
First Byte: Consortium IT Contracting in the Western Australian Public Sector	December 5, 2001

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