



Western Australian Auditor General's Report

# Audit Results Report

## Annual 2010-11 Assurance Audits

Report 10 – November 2011





**THE PRESIDENT  
LEGISLATIVE COUNCIL**

**THE SPEAKER  
LEGISLATIVE ASSEMBLY**

### **AUDIT RESULTS REPORT – ANNUAL 2010-11 ASSURANCE AUDITS**

This report under section 24 of the *Auditor General Act 2006* (AG Act) covers 2010-11 assurance audit activity to 31 October 2011 and includes:

- opinions and results of audits on the controls, financial statements and key performance indicators (KPIs) of departments, statutory authorities and subsidiary bodies with reporting dates primarily on 30 June and 31 July 2011
- opinions and results of audits of corporatised bodies reporting under their enabling legislation and other entities audited as requested by the Treasurer
- audit certifications of financial and statistical information produced by agencies to discharge conditions of Commonwealth funding, grants and other legislation and Royalties for Regions program agreements
- management issues significant enough to bring to the attention of Parliament and details of continuing and emerging issues and developments that will impact on accountability, audit practice and financial reporting in 2011-12.

A handwritten signature in black ink, appearing to read 'Glen Clarke', with a long horizontal line extending to the right.

GLEN CLARKE  
ACTING AUDITOR GENERAL  
9 November 2011

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# Auditor General's Overview

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This report summarises the results from our audits of 160 agencies with a 30 June year-end balance date as well as the results from a range of other financial audit activities.

Overall, agencies improved their annual financial reporting for 2010-11, with more than half the agencies now rated as 'better practice' for their financial reporting and controls. We will be lifting the bar in future ratings as a means of encouraging agencies to continue to improve their performance.

This year we identified and reported a notable increase in shortcomings in agency key performance indicators (KPIs) including five agencies that received qualified audit opinions for their KPIs. This was partly a result of rotating our focus onto KPIs this year but given these results, we will continue focusing on KPIs in 2011-12.

The annual Statements of Corporate Intent (SCIs) for the majority of agencies operating at arm's length from government were again not tabled in Parliament within timeframes required by legislation. SCIs are an important governance and accountability mechanism especially as these agencies, unlike core government agencies, are not required to include detailed plans and targets in the State's tabled budget estimates. The Department of Treasury is coordinating projects that are intended to address this continuing non-compliance.

This report also outlines our assessment of Western Australia's submission to the Commonwealth on its insurance arrangements in the event of a natural disaster. This assessment was required under the Commonwealth's Natural Disaster Relief and Recovery Arrangements Determination 2011. The Commonwealth will now review the submissions and assessments of all states to determine whether insurance arrangements are adequate in the event of natural disasters.

# Executive Summary

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This report contains the results of annual assurance audits of agencies with a 30 June or 31 July 2011 reporting date.

## Key Findings

### Audit Opinions

- *160 audit opinions were issued by 31 October 2011 relating to the 2010-11 financial year. Eighty-eight certifications were also issued.* (Page 7)
- *Six agencies received qualified opinions:*
  - *Department of Agriculture and Food's (DAFWA's) financial statements were qualified as special purpose accounts and related transactions and balances were not appropriately reported in the financial statements. Nine KPIs were also qualified because they had limited correlation to the Department's outcomes.*
  - *Department for Communities received a qualified opinion on their financial statements, controls and KPIs as sufficient audit evidence could not be provided about the eligibility of Seniors Card holders or recipients of rebates.*
  - *Legal Contribution Trust received a qualified opinion on their financial statements, controls and KPIs because sufficient audit evidence could not be obtained as to the total amount of interest receivable on solicitors' trust bank accounts and interest earned on legal practitioners' trust money.*
  - *Metropolitan Public Hospitals' financial statements and controls were again qualified as procedures over medical practitioners' treatment charges for private and overseas patients were inadequate to ensure that all revenue from that source had been brought to account.*
  - *WA Country Health Service and the Western Australian Land Information Authority received qualified opinions on their KPIs.* (Page 9)
- *Matters of Significance were reported with the clear audit opinions of four agencies to highlight the following:*
  - *The transactions and balances of the Western Australian Agriculture Authority were included in the financial statements of DAFWA but have not been separately disclosed to clearly inform readers.*
  - *Inquiries by the Treasurer that were disclosed by the Insurance Commission of Western Australia in the Notes to the financial statements were only of a preliminary nature and any potential impact was uncertain.*
  - *Midland Redevelopment Authority's continuing negative net assets position.*
  - *Uncertainty over the Public Transport Authority's opening balance at 1 July 2009 for a portion of its non-current assets.* (Page 11)

## Management Issues

- *410 financial control deficiencies were identified in 2010-11, up from 366 last year. Overall however there was a decline in significant issues requiring prompt attention.* (Page 15)
- *246 information system control deficiencies were identified. This was a 12 per cent decrease in findings and there was a 19 per cent reduction in significant or moderate deficiencies compared to last year.* (Page 17)
- *KPI shortcomings escalated at agencies – 79 deficiencies were reported this year compared to 45 last year.* (Page 18)

## Quality and Timeliness of Financial Reporting

- *49 per cent of agencies demonstrated efficiency in their year-end processes by being audit ready within 20 days of year-end. Last year 32 per cent were audit ready by the same time.* (Page 20)
- *82 agencies (54 per cent) were rated as better practice agencies for their good financial controls and reporting practices, up from 41 per cent last year.* (Page 21)

## Other Financial Reporting and Audit Issues

- *Widespread non-compliance with the legislative requirement to table annual Statements of Corporate Intent (SCI) continues. SCIs are required from agencies that operate at arm's length from government. They contain details of the annual contractual agreement between the agency and the government and are intended to be tabled in Parliament by the relevant Minister either before commencement of or early in the financial year to which they relate. At 30 September 2011, SCIs for 11 of the 23 agencies had not been tabled for 2011-12.* (Page 23)
- *Clarification of the financial reporting requirements of the Western Australian Agriculture Authority and Intergrain Pty Ltd is needed to ensure appropriate disclosure.* (Page 25)
- *Western Australia's submission under the Commonwealth's Natural Disaster Relief and Recovery Arrangements (NDRRA) Determination of 2011 was reviewed and an independent assessment report issued. The Commonwealth Department of Finance and Deregulation in conjunction with the Commonwealth Attorney-General will now review the submissions and the assessments of all states to determine whether Australian jurisdictions are adequately insured in the event of a natural disaster.* (Page 26)
- *A feature analysis of Western Australia's eight port authorities found an overall increase in shipping and trade activity in 2010-11. This resulted in a 21 per cent increase in revenue.* (Page 27)

## Recommendations

1. All agencies should ensure that management control deficiencies brought to their attention during their audit are addressed to ensure the continuing integrity of their financial control environment and accuracy of financial reporting.
2. All agencies should take appropriate action to address issues reported to them and ensure that their KPIs remain relevant and appropriate, and fairly present their performance.
3. Statements of Corporate Intent should be tabled within timeframes required by the relevant legislation.

# 1: Audit Opinions

- *160 audit opinions were issued by 31 October 2011 relating to the 2010-11 financial year. Eighty-eight certifications were also issued.*
- *Six agencies received qualified opinions and matters of significance were attached to the clear opinions of four other agencies.*
- *The audits of five agencies for the 2010-11 financial year were dispensed with as they did not operate or had minimal activity during the year.*

## Introduction

The *Financial Management Act 2006* (FM Act) governs financial accountability of most agencies while the *Auditor General Act 2006* (AG Act) governs the activities and role of the Auditor General.

The Auditor General is required to issue an opinion to the responsible Minister for each agency audited. The opinion will relate to the financial statements and, depending on each agency's enabling legislation, may also relate to controls and key performance indicators (KPIs):

- financial statements – assurance that the financial statements and supporting notes are materially complete, accurate, reliable and comply with relevant legislation and applicable accounting standards
- controls – assurance that the internal control systems and procedures, manual and computerised, are adequate and ensure that financial transactions comply with legislative requirements
- key performance indicators – assurance that the KPIs are relevant, appropriate, based on reliable data and fairly present the performance of the agency in achieving its desired outcomes.

## Summary of Audit Opinions

At 31 October 2011, 160 audit opinions had been issued, primarily for agencies with financial periods ending on 30 June 2011. Appendix 1, commencing on page 32, provides a listing of all audit opinions issued since 9 May 2011.

Audit Opinion issued on	Type of agency	Number
Financial statements, controls and key performance indicators	Departments	42
	Statutory authorities	94
Financial statements only	Annual Report on State Finances	1
	Corporatised entities	15
	Subsidiary entities	6
	Cemetery boards	0
	Request audits (under s19 of AG Act)	2
<b>Total number of audit opinions issued</b>		<b>160</b>

**Table 1: Number and type of audit opinions issued between 9 May 2011 and 31 October 2011**



## Opinion on the Annual Report on State Finances

The Annual Report on State Finances (ARSF), prepared by the Department of Treasury (Treasury) for the year-ending 30 June 2011, was audited by the Auditor General. A clear (unqualified) opinion was issued to the Treasurer on 20 September 2011 for tabling in Parliament.

Both the preparation and audit of the ARSF are requirements under the *Government Financial Responsibility Act 2000*. The ARSF brings together significant financial information for the Government of Western Australia and includes the consolidated financial results of all<sup>1</sup> agencies. The 2010-11 ARSF is available from the Treasury website at [www.treasury.wa.gov.au](http://www.treasury.wa.gov.au).

## Other Audit Services

In addition to opinions, 88 certifications were also issued. Appendix 2, commencing on page 41, details the 20 audit certifications of financial and statistical information produced by agencies to discharge reporting obligations for Commonwealth funding, grants or other legislation and the 68 Royalties for Regions program certifications issued up to 31 October 2011.

An agreed upon procedures engagement for the regulatory financial statements of the Electricity Networks Corporation (Western Power) for the year-ended 30 June 2011 was completed on 7 September 2011. This report was prepared for submission to the Economic Regulation Authority.

## Qualified Opinions Issued

Six agencies received qualified opinions:

- Department of Agriculture and Food
- Department for Communities
- Legal Contribution Trust
- The Minister for Health in his capacity as the Deemed Board of the Metropolitan Public Hospitals
- WA Country Health Service
- Western Australian Land Information Authority.

The full opinion appears in the annual report of each agency. Further details of each qualification appear below.

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<sup>1</sup> Agencies that are not consolidated include the universities, Government Employees Superannuation Board and other superannuation boards, the Public Trustee and agencies that hold private funds in trust or fidelity type funds. These agencies, listed in Appendix 1 to the ARSF, are excluded on the basis of ABS and Australian Accounting Standards classifications.



## Department of Agriculture and Food

### Qualified opinion on financial statements and KPIs

The Department maintains and administers special purpose accounts for the Cattle Industry Funded Scheme, the Grain, Seeds and Hay Industry Funded Scheme, the Sheep and Goats Industry Funded Scheme and the funds relating to the National Action Plan for Salinity and Water Quality and the Natural Heritage Trust in the Commonwealth Agriculture Activity Grants (Interest Bearing) Account.

The Department included financial transactions relating to these accounts in its statement of comprehensive income and statement of financial position. However, the Department does not have discretion over how it uses the funds in these special purpose accounts. Therefore, under the Australian Accounting Standards and the Treasurer's Instructions they should be treated as administered accounts in the Notes to the financial statements and not included in the statement of comprehensive income and statement of financial position. Accordingly, the Department's income, expenses and restricted cash and cash equivalents were overstated by \$18 million, \$24.6 million and \$18.1 million respectively.

In addition, nine effectiveness KPIs either did not relate to or were not an appropriate measure of the Department's effectiveness as they had limited correlation to the Department's outcomes.

## Department for Communities

### Qualified opinion on financial statements, controls and KPIs

The Department did not have adequate controls in place to confirm the ongoing eligibility of seniors to the Seniors Card. In addition, Seniors Card application forms are destroyed after seven years and sufficient audit evidence could not be provided about the eligibility of recipients of the Cost of Living Rebate and the Safety and Security Rebate. Audit was therefore unable to determine whether Grants and Subsidies expenditure in the financial statements and the number of Seniors Card holders in KPI 3.4 'Average Cost to Administer a Seniors Card' were fairly presented.

## Legal Contribution Trust

### Qualified opinion on financial statements, controls and KPIs

The Legal Contribution Trust again received a qualified audit opinion on its financial statements, controls and KPIs. Sufficient audit evidence could not be obtained as to the total amount of interest receivable on solicitors' trust bank accounts and interest earned on legal practitioners' trust money for the six months ending on 30 June 2011. Consequently the Trust's key efficiency performance indicator could also not be verified.

The Trust is entitled to receive 51 per cent of all interest earned on solicitors' trust bank accounts held with financial institutions in the State of Western Australia. In certain instances the financial institutions did not remit the correct amount of interest on some solicitors' trust accounts to the Legal Contribution Trust. Management is taking steps to recover outstanding interest revenue.

## **The Minister for Health in his capacity as the Deemed Board of the Metropolitan Public Hospitals**

### **Qualified opinion on financial statements and controls**

As in the previous year, controls over medical practitioners' treatment charges were deficient as there were inadequate procedures in place to ensure that all revenue from medical practitioners' treatment of private and overseas patients was brought to account. Each hospital department is responsible for generating its own medical practitioner private patient billing information and for providing that information to the Health Corporate Network so that private patients can be invoiced. However, owing to inadequate controls, many invoices were not raised for medical practitioners' treatment charges.

WA Health is taking remedial action that includes recovery of unbilled revenue and implementation of an improved system for recording private patient billing information through the E-Consult project. Although progress has been made, controls were not adequate at all hospitals during 2010-11 to ensure that all revenue was collected and the recovery of unbilled revenue has also varied across hospitals.

## **WA Country Health Service**

### **Qualified opinion on KPIs**

Controls over the initial recording of waiting time data used for the effectiveness indicator 'Percentage of emergency service patients seen within recommended times (major rural hospitals)' were inadequate. Audit testing of a sample of attendance and treatment times identified a significant number of differences between source records and the database records used for reporting the KPI.

## **Western Australian Land Information Authority**

### **Qualified opinion on KPIs**

Because of system problems, information was not available to report the Acceptance and the Reuse components of the key effectiveness indicator 'Useability of WALIS spatial information is determined by user awareness, acceptance and reuse'. Therefore, the Authority has not reported actual results for these two indicators for 2010-11.

## Matters of Significance Reported with Audit Opinions

Where a matter in relation to the financial statements or KPIs is of concern but does not warrant a qualified audit opinion, a Matter of Significance paragraph may be included with the audit opinion. In most instances the purpose is to highlight a significant matter that is not disclosed or is not apparent in the financial statements or KPIs.

Agency	Details of Matter of Significance
Department of Agriculture and Food	<p>The Department has included the Western Australian Agriculture Authority's (WAAA) income, expenses, assets and liabilities in its financial statements as though they relate to the Department.</p> <p>WAAA was established by the <i>Biosecurity and Agriculture Management Act 2007</i> as a body corporate that is governed by the Minister for Agriculture and Food. Although WAAA has financial transactions, assets and liabilities this Act does not require it to report these separately, rather it requires WAAA's activities to be regarded as services under the control of the Department. The Department does not disclose or separately account for these WAAA transactions in its financial statements. This has been highlighted in the audit opinion so that readers are aware of this unique accountability arrangement and that the statements include WAAA's transactions.</p>
Insurance Commission of Western Australia	<p>Note 30 of the Commission's financial statements described details of inquiries by the Minister in August 2011 for information relating to long term solvency levels, possible transfer of surplus funds to the Consolidated Account and potential implementation of a dividend policy. The Commission stated that these factors may have a material impact on the financial performance of the Commission in future years.</p> <p>This matter was highlighted in the audit opinion because the Minister's request was for preliminary information only and consequently the potential impact is uncertain.</p>
Midland Redevelopment Authority	<p>The Authority has reported a negative net assets position since the 2006-07 reporting period due to the recognition of a provision for contaminated sites. The negative net assets position has increased from \$15.7 million at 30 June 2010 to \$21.1 million at 30 June 2011. This matter presents an uncertainty regarding the ability of the Authority to return to a positive net assets position in a timely manner.</p>
Public Transport Authority of Western Australia	<p>As highlighted in the audit opinions for 2008-09 and 2009-10, uncertainty existed concerning the valuation of the Authority's Freight Network Infrastructure (FNI) at 30 June 2009. The FNI asset was revalued to fair value during 2009-10, resulting in a revaluation increment of \$1.1 billion and fair presentation of the asset. This matter was again highlighted in the audit opinion because uncertainty remains over the comparative opening balance of the FNI asset at 1 July 2009.</p>

**Table 2: Matters of Significance comments included with audit opinions**

## Qualified Opinions from the Prior Year Removed in 2010-11

The following qualifications were removed at 30 June 2011:

- **Department for Child Protection – opinion on KPIs**

Five effectiveness and four efficiency KPIs did not report performance for the full 2009-10 year and were therefore subject to an audit qualification last year. Although the 2010-11 information for the indicators is complete, an Emphasis of Matter paragraph has been included with the audit opinion to highlight that the comparative information covers only eight months of the prior year.

- **Local Health Authorities Analytical Committee – opinion on KPIs**

One of the Committee's efficiency indicators did not include data for 2009-10 and was qualified. Data for 2010-11 has been included for this KPI and hence the qualification has been removed.

- **Racing and Wagering Western Australia – opinion on KPIs**

The Under Treasurer has granted an exemption for reporting targets for selected KPIs. The previous qualification on this KPI is therefore no longer applicable.

## Matters of Significance from the Prior Year Removed in 2010-11

The Construction Industry Long Service Leave Payments Board's assets at 30 June 2011 exceed its liabilities. This reversed a negative assets position which existed in the previous three years. A clear audit opinion has been issued for 2010-11 without a Matter of Significance paragraph.

## 2010-11 Audits Not Undertaken

Five agencies have not been audited for the 2010-11 financial year.

These audits were again dispensed with under section 14 of the AG Act because their operations had ceased or there was insufficient activity to justify an audit being undertaken. The decision to dispense with the audits was finalised after consultation with the Treasurer.

Agency	Reason why audits were not undertaken
1. Agricultural Practices Board of Western Australia	The Board has ceased to operate and its functions transferred to the Department of Agriculture and Food. The <i>Agricultural Practices (Disputes) Act 1995</i> has not yet been repealed.
2. Department of Housing	The Department did not operate during the year.
3. Landcare Trust	The Trust has ceased to operate and does not hold any funds. Legislation to repeal Part VA of the <i>Soil and Land Conservation Act 1945</i> , which created the Trust, is required.
4. State Supply Commission	The Commission's functions transferred to the Department of Treasury and Finance in June 2009, and are now with the Department of Finance. The <i>State Supply Commission Act 1991</i> has not yet been repealed.
5. Western Australian Building Management Authority	The Authority has ceased to operate and is awaiting repeal of its legislation, Part IA of the <i>Public Works Act 1902</i> .

**Table 3: Audits dispensed with under section 14 of the AG Act**

*Note: Until repeal of their enabling legislation, the four statutory authorities remain on Schedule 1 of the FM Act.*

A request audit previously conducted for The Director of Legal Aid and Others in Trust has also not been conducted for 2010-11. There have been no transactions on this Trust since 2003-04.

## 2. Management Issues

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- *410 financial control deficiencies were identified in 2010-11, up from 366 last year. Overall however there was a decline in significant issues requiring prompt attention.*
- *246 information system control deficiencies were identified. This was a 12 per cent decrease in findings and there was a 19 per cent reduction in significant or moderate deficiencies compared to last year.*
- *KPI shortcomings escalated at agencies – 79 deficiencies were reported this year compared to 45 last year.*

The AG Act requires the Auditor General to audit agency accounts and to form an opinion on controls. Our audit assesses the reliability of internal control systems and procedures that are designed to ensure legislative financial compliance and the accurate recording and reporting of financial information and key performance indicators.

Our audit includes assessment of each agency's internal controls. This involves an assessment of the design of the controls and whether they have been properly implemented, and testing to see that they are working reliably.

When we identify control deficiencies we issue management letters to the Accountable Authority that detail our findings and make recommendations. Control deficiencies are ranked as either:

- Significant – potentially presents a significant risk to the agency if not addressed promptly. Such control deficiencies may lead to a qualified opinion
- Moderate – of sufficient concern to warrant action being taken as soon as practicable
- Minor – not of primary concern but still warrant action being taken.

Agency management is given the opportunity to review the deficiencies and provide comments on the audit findings prior to completion of the audit. Often policies, procedures or practices are improved by that time. However, where deficiencies remain outstanding, agency responses or any action being undertaken is noted. Where deficiencies recur in following years, these are separately reported to agency management and, if significant, are considered as a basis for a qualified opinion. At the completion of each audit a copy of our management letter is sent to the responsible Minister along with our audit opinion.

While management letters relate specifically to an individual agency, the deficiencies are often common to other government agencies. We therefore review the deficiencies from a whole-of-government perspective so that we can better target those financial management and governance practices most in need of improvement.

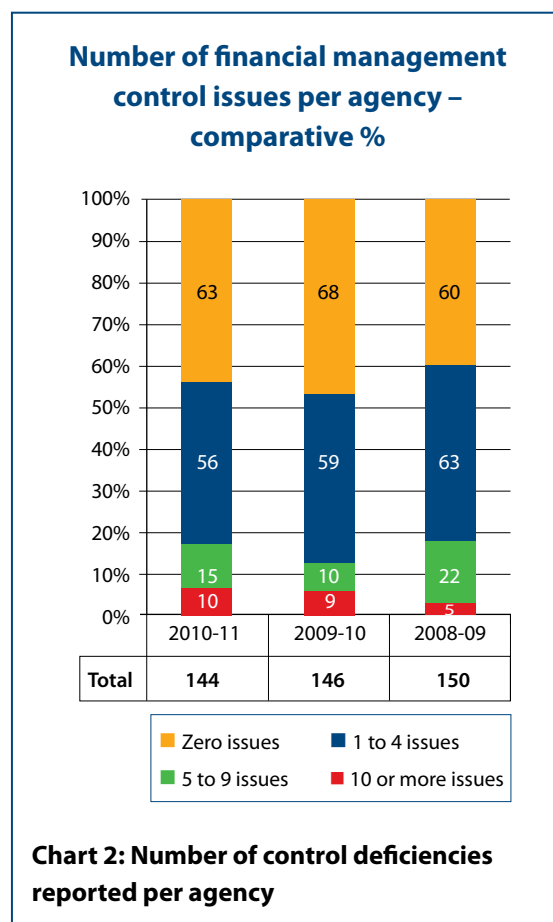
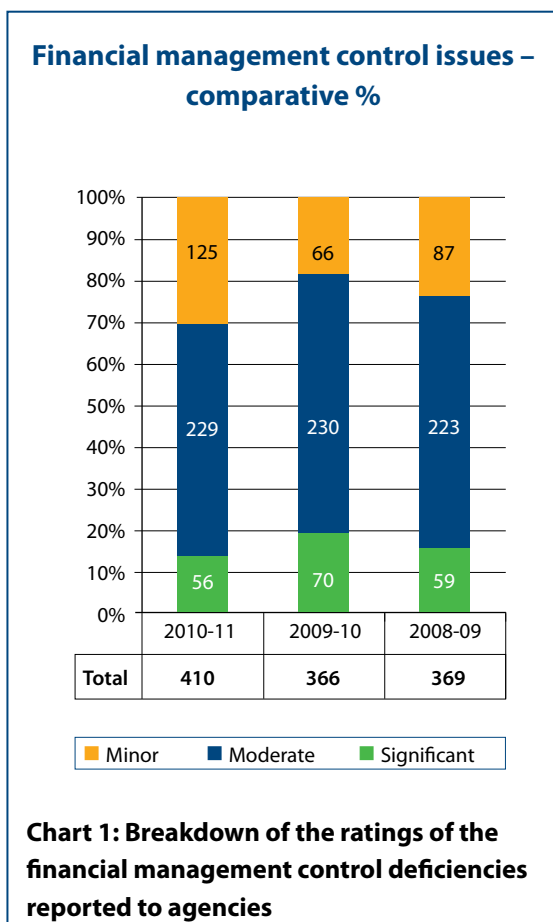
## Financial and Management Controls

During 2010-11, 144 agencies' controls were audited and, of these, 81 had controls deficiencies that need to be strengthened. These deficiencies were also brought to the attention of the responsible Ministers at the conclusion of our audits.

In total, 410 control deficiencies were identified. This was higher than in previous years, although the number of significant issues declined and the number of minor issues increased markedly. (Refer to Chart 1 below.) While minor issues are noted as 'not of primary concern', they indicate that agency action is warranted in order to maintain an adequate system of internal control to safeguard assets, and prevent and detect errors or irregularities.

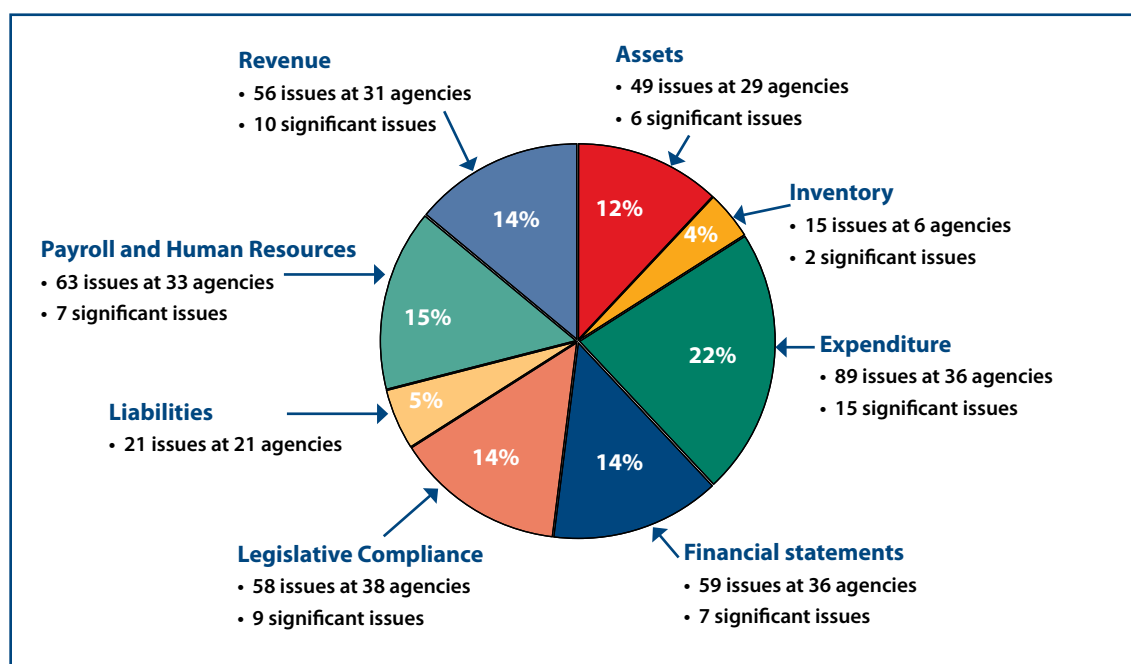
Chart 2 illustrates the number of financial control deficiencies identified per agency over the last three years, compared by percentage.

It was disappointing to note that 73 control deficiencies at 22 agencies were unresolved deficiencies from the prior year. The challenge for agencies is to rectify their control deficiencies as soon as possible.





The main areas of control weakness and the number of agencies that need to improve in each control area are shown in Chart 3.



**Chart 3: Financial and management control deficiencies reported to 81 agencies in 2011**

*Controls relating to expenditure, payroll and human resources, legislative compliance, financial statements and revenue had most deficiencies.*

The most important and commonly identified areas that require improvement across the internal control areas are:

- independent review of reconciliation processes, journal entries, and review of changes to employee or supplier masterfiles to ensure any irregularities are prevented or detected
- segregation of duties to ensure incompatible activities are not performed by the same staff member
- timely notification of staff commencements and resignations / terminations to various areas of the agency to ensure payroll functions, access to information systems, appointment of incurring and certifying officers, and assignment and return of agency property and purchasing cards are coordinated, appropriately documented and up to date.

In specific internal control areas, the following improvements are recommended:

**Expenditure** – Signed agreements on use of and acquittal of purchasing card transactions, periodic review of open purchase orders and timely submission of invoices supported for payment.

**Human resource and payroll** – Timely processing and notification to others of outgoing employees, managers of cost centres conducting timely reviews of their payroll summary reports and management policies implemented to ensure annual and long service leave is taken in a timely manner.

**Revenue** – Safeguards to ensure employees do not perform incompatible duties, reconciliation procedures are routinely actioned and debt recovery procedures are conducted in a timely manner.

**Legislative compliance** – Requirements for internal audit, financial management manuals, fraud and risk management and service level agreements are addressed and periodically reviewed.

**Financial Statements** – Timely monthly reconciliations are performed for all business areas and appropriately reviewed by management, and end of year processing is subject to strong quality assurance processes.

### Recommendation

**All agencies should ensure that management control deficiencies brought to their attention during their audit are addressed to ensure the continuing integrity of their financial control environment and accuracy of financial reporting.**

## Information Systems (IS) Controls

Information systems underpin most aspects of agency and government operation and services. It is therefore vital that agencies implement appropriate controls to maintain reliable, secure and resilient information systems.

Audits of general computer controls are a major part of the information systems work we undertake. Well implemented general computer controls ensure reliable and secure processing of financial and key performance information. We focus our computer audit capacity on those agencies with significant computer environments to determine whether their controls are appropriately designed and operating effectively.

In 2010-11, 246 deficiencies were identified, with 145 rated as significant or moderate. This was a 12 per cent decrease on last year when 280 deficiencies were identified, with 180 rated as significant or moderate. This represented a 19 per cent decline in significant or moderate issues. Most of the deficiencies we identified related to security.

A more detailed report on the results of our information system audits is planned for early 2012. The report will consolidate the audit results of agencies with a 30 June 2011 reporting date with the results of agencies with a 31 December 2011 reporting date.

## Key Performance Indicators (KPIs)

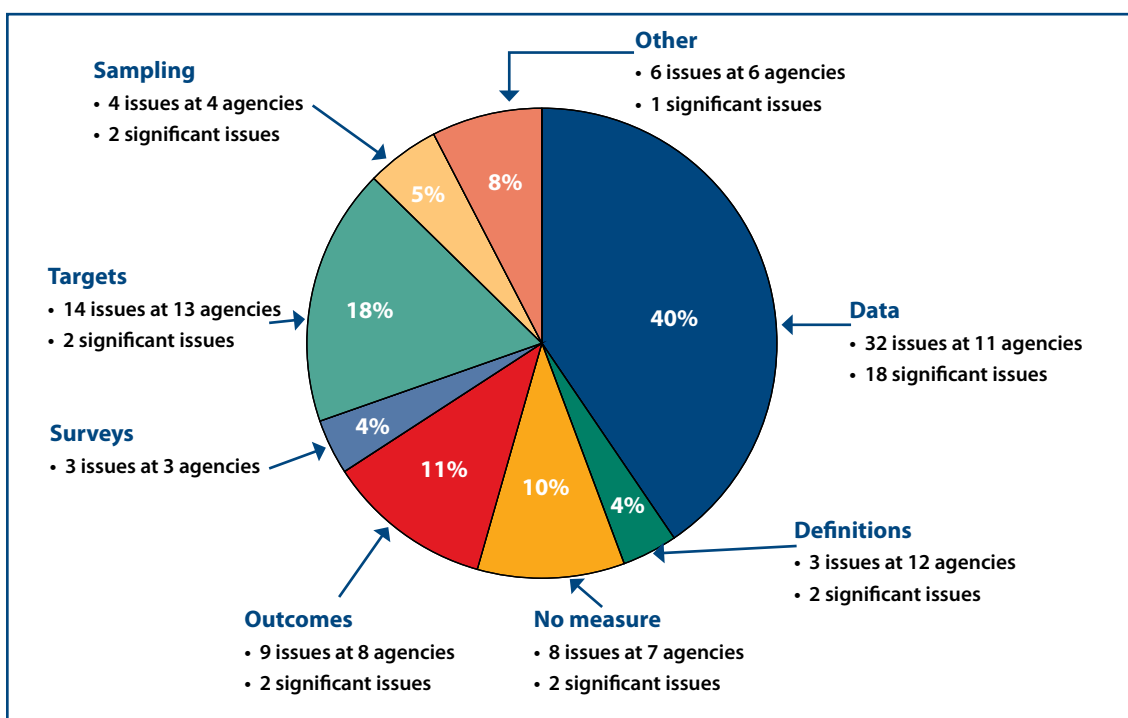
Five agencies received qualified opinions on their KPIs and a further 21 agencies were advised of a total of 79 deficiencies, a significant increase compared to last year. KPIs recommended for immediate improvement escalated from six to 29, mostly relating to data collection and integrity.

Comparative data on KPIs	2010-11	2009-10	2008-09
Number of agencies with reported KPI deficiencies	26	20	36
Number of KPI deficiencies reported	79	45	46
Significant KPI deficiencies reported	29	6	5
Number of agencies with qualified KPI opinions	5	4	1

**Table 4: Summary of KPI deficiencies reported to agencies**

*There was a significant escalation in KPI deficiencies reported to agencies compared to last year.*

The main areas where KPIs need to improve and the number of agencies that need to improve in each area are shown in Chart 4.



**Chart 4: Deficiencies relating to key performance indicators**

*Collecting data to support KPIs, setting and reporting targets and reporting achievement of key outcomes are challenges for agencies.*

The following actions will assist these agencies to improve their KPI reporting:

**Data** – All data needs to be accurate, reliable and verifiable, including data provided by third parties. Where surveys are used, they need to be independent and have sufficient responses collected to produce meaningful data. Any parameters that impact on the data need to be reported to better inform readers of the agency's performance.

**Outcomes** – Clearly defined agency outcomes which can be reliably measured are essential. They need to be 'key' to the agency and measurable so that meaningful quality data can be collected for the reporting period. Any definitions need to be clearly specified so that KPI data is consistently collected across agency operations.

**Targets** – To assist users to assess the extent to which actual performance is meeting the agency's outcomes, targets are needed. Targets should be challenging yet realistic. An explanation of significant variances between actual performance and the targets should be provided to assist readers to evaluate the agency's performance.

### Recommendation

**All agencies should take appropriate action to address issues reported to them and ensure that their KPIs remain relevant and appropriate and fairly present their performance.**

## 3. Quality and Timeliness of Financial Reporting

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- *49 per cent of agencies demonstrated efficiency in their year-end processes by being audit ready within 20 days of year-end. Last year 32 per cent were audit ready by the same time.*
- *82 agencies (54 per cent) were rated as better practice agencies for their good financial controls and reporting practices, up from 41 per cent last year.*

### Quality

The quality of the financial statements, KPIs and supporting working papers that agencies provide for audit has a direct bearing on the timeliness and cost of the audit.

Various better practice initiatives can be implemented by agencies to improve the quality of their financial reporting. To generate reliable financial reports, initiatives can be undertaken before and after the end of each financial year.

Before year-end, agencies need to:

- Prepare a project plan of human and financial resources, assign responsibilities for tasks and set time frames for financial reporting.
- Identify and review changes to accounting standards and reporting requirements and confirm the approach to any changes with Audit.
- Prepare pro-forma financial reports, including all comparative information, that can be reviewed by Audit well in advance of the final audit visit.

After year-end:

- Analyse variations between actual and budget as well as previous year results to identify and correct omissions and/or errors.
- Ensure managers with sign off responsibility for components of the financial report do so as per the established timetable.
- Ensure the draft financial report has received an internal quality assurance review, preferably by internal audit or other independent, suitably qualified professionals.

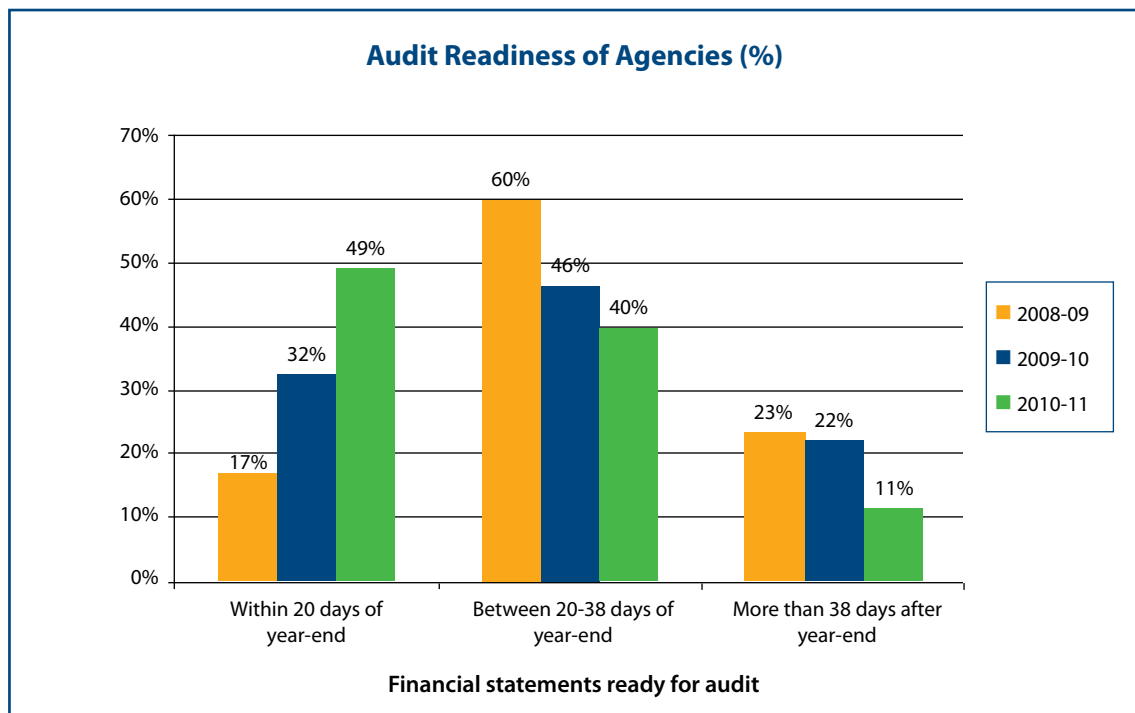
### Timeliness

There was again significant improvement in the number of agencies submitting their financial statements for audit within 20 days of year-end. It was particularly pleasing to note the improved timeliness of some agencies that have relatively complex financial statements to prepare.

Being ready for audit as soon as possible after year-end enables agencies to release resources for other important financial management tasks, thereby improving the overall efficiency and financial management of the public sector.

## 3. Quality and Timeliness of Financial Reporting

The date when each agency was 'Audit Ready' is reported in Appendix 1 while Chart 5 below summarises the improvement over the last three years.



**Chart 5: Percentage of agencies 'Audit Ready' within three time brackets for last three years**

## Better Practice Agencies

Eighty-two agencies (54 per cent) demonstrated better practice in managing their financial reporting and controls in 2010-11 (refer Table 5). These agencies produced quality and timely financial statements and exercised sound financial controls. Fifty-two agencies are acknowledged for their return appearance on this list (marked \*).

This result is pleasing as we again lifted the bar for our assessment of agencies' achievement of better practice status for their 2011 reporting, compared to previous years. The following criteria were used:

- clear opinions on their financial statements, controls and key performance indicators
- good quality financial statements and key performance indicators, supported by reliable working papers and submitted for audit within the agreed timeframe
- management resolution of accounting standards and presentation issues
- key staff available during the audit process
- assessment of the number and significance of controls deficiencies raised in management letters.

## 3. Quality and Timeliness of Financial Reporting

Departments	Statutory Authorities
Commissioner for Children and Young People Department of Culture and the Arts * Department of Education Services Department of Indigenous Affairs Department of Mines and Petroleum * Department of Planning Department of Racing, Gaming and Liquor * Department of Regional Development and Lands Department of Sport and Recreation * Department of State Development * Department of the Attorney General Department of the Legislative Assembly * Department of the Legislative Council * Department of the Premier and Cabinet Department of the Registrar, Western Australian Industrial Relations Commission * Department of Training and Workforce Development Department of Water * Governor's Establishment * Office of Energy Office of the Information Commissioner Parliamentary Services Department * Police Service *	Curriculum Council * East Perth Redevelopment Authority * Economic Regulation Authority * Fire and Emergency Services Authority of Western Australia * Fire and Emergency Services Superannuation Board Gaming and Wagering Commission of Western Australia Gold Corporation * Goldfields-Esperance Development Commission Government Employees Superannuation Board * Great Southern Development Commission Heritage Council of Western Australia Housing Authority Independent Market Operator Insurance Commission of Western Australia * Law Reform Commission of Western Australia * Legal Costs Committee Library Board of Western Australia * Metropolitan Cemeteries Board * Midland Redevelopment Authority * Mid West Development Commission * Parliamentary Commissioner for Administrative Investigations * Parliamentary Inspector of the Corruption and Crime Commission * Perth Theatre Trust * Pilbara Development Commission Potato Marketing Corporation of Western Australia * Public Transport Authority of Western Australia * Racing Penalties Appeal Tribunal of Western Australia Screen West (Inc) * Small Business Development Corporation * South West Development Commission * State Government Insurance Corporation * Subiaco Redevelopment Authority * Swan Bells Foundation Incorporated * Western Australian Coastal Shipping Commission Western Australian Energy Disputes Arbitrator * Western Australian Health Promotion Foundation * Western Australian Museum Western Australian Planning Commission Western Australian Sports Centre Trust Western Australian Treasury Corporation * Wheatbelt Development Commission * WorkCover Western Australia Authority Zoological Parks Authority *
Corporatised Entities	
Bunbury Port Authority Electricity Generation Corporation – Verve Energy * Fremantle Port Authority * Port Hedland Port Authority Water Corporation *	
Statutory Authorities	
Aboriginal Affairs Planning Authority Animal Resources Authority * Art Gallery of Western Australia, Board of * Botanic Gardens and Parks Authority Building and Construction Industry Training Board * Burswood Park Board * Chemistry Centre (WA) * Coal Industry Superannuation Board * Commissioner of Main Roads * Construction Industry Long Service Leave Payments Board Corruption and Crime Commission * Country High School Hostels Authority *	

\* Also acknowledged in 2009-10

**Table 5: Better practice agencies for 2010-11**



## 4: Other Financial Reporting and Audit Issues

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- *Widespread non-compliance with the legislative requirement to table annual Statements of Corporate Intent (SCI) continues. At 30 September 2011, SCIs for 11 of the 23 agencies required to produce SCIs had not been tabled for 2011-12.*
- *Clarification of the financial reporting requirements of the Western Australian Agriculture Authority and Intergrain Pty Ltd is needed to ensure appropriate disclosure.*
- *Western Australia's submission under the Commonwealth's Natural Disaster Relief and Recovery Arrangements (NDRRA) Determination of 2011 was reviewed and an independent assessment report issued. The Commonwealth Department of Finance and Deregulation in conjunction with the Commonwealth Attorney-General will now review the submissions and the assessments of all States to determine whether Australian jurisdictions are adequately insured in the event of a natural disaster.*
- *A feature analysis of Western Australia's eight port authorities found an overall increase in shipping and trade activity in 2010-11. This resulted in a 21 per cent increase in revenue.*

Detailed in this part of the report are five issues of current significance and legislative compliance:

- Statements of Corporate Intent
- financial reporting and audit of agriculture entities
- independent assessment of the Western Australian Natural Disaster Relief and Recovery Arrangements (NDRRA) submission
- shared service arrangements
- reduced disclosure requirements

A feature analysis is also included on the performance and financial position of Western Australian port authorities.

### Statements of Corporate Intent

Widespread non-compliance with the legislative requirement to table annual Statements of Corporate Intent (SCI) continues. At 30 September 2011, SCIs for 11 out of 23 agencies had not been tabled for 2011-12.

SCIs are a form of annual agreement between government and those agencies which operate at arm's length from government. Agencies are required by their Act or regulations to draft the annual SCI for agreement with their Minister and the Treasurer. Once agreed, the Minister is to table the SCI in Parliament within 14 days. SCIs are therefore an important governance and accountability mechanism.

Twenty-three agencies now have a legislative requirement to prepare an SCI for tabling by their Minister in Parliament.

Tabling requirements vary slightly but generally they must be tabled either before the commencement of the financial year or by mid July, being early in the financial year to which they relate. Where the Minister has not agreed or the Treasurer has not concurred then the latest draft SCI takes effect. However, tabling of the SCI would not take place until full agreement is reached.

## 4: Other Financial Reporting and Audit Issues

The contents of SCIs can vary with agency legislation but generally they include:

- outline of objectives and major planned achievements for the next financial year
- nature and scope of functions proposed to be performed during that year
- performance targets and other measures by which performance may be judged
- outline of capital expenditure, proposed borrowings, pricing arrangements and dividend policy
- accounting policies that apply to the preparation of financial statements
- types of information to be given to the Minister, including periodic and annual reporting
- nature and extent of community service obligations to be performed, costing and funding of these activities and any compensation arrangements
- other matters agreed on by the Minister and the board.

Table 6 shows the dates that SCIs were tabled in Parliament.

	2011–12 SCI tabled	2010–11 SCI tabled
<b>Corporatised Entities</b>		
Horizon Power – Regional Power Corporation	Not tabled	11/08/2010
Synergy – Electricity Retail Corporation	08/09/2011	11/08/2010
Verve Energy – Electricity Generation Corporation	08/09/2011	11/08/2010
Water Corporation	28/09/2011	25/11/2010
Western Australian Land Authority (Landcorp)	Not tabled	11/11/2010
Western Power – Electricity Networks Corporation	08/09/2011	18/08/2010
<b>Statutory Authorities</b>		
Chemistry Centre (WA)	21/09/2011	15/02/2011
Forest Products Commission	31/08/2011	24/02/2011
Gold Corporation	09/08/2011	10/11/2010
Government Employees Superannuation Board	20/09/2011	Not tabled
Insurance Commission of Western Australia	Not tabled	09/11/2010
Lotteries Commission	28/09/2011	N/A
Racing and Wagering Western Australia	09/08/2011	15/02/2011
Western Australian Land Information Authority (Landgate)	21/06/2011	16/06/2010
Western Australian Treasury Corporation	09/08/2011	09/11/2010
<b>Port Authorities</b>		
Albany Port Authority	Not tabled	23/02/2010 and 12/10/2010
Broome Port Authority	Not tabled	15/03/2011
Bunbury Port Authority	Not tabled	12/10/2010
Dampier Port Authority	Not tabled	12/10/2010
Esperance Port Authority	Not tabled	12/10/2010
Fremantle Port Authority	Not tabled	23/09/2010
Geraldton Port Authority	Not tabled	12/10/2010
Port Hedland Port Authority	Not tabled	12/10/2010

Note: N/A means that a SCI was not required for the agency in this year.

**Table 6: Statements of Corporate Intent tabled in Parliament by 30 September 2011**

The 2011-12 SCIs of 12 out of 23 agencies have been tabled in Parliament.

## 4: Other Financial Reporting and Audit Issues

The Department of Treasury (Treasury) is coordinating two separate (but related) projects which may improve the quality and compliance of SCIs to legislative requirements. A reference group of central government agencies is developing drafting instructions for umbrella legislation for public corporations, as proposed by the recent Economic Audit Committee Final Report (2009). This should ensure consistency in requirements for SCIs and make compliance across agencies simpler. In addition, Treasury has advised that a review of SCIs and Strategic Development Plans will include, as part of its scope, an assessment of processes surrounding the submission of SCIs and other causes that may be delaying tabling of government approved documents.

### Recommendation

**That Statements of Corporate Intent be tabled within timeframes required by the relevant legislation.**

## Financial Reporting and Audit of Agriculture Entities

During 2010-11 the Directors of Intergrain Pty Ltd (Intergrain) advised that they were appointing a private sector auditor to perform their audit. Prior to this, the audit of their financial statements was performed by the Auditor General.

Intergrain is a joint venture entity created in 2007 between the State Government and the Grains Research and Development Corporation for the purpose of breeding and selection of superior wheat varieties. The State Government's interest in Intergrain is held on its behalf by the Western Australian Agriculture Authority (WAAA). WAAA holds the majority vote on Intergrain's board of directors.

Legal advice has confirmed that Intergrain can choose its auditor as WAAA is not an 'agency' under the *Financial Management Act 2006 (FM Act)*.

Although the results of Intergrain's 2010-11 audit are not separately included in this report, WAAA's \$3.7 million share of Intergrain's accumulated losses at 30 June 2011 is included, under equity accounting principles, in the Department of Agriculture and Food (DAFWA) financial statements which are audited by the Auditor General. The basis for this is the *Biosecurity and Agriculture Management Act 2007* under which the activities of WAAA are regarded as services under the control of DAFWA for purposes of the FM Act.

Because WAAA is a separate legal entity and its transactions and balances are included in DAFWA's financial statements but not separately disclosed, a Matter of Significance was included with the audit opinion for DAFWA to highlight this fact (refer page 11).

Treasury is reviewing the relevant legislation with a view to clarifying the financial reporting requirements for WAAA.

## Independent Assessment of the Western Australian Natural Disaster Relief and Recovery Arrangements Submission

Natural disasters often result in a large-scale expenditure by state governments in the form of disaster relief and recovery payments and infrastructure restoration. To assist with this burden, the Commonwealth provides financial assistance to the states in defined circumstances. Commonwealth assistance is intended to complement state strategies in relation to natural disasters, such as insurance and disaster mitigation planning and implementation.

As a result of recent natural disasters, the Commonwealth has made changes to the type and level of assistance it will provide to a state recovering from a natural disaster. Under the Commonwealth's Natural Disaster Relief and Recovery (NDRRA) Determination of 2011, each state is required to have an independent assessment of its insurance arrangements with a focus on essential public assets and to report the results to the Commonwealth.

The Commonwealth Department of Finance and Deregulation in conjunction with the Commonwealth Attorney-General will review the submissions and the assessments to determine whether Australian jurisdictions are adequately insured in the event of a natural disaster as per the principles defined in the 2011 NDRRA determination. In the event of inadequacies, the Attorney General can recommend that a state take appropriate action within a reasonable timeframe in order to remain fully eligible for assistance.

The Commonwealth's requirement for an assessment includes not only the arrangements each state government has in place but also those of local governments within each state.

The Treasurer engaged our Office to undertake the assessment in August 2011. The Commonwealth set the ambitious target of reporting by 30 September 2011. In September 2011 the Commonwealth deferred the requirement for assessment of local government arrangements until 31 March 2012. We issued our assessment report on State Government arrangements on 24 October 2011.

The Department of Treasury prepared the submission to the Commonwealth that described the State Government's arrangements. We then undertook an assessment of the state's submission. The assessment was undertaken as a limited assurance assignment (which is not an audit).

Our assessment related to the completeness and accuracy of the submission made in accordance with the related Commonwealth Guide and not the adequacy of the insurance arrangements themselves.

The limited timeframe for the collection and assessment of the information contributed to a qualified conclusion being issued against five of seventeen assessment requirements. Nevertheless, a significant amount of information was collated through the efficient coordination of the process by the Department of Treasury. A copy of the assessment is to be posted on the Treasury website at [www.treasury.wa.gov.au](http://www.treasury.wa.gov.au).

## Shared Service Arrangements

For a number of years Audit has identified various issues in relation to the Department of Treasury and Finance Shared Services Centre (DTFSSC). Following a recent review, the Government announced that DTFSSC would be decommissioned. As the finance and human resources processes of affected agencies are restructured over the next few years, existing responsibilities and accountabilities will change. It will be essential that agencies continue to maintain an adequate system of internal control over transactions during the transition period.

## Reduced Disclosure Requirements

Many agencies are small and medium in size but are still required to prepare a substantial financial report. Subsequently these reports require auditing.

The Auditor General has previously expressed his view that, wherever possible, agencies' reports should be as succinct as possible in order to ensure readability and to reduce costs associated with preparation and assurance.

In July 2010, the AASB released two new standards that provide for reduced disclosure – AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards Arising from Reduced Disclosure Requirements.

Treasury are currently considering the costs and risks of implementing reduced disclosures. Also the Heads of Treasuries Accounting and Reporting Advisory Committee are overseeing a research project to develop and identify other options to further reduce disclosures. We are liaising with Treasury on these developments.

## Port Authorities – A Feature Analysis

Periodically, we include in these reports a feature analysis of important government operations. In this report we provide information and analysis about the eight port authorities that govern the major ports in Western Australia. The ports that they control perform a crucial role in the state's resources, tourism and agriculture sectors, handling more than 11 000 vessels in 2010-11.

Table 7 shows the extent of the ports' role in processing the state's imports and exports. The *Port Authorities Act 1999* is the enabling legislation for these port authorities and includes financial and annual reporting requirements.

## Port shipping and trade

The number of vessels and the types/tonnage provide a snapshot of the ports' activity.

Port	Vessels				Total Port Trade Tonnage		Main Cargo in 2011 as percentage of Total Port Tonnage
	Total		Passenger		(000s)		
	2011	2010	2011	2010	2011	2010	
Albany	105	126	9	13	3 069	3 423	Woodchips 45%
Broome	996	1 194	31	38	343	354	Import fuel oils 49%
Bunbury	423	402	9	11	13 998	13 867	Alumina 67%
Dampier	6 003	4 657			165 025	170 732	Iron ore 83%
Esperance	184	205	3	3	11 120	11 267	Iron ore 79%
Fremantle	1 978	1 836	29	40	26 123	26 168	Petroleum products 33%
Geraldton	331	347	4	20	10 007	9 009	Iron ore 59%
Port Hedland	1 460	1 303			199 002	178 625	Iron ore 97%
<b>Total</b>	<b>11 480</b>	<b>10 070</b>	<b>85</b>	<b>125</b>	<b>428 687</b>	<b>413 445</b>	
<b>Change %</b>	<b>+14%</b>		<b>-32%</b>		<b>+4%</b>		

Source: Port authorities' annual reports

**Table 7: Port authorities' shipping and trade activity**

The number of vessels trafficking through the ports increased during 2010-11. There were increased exports of resources through Port Hedland (11 per cent) and Geraldton (19 per cent) and woodchips through Albany (15 per cent) and Bunbury (16 per cent). However, these increases were partially offset by the reduced export of agricultural products and number of passenger ships visiting the ports.

Information from the financial statements of the port authorities has been summarised in the following tables to provide an overview of selected aspects of their finances.

### Revenue from rendering of services (charges and shipping services)

Revenue from rendering of services increased by 21 per cent overall owing to the increase in vessels trafficking through the ports and increased charges.

Revenue from shipping operations represents 62 to 84 per cent of each port authority's income and collectively totalled \$348 million in 2010-11. Port Hedland Port Authority has advised that the significant increase in revenue resulted from increased throughput, and particularly the commissioning of the new Utah Berth and the cargo revenue earned from this berth.

## 4: Other Financial Reporting and Audit Issues

Bunbury and Dampier experienced increased revenue due to increased charges. Albany and Broome ports have reported declining revenues over the past two years due to reduced tonnage of grains, single super and pine logs at Albany and a reduction of oil and gas support vessels visiting Broome Port.

Revenue from rendering of services	2011 \$m	2010 \$m	2009 \$m
Albany Port Authority	7.4	7.7	9.1
Broome Port Authority	11.0	12.2	12.3
Bunbury Port Authority	20.2	17.6	14.6
Dampier Port Authority	28.1	24.5	13.5
Esperance Port Authority	36.5	35.1	33.2
Fremantle Port Authority	113.2	100.4	93.4
Geraldton Port Authority	43.8	39.6	29.8
Port Hedland Port Authority	87.6	49.1	39.5
<b>All ports as a group</b>	<b>347.8</b>	<b>286.2</b>	<b>245.4</b>

**Table 8: Port authorities' revenue from rendering of services – charges and shipping services**

### Liquidity Ratio

As a group, the liquidity (or current) ratio of ports has improved significantly in 2010-11.

The liquidity ratio is based on the traditional formula of current assets divided by current liabilities. This ratio assesses an entity's ability to meet their debts as and when they fall due. In the absence of specific factors, a ratio of one or greater is considered generally accepted good practice.

Liquidity / current ratio	2011	2010	2009
Albany Port Authority	3.5	3.5	2.9
Broome Port Authority	2.3	2.7	1.9
Bunbury Port Authority	7.9	10.2	6.7
Dampier Port Authority	1.6	2.0	1.5
Esperance Port Authority	1.0	0.8	1.0
Fremantle Port Authority	1.0	0.9	2.1
Geraldton Port Authority	3.0	2.3	1.5
Port Hedland Port Authority	1.7	1.5	1.1
<b>Average for ports</b>	<b>1.8</b>	<b>1.5</b>	<b>1.6</b>

**Table 9: Port authorities' liquidity ratios**



## Borrowings

Two ports, Fremantle and Port Hedland have significantly increased their borrowing to fund major capital works. These borrowings have been facilitated by the Western Australian Treasury Corporation.

The port authorities are permitted by their legislation to finance their activities by borrowing. Fremantle and Port Hedland increased their borrowing in 2010-11 primarily to fund an inner harbour deepening project and construction of a new wharf respectively.

<b>Borrowings</b>	<b>2011 \$m</b>	<b>2010 \$m</b>
Albany Port Authority	1.3	2.2
Broome Port Authority	12.2	10.7
Bunbury Port Authority	9.4	11.0
Dampier Port Authority	66.3	68.5
Esperance Port Authority	85.7	88.7
Fremantle Port Authority	241.2	163.1
Geraldton Port Authority	145.8	149.9
Port Hedland Port Authority	208.7	138.7
<b>Total all ports</b>	<b>770.1</b>	<b>632.8</b>

**Table 10: Port authorities' borrowings**

## Port Asset Values

Port assets vary significantly reflecting the type of port, location, and the accounting method used for asset valuation.

<b>Property, plant and equipment</b>	<b>2011 \$m</b>
Albany Port Authority	32.5
Broome Port Authority	26
Bunbury Port Authority	75.4
Dampier Port Authority	93
Esperance Port Authority	67.9
Fremantle Port Authority	398
Geraldton Port Authority	151.3
Port Hedland Port Authority	351.4
<b>Total all ports</b>	<b>1195.5</b>

**Table 11: Port authorities' property, plant and equipment balances**

## 4: Other Financial Reporting and Audit Issues

Apart from Geraldton, the ports have adopted the cost basis of accounting for their property, plant and equipment assets, including channels, breakwaters, berths, jetties, buildings and operational plant and equipment. Although this cost basis for asset valuation complies with accounting standards, it generally results in assets being reported at lower values than if the fair value basis was applied. The fair value method requires assets to be periodically revalued.

### Dividends Paid to Government by Port Authorities

In accordance with government financial policy, the ports are required to pay a dividend to government as set out in their annual Statement of Corporate Intent. Up to the 2009-10 financial year, the dividend was set at 50 per cent of their after tax profit. For 2010-11 this increased to 65 per cent of after tax profit.

Dividends paid to government	2011 \$m	2010 \$m	2009 \$m
Albany Port Authority	1.2	1.5	1.2
Broome Port Authority	0	0.8	0
Bunbury Port Authority	1.7	0.7	2.0
Dampier Port Authority	3.4	1.3	2.3
Esperance Port Authority	0	0	0
Fremantle Port Authority	9.5	6.9	8.9
Geraldton Port Authority	6.4	1.4	1.6
Port Hedland Port Authority	0	2.7	1.9
<b>Total dividends paid</b>	<b>22.2</b>	<b>15.3</b>	<b>17.9</b>

**Table 12: Port authorities' dividends paid to government**

The Minister for Transport has agreed to the Broome Port Authority paying its \$775 000 dividend (due in 2011) by 30 June 2012. No dividend was paid by Esperance and Port Hedland because they had an after tax loss in 2010.

## Appendix 1: Summary of Audit Opinions

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Audit opinions issued for 160 audits completed between 9 May 2011 and 31 October 2011, primarily for agencies with 30 June and 31 July 2011 reporting dates, are summarised below. The audit opinion is issued to the responsible Minister for each government agency and is printed in full in the agency's annual report. The annual report is tabled in Parliament by the Minister and also normally posted on the agency's website.

Results of annual audits of government agencies and other entities are tabulated in two categories:

**The Legislature** – This category includes the results of the audits of the three parliamentary departments.

**Ministerial Portfolios** – The government of the day assigns responsibility for the administration of government agencies to individual Ministers. The results of audits conducted under the AG Act and agencies' enabling legislation are reported on this basis. The following tables are based on the ministerial responsibilities at 4 July 2011.

### Key to Table of Audit Opinions

The table lists each agency audited and the date their opinion on financial statements and, if applicable, controls and performance indicators was issued. Qualified opinions or any other notes appear against the agency's name. Where the opinion relates to financial statements only, a '❖' appears after the agency's name.

Agencies' names are listed alphabetically without 'The' in their statutory names.

The 'Audit Ready' column relates to the date that the agency provided their financial statements that were substantially complete and of sufficient quality for the audit to commence. With a few exceptions, agencies' timeliness is rated as follows:

Agency's Submission Date	Rating	Colour Coding
On or before Tuesday 19 July 2011	Good	Green
By Friday 5 August 2011	Satisfactory	Orange
After 5 August 2011	Needs Improvement	Red

**Table 13: Rating codes for timeliness / audit readiness used in Appendix 1**

## The Legislature

### Parliamentary Departments

Audit Ready	Agency	Opinion Issued
19/07/2011	Department of the Legislative Assembly	14/09/2011
19/07/2011	Department of the Legislative Council	14/09/2011
19/07/2011	Parliamentary Services Department	14/09/2011

## Ministerial Portfolios

### Premier; Minister for State Development

Audit Ready	Agency	Opinion Issued
18/07/2011	Department of State Development	16/09/2011
27/07/2011	Department of the Premier and Cabinet	09/09/2011
05/08/2011	Gold Corporation	16/09/2011
05/08/2011	Governor's Establishment	12/09/2011
19/07/2011	Lotteries Commission	17/08/2011
19/07/2011	Parliamentary Commissioner for Administrative Investigations	10/08/2011
05/08/2011	Public Sector Commission	19/09/2011

### Deputy Premier; Minister for Health; Tourism

Audit Ready	Agency	Opinion Issued
18/07/2011	Animal Resources Authority	16/08/2011
25/07/2011	Department of Health	23/09/2011
25/07/2011	Health and Disability Services Complaints Office (formerly Office of Health Review)	19/08/2011
04/08/2011	Local Health Authorities Analytical Committee	22/09/2011
25/07/2011	Minister for Health in his capacity as the Deemed Board of the Metropolitan Public Hospitals <i>(Qualified opinion on financial statements and controls)</i>	23/09/2011
18/07/2011	Quadriplegic Centre Board	14/09/2011
20/07/2011	Queen Elizabeth II Medical Centre Trust	21/09/2011
04/08/2011	Rottneet Island Authority	20/09/2011
29/07/2011	WA Country Health Service <i>(Qualified opinion on KPIs)</i>	23/09/2011
18/07/2011	Western Australian Health Promotion Foundation	29/07/2011
08/08/2011	Western Australian Tourism Commission	16/09/2011

## Appendix 1: Summary of Audit Opinions

**Minister for Mines and Petroleum, Fisheries; Electoral Affairs**

Audit Ready	Agency	Opinion Issued
02/08/2011	Coal Industry Superannuation Board	14/09/2011
28/07/2011	Coal Miners' Welfare Board of Western Australia	12/09/2011
29/07/2011	Department of Fisheries	01/09/2011
29/07/2011	Department of Mines and Petroleum	15/09/2011
27/07/2011	Minerals and Energy Research Institute of Western Australia	20/09/2011
05/08/2011	Western Australian Electoral Commission	13/09/2011

**Minister for Regional Development; Lands**

Audit Ready	Agency	Opinion Issued
18/07/2011	Department of Regional Development and Lands	15/09/2011
03/08/2011	Gascoyne Development Commission	13/09/2011
28/07/2011	Goldfields-Esperance Development Commission	09/09/2011
05/08/2011	Great Southern Development Commission	07/09/2011
12/08/2011	Kimberley Development Commission	14/09/2011
05/08/2011	Mid West Development Commission	14/09/2011
29/07/2011	Peel Development Commission	12/09/2011
31/07/2011	Pilbara Development Commission	14/09/2011
19/07/2011	South West Development Commission	30/08/2011
19/07/2011	Western Australian Land Authority ❖	02/09/2011
01/08/2011	Western Australian Land Information Authority <i>(Qualified opinion on KPIs)</i>	12/09/2011
05/08/2011	Wheatbelt Development Commission	14/09/2011

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❖ Opinion relates to financial statements only.

## Treasurer; Attorney General

Audit Ready	Agency	Opinion Issued
N/A	Annual Report on State Finances ❖	20/09/2011
18/07/2011	Commissioner for Children and Young People	17/08/2011
27/07/2011	Commissioner for Equal Opportunity	25/08/2011
15/07/2011	Corruption and Crime Commission	19/09/2011
01/08/2011	Department of the Attorney General	31/08/2011
19/07/2011	Department of Treasury and Finance (Final Audit – department split 01/07/2011)	13/09/2011
19/07/2011	Economic Regulation Authority	04/08/2011
01/08/2011	Government Employees Superannuation Board	26/08/2011
N/A	Subsidiary: GESB Wealth Management Pty Ltd ❖	26/08/2011
05/08/2011	Insurance Commission of Western Australia	13/09/2011
19/07/2011	Law Reform Commission of Western Australia	05/09/2011
21/07/2011	Legal Aid Commission of Western Australia	11/08/2011
29/08/2011	Legal Contribution Trust (01/01/2011 – 30/06/2011) <i>(Qualified opinion on financial statements, controls and KPIs)</i>	21/09/2011
19/07/2011	Legal Costs Committee	05/09/2011
04/08/2011	Office of the Director of Public Prosecutions	09/09/2011
19/07/2011	Office of the Information Commissioner	31/08/2011
19/07/2011	Parliamentary Inspector of the Corruption and Crime Commission	11/08/2011
19/07/2011	Professional Standards Council	05/09/2011
29/07/2011	Public Trustee	15/09/2011
05/08/2011	State Government Insurance Corporation	13/09/2011
19/07/2011	Western Australian Treasury Corporation	24/08/2011
<b>Request Audits</b> – Audits requested by the Treasurer under the <i>Auditor General Act 2006</i> do not have a statutory date for submitting financial statements.		
N/A	Director of Legal Aid and Others in Trust <i>(2011 audit dispensed with)</i>	No opinion
N/A	SB Investment Trust ❖	26/08/2011
N/A	Sir Charles Gairdner Hospital Foundation Trust	Audit in progress
N/A	Sir Charles Gairdner Research Foundation Inc	Audit in progress
N/A	South West Cogeneration Joint Venture ❖	Audit in progress
N/A	Tertiary Institutions Service Centre (Inc) ❖	16/09/2011

❖ Opinion relates to financial statements only.

## Appendix 1: Summary of Audit Opinions

**Minister for Education**

<b>Audit Ready</b>	<b>Agency</b>	<b>Opinion Issued</b>
26/07/2011	Country High School Hostels Authority	05/09/2011
18/07/2011	Curriculum Council	16/09/2011
19/07/2011	Department of Education	20/09/2011
18/07/2011	Department of Education Services	14/09/2011
N/A	ECU Resources for Learning Ltd trading as STEPS Professional Development (NZ) (Edith Cowan University subsidiary)	03/06/2011
19/07/2011	Trustees of the Public Education Endowment Trust	16/09/2011

**Minister for Finance; Commerce; Small Business**

<b>Audit Ready</b>	<b>Agency</b>	<b>Opinion Issued</b>
19/07/2011	Construction Industry Long Service Leave Payments Board	29/08/2011
15/08/2011	Department of Commerce	14/09/2011
15/07/2011	Department of the Registrar, Western Australian Industrial Relations Commission	28/07/2011
02/08/2011	Real Estate and Business Agents Supervisory Board	14/09/2011
02/08/2011	Settlement Agents Supervisory Board	14/09/2011
04/08/2011	Small Business Development Corporation	13/09/2011
	State Supply Commission ( <i>2011 audit dispensed with – s14 of AG Act</i> )	No opinion
	Western Australian Building Management Authority ( <i>2011 audit dispensed with – s14 of AG Act</i> )	No opinion
19/07/2011	WorkCover Western Australia Authority	07/09/2011

**Minister for Police; Emergency Services; Road Safety**

<b>Audit Ready</b>	<b>Agency</b>	<b>Opinion Issued</b>
19/07/2011	Fire and Emergency Services Authority of Western Australia	06/09/2011
05/08/2011	Fire and Emergency Services Superannuation Board	14/09/2011
18/07/2011	Police Service	08/09/2011



## Appendix 1: Summary of Audit Opinions

**Minister for Sport and Recreation; Racing and Gaming**

<b>Audit Ready</b>	<b>Agency</b>	<b>Opinion Issued</b>
19/07/2011	Burswood Park Board	11/08/2011
19/07/2011	Department of Racing, Gaming and Liquor	21/09/2011
19/07/2011	Department of Sport and Recreation	16/09/2011
20/07/2011	Gaming and Wagering Commission of Western Australia	31/08/2011
19/07/2011	Professional Combat Sports Commission	07/09/2011
19/08/2011	Racing and Wagering Western Australia (01/08/2010 - 31/07/2011)	11/10/2011
22/07/2011	Racing Penalties Appeal Tribunal of Western Australia	05/09/2011
12/09/2011	Western Australian Greyhound Racing Association (01/08/2010 - 31/07/2011)	11/10/2011
19/07/2011	Western Australian Institute of Sport	16/09/2011
19/07/2011	Western Australian Sports Centre Trust	16/09/2011

**Minister for Planning; Culture and the Arts; Science and Innovation**

<b>Audit Ready</b>	<b>Agency</b>	<b>Opinion Issued</b>
19/07/2011	Armadale Redevelopment Authority	16/09/2011
05/08/2011	Board of the Art Gallery of Western Australia	31/08/2011
19/07/2011	Chemistry Centre (WA)	14/09/2011
05/08/2011	Department of Culture and the Arts	09/09/2011
19/07/2011	Department of Planning	29/08/2011
19/07/2011	East Perth Redevelopment Authority	26/08/2011
19/07/2011	Library Board of Western Australia	02/09/2011
19/07/2011	Midland Redevelopment Authority	13/09/2011
05/08/2011	Perth Theatre Trust	31/08/2011
19/07/2011	Screen West (Inc)	25/08/2011
19/07/2011	Subiaco Redevelopment Authority	30/08/2011
19/07/2011	Swan Bells Foundation Incorporated	09/09/2011
05/08/2011	Western Australian Museum	14/09/2011
18/07/2011	Western Australian Planning Commission	09/08/2011

## Minister for Energy; Training and Workforce Development; Indigenous Affairs

Audit Ready	Agency	Opinion Issued
19/07/2011	Aboriginal Affairs Planning Authority	08/09/2011
19/07/2011	Building and Construction Industry Training Board	23/08/2011
19/07/2011	Department of Indigenous Affairs	08/09/2011
19/07/2011	Department of Training and Workforce Development	13/09/2011
18/07/2011	Electricity Generation Corporation – Verve Energy ❖	26/08/2011
16/07/2011	Electricity Networks Corporation – Western Power ❖	07/09/2011
19/07/2011	Electricity Retail Corporation – Synergy ❖	31/08/2011
27/07/2011	Independent Market Operator ❖	16/09/2011
19/07/2011	Office of Energy	13/09/2011
03/08/2011	Regional Power Corporation – Horizon Power ❖	16/09/2011
19/07/2011	Western Australian Energy Disputes Arbitrator	04/08/2011

## Minister for Transport; Housing

Audit Ready	Agency	Opinion Issued
01/08/2011	Albany Port Authority ❖	08/09/2011
19/07/2011	Broome Port Authority ❖	21/09/2011
25/07/2011	Bunbury Port Authority ❖	25/08/2011
19/07/2011	Commissioner of Main Roads	17/08/2011
11/08/2011	Country Housing Authority	31/08/2011
15/08/2011	Dampier Port Authority ❖	29/09/2011
19/07/2011	Department of Transport	13/09/2011
	Department of Housing (2011 audit dispensed with – s14 of AG Act)	No opinion
18/07/2011	Esperance Port Authority ❖	28/09/2011
22/07/2011	Fremantle Port Authority ❖	31/08/2011
11/08/2011	Geraldton Port Authority ❖	22/09/2011
25/07/2011	Housing Authority	06/09/2011
N/A	Subsidiaries: Homeswest Loan Scheme Trust ❖	31/08/2011
N/A	Keystart Bonds Limited ❖	31/08/2011
N/A	Keystart Housing Scheme Trust ❖	31/08/2011
N/A	Keystart Loans Limited ❖	31/08/2011
N/A	Keystart Support Trust ❖	31/08/2011
16/07/2011	Port Hedland Port Authority ❖	15/09/2011
01/08/2011	Public Transport Authority of Western Australia	16/09/2011
27/07/2011	Western Australian Coastal Shipping Commission	02/09/2011

❖ Opinion relates to financial statements only.

## Appendix 1: Summary of Audit Opinions

**Minister for Child Protection; Community Services; Seniors and Volunteering; Women's Interests; Youth**

Audit Ready	Agency	Opinion Issued
01/08/2011	Department for Child Protection	16/09/2011
25/07/2011	Department for Communities <i>(Qualified opinion on financial statements, controls and KPIs)</i>	20/09/2011

**Minister for Local Government; Heritage; Citizenship and Multicultural Interests**

Audit Ready	Agency	Opinion Issued
05/08/2011	Department of Local Government	15/09/2011
05/08/2011	Heritage Council of Western Australia	07/09/2011
22/07/2011	Metropolitan Cemeteries Board	02/09/2011
01/08/2011	National Trust of Australia (W.A.)	16/09/2011

**Cemetery Board Audits** – Cemetery Boards audited under the Cemeteries Act do not have a statutory date for submitting financial statements. Cemetery board audits will be reported in the 31 December 2011 audit cycle.

**Minister for Agriculture and Food; Forestry; Corrective Services**

Audit Ready	Agency	Opinion Issued
	Agricultural Practices Board of Western Australia <i>(2011 audit dispensed with)</i>	No opinion
01/08/2011	Agricultural Produce Commission	02/09/2011
N/A	Agriculture Protection Board of Western Australia <i>(Final audit 01/07/2010 – 18/12/2010)</i>	09/09/2011
06/09/2011	Department of Agriculture and Food <i>(Qualified opinion on financial statements and KPIs)</i>	28/09/2011
19/07/2011	Department of Corrective Services	09/09/2011
25/08/2011	Forest Products Commission	27/09/2011
	Landcare Trust <i>(2011 audit dispensed with – s14 of AG Act)</i>	No opinion
20/07/2011	Office of the Inspector of Custodial Services	09/08/2011
19/07/2011	Perth Market Authority	15/09/2011
25/07/2011	Potato Marketing Corporation of Western Australia	16/08/2011
22/08/2011	Rural Business Development Corporation	21/09/2011
04/08/2011	Western Australian Meat Industry Authority	15/09/2011

## Appendix 1: Summary of Audit Opinions

**Minister for Environment; Water**

<b>Audit Ready</b>	<b>Agency</b>	<b>Opinion Issued</b>
19/07/2011	Botanic Gardens and Parks Authority	15/09/2011
12/08/2011	Bunbury Water Board	15/09/2011
24/08/2011	Busselton Water Board	15/09/2011
18/07/2011	Department of Environment and Conservation	25/08/2011
19/07/2011	Department of Water	20/09/2011
08/08/2011	Keep Australia Beautiful Council (WA)	24/08/2011
12/08/2011	Office of the Environmental Protection Authority	21/09/2011
05/08/2011	Swan River Trust	15/09/2011
08/07/2011	Water Corporation ❖	16/08/2011
19/07/2011	Zoological Parks Authority	14/09/2011

**Minister for Mental Health; Disability Services**

<b>Audit Ready</b>	<b>Agency</b>	<b>Opinion Issued</b>
18/07/2011	Disability Services Commission	14/09/2011
18/07/2011	Mental Health Commission	16/09/2011
09/08/2011	Western Australian Alcohol and Drug Authority	20/09/2011

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❖ Opinion relates to financial statements only.

## Appendix 2: Audit Certifications

Audit work is also undertaken throughout the year to certify financial and statistical information produced by departments and statutory authorities. This assists agencies to discharge conditions of Commonwealth funding, grants or other legislation. This service to agencies ensures that they meet conditions of their funding agreements in a timely manner and are in a position to receive ongoing funding or apply for future funding under existing or new agreements.

In addition, 68 certifications under the Royalties for Regions program were issued by the Auditor General. These are detailed in a separate table of this appendix, commencing on page 43.

The following 20 certifications were completed between 9 May 2011 and 31 October 2011. Unless stated, the certifications were for the year-ended 30 June 2011. Managements' assertions were confirmed and no adverse reports were issued.

Client	Certification Relates to	Date Issued
Armadale Redevelopment Authority and Commonwealth Department of Environment, Water, Heritage and the Arts	<b>Wungong Urban Water Cycle Project</b>	30/09/2011
Coal Industry Superannuation Board	<b>Trustee Company Audit Report</b>	14/09/2011
Coal Industry Superannuation Board (Trustee of)	<b>Australian Prudential Regulation Authority (APRA) annual return forms</b>	17/10/2011
	<b>Australian Securities and Investments Commission:</b> Australian financial services license returns under <i>Corporations Act 2001</i> .	17/10/2011
	<b>Legislative Compliance Superannuation Industry (Supervision) Act (SIS) 1993</b> – Registrable Superannuation Entity (RSE) Licensee Responsibilities.	17/10/2011
Commonwealth Department of Transport and Regional Services	<b>Indian Ocean Territories – Service Delivery Arrangements</b>	30/09/2011
Curtin University of Technology	<b>Higher Education Funding Act 1988:</b> Higher Education Research Data Collection for year-ended 31/12/2010.	23/06/2011
Department of Local Government	<b>Local Government (Financial Assistance) Act 1995:</b> Commonwealth funding to local government authorities.	23/09/2011
Department of Training and Workforce Development	<b>Australian Vocational Education and Training Management Information Statistical Standard (AVETMISS)</b> for year-ended 31/12/2010.	15/06/2011
Edith Cowan University	<b>Higher Education Funding Act 1988:</b> Higher Education Research Data Collection for year-ended 31/12/2010.	14/06/2011

## Appendix 2: Audit Certifications

Client	Certification Relates to	Date Issued
Electricity Retail Corporation – Synergy	<b>Australian Securities and Investments Commission:</b> Australian financial services licence returns under Corporations Act 2001.	26/09/2011
Fire and Emergency Services Authority and Commonwealth Attorney General's Department	<b>Natural Disaster Relief and Recovery Arrangements (NDRRA) claim</b>	30/09/2011
Fire and Emergency Services Superannuation Board	<b>Trustee Company Audit Report</b>	14/09/2011
Fire and Emergency Services Superannuation Board (Trustee of)	<b>Australian Prudential Regulation Authority annual return forms</b>	25/10/2011
	<b>Australian Securities and Investments Commission:</b> Australian financial services license returns under <i>Corporations Act 2001</i>	25/10/2011
	<b>Legislative Compliance Superannuation Industry (Supervision) Act (SIS) 1993 – Registrable Superannuation Entity (RSE) Licensee Responsibilities</b>	25/10/2011
Murdoch University	<b>Higher Education Funding Act 1988:</b> Higher Education Research Data Collection for year-ended 31/12/2010.	04/07/2011
Quadriplegic Centre Board	<b>Department of Health:</b> Board's Home Visiting Service.	14/09/2011
The University of Western Australia	<b>Higher Education Funding Act 1988:</b> Higher Education Research Data Collection for year ended 31/12/2010.	29/06/2011
Western Australian Electoral Commission	<b>Electoral Distribution Act 1907:</b> Electoral Distribution Commissioners' Expenses for the period 1/06/2010 to 31/05/2011.	22/06/2011

**Appendix 2.1: Certifications issued**

## Royalties for Regions

Clear certification opinions were issued to 32 State government agencies for the 2010-11 Statements of Receipts and Payments of 68 projects under the Royalties for Regions program. The Department of Regional Development and Lands (DRDL) administers this program. Agencies that receive funding sign a memorandum of understanding (MOU) with DRDL that requires quarterly unaudited reporting to DRDL and an audited Statement of Receipts and Payments for each financial year. Total audited payments by the 32 agencies in 2010-11 were \$379 million.

The audit opinions for each recipient agency reported that the Statement of Receipts and Payments were in accordance with the terms and conditions of the MOU between the agency and DRDL.

Certification opinions were issued to the following agencies for 68 approved projects.

Delivering Agency	Royalties for Regions approved projects	Total Payments Reported 2010-11	Date Certification Issued
<b>Country Local Government Fund</b>			
Department for Child Protection	Responsible Parenting Services in Regional Western Australia	\$700 994	29/09/2011
Department of Local Government	Capacity Building – Regional Governance Services and Asset Management Tools	\$8 642 457	22/09/2011
Department of Regional Development and Lands	Country Local Government Fund (Administration)	\$382 955	28/09/2011
	Local Government – Local Infrastructure Asset Renewal and New Assets	\$20 219 587	28/09/2011
	Regional Groupings of Local Governments	\$6 402 025	28/09/2011
Gascoyne Development Commission	Support to Country Local Governments	\$27 401	29/09/2011
Mid West Development Commission	Support to Country Local Governments	\$63 370	29/09/2011
<b>Regional Community Services Fund</b>			
Department of Agriculture and Food	Regional Men's Health Program	\$547 000	29/09/2011
	State Barrier Fence and Wild Dogs Management Program	\$559 000	29/09/2011
Department of Commerce	Regional Workers' Incentives Project Officer Funding	\$49 300	06/09/2011
Department of Corrective Services	Regional Youth Justice Strategy Kimberley and Pilbara Expansion	\$3 372 557	27/09/2011
Department of Education	Boarding Away From Home Allowance	\$1 609 158	19/09/2011
	Expansion of Clontarf Foundation Programs and Services into Regional Locations	\$513 525	19/09/2011

## Appendix 2: Audit Certifications

Delivering Agency	Royalties for Regions approved projects	Total Payments Reported 2010-11	Date Certification Issued
Department of Regional Development and Lands	Community Resource Centres	\$12 078 163	28/09/2011
	Country Age Pension Fuel Card	\$23 021 881	28/09/2011
	Rangelands Reform Program	\$228 523	28/09/2011
	Regional Workers Incentives (Price Index Funding)	\$98 849	28/09/2011
Gascoyne Development Commission	Regional Grants Scheme	\$4 194 789	29/09/2011
Great Southern Development Commission	Regional Grants Scheme	\$2 279 000	27/09/2011
Kimberley Development Commission	Regional Grants Scheme	\$2 185 123	30/09/2011
Library Board of Western Australia	Better Beginnings – Family Literacy Program	\$527 111	14/09/2011
Mid West Development Commission	Regional Grants Scheme	\$4 125 675	29/09/2011
Peel Development Commission	Regional Grants Scheme	\$4 354 790	16/09/2011
Perth Theatre Trust	Berlin Philharmonic Orchestra Regional Simulcast (01/07/2010 – 31/05/2011)	\$200 000	20/06/2011
Pilbara Development Commission	Regional Grants Scheme	\$4 247 001	27/09/2011
Public Transport Authority of Western Australia	Upgrade of 'Orange' School Buses in Regional Western Australia	\$1 845 298	28/09/2011
South West Development Commission	Regional Grants Scheme	\$5 024 714	20/09/2011
WA Country Health Service	Patient Assisted Travel Scheme	\$8 952 024	28/09/2011
	Royal Flying Doctor Service	\$7 773 905	28/09/2011
	Rural Generalist Pathways in Western Australia	\$204 301	28/09/2011
Western Australian Tourism Commission	Western Australian Indigenous Tourism Operators Committee (WAITOC)	\$330 000	16/09/2011
Wheatbelt Development Commission	Regional Grants Scheme	\$2 727 576	29/09/2011



## Appendix 2: Audit Certifications

Delivering Agency	Royalties for Regions approved projects	Total Payments Reported 2010-11	Date Certification Issued
<b>Regional Infrastructure and Headworks Fund (RIHF)</b>			
<b>RIHF – General</b>			
Department of Commerce	Community Emergency Communications	\$9 606	19/09/2011
	Regional Mobile Communications Project	\$11 336	06/09/2011
Department of Education	Merredin Schools Amalgamation	\$5 000 000	19/09/2011
Department of Environment and Conservation	Conservation Parks Infrastructure and Roads Initiative	\$2 321 509	23/09/2011
Department of Regional Development and Lands	Living Lakes (Feasibility and Planning)	\$1 835	28/09/2011
	Pre-Feasibility Pilbara / Gascoyne	Nil	28/09/2011
Department of Transport	Regional Airports Development Scheme	\$2 670 157	23/09/2011
	Recreational Boating Facilities Scheme	\$1 700 000	23/09/2011
Department of Water	Carnarvon Artesian Basin Advisory Group	\$4 421	11/10/2011
Electricity Networks Corporation (Western Power)	Regional Distribution Headworks Scheme – Refunds	\$7 300 000	02/09/2011
Housing Authority	Housing for Workers	\$59 490 362	28/09/2011
WA Country Health Service	Regional Hospitals	\$25 737 349	28/09/2011
<b>RIHF – Gascoyne Revitalisation</b>			
Department of the Attorney General	Carnarvon Police and Justice Complex	\$385 004	28/09/2011
Department of Transport	Carnarvon Recreational Boat Ramp	\$1 753 974	27/09/2011
Department of Water	Gascoyne Irrigation Pipeline Project	\$69 805	13/10/2011
<b>RIHF – Kimberley Revitalisation</b>			
Department of the Attorney General	Broome Justice Complex	\$179 469	27/09/2011
	Kununurra Courthouse	\$1 876 153	28/09/2011
Department of Regional Development and Lands	Ord-East Kimberley Expansion Project	\$12 182 801	28/09/2011
Department of Transport	Broome Small Boat Facility Stage 1	\$914 674	27/09/2011
Western Australian Land Authority	Kununurra Ord Expansion	\$43 387 239	29/09/2011

## Appendix 2: Audit Certifications

Delivering Agency	Royalties for Regions approved projects	Total Payments Reported 2010-11	Date Certification Issued
<b>RIHF – Pilbara Cities Initiative</b>			
Department of Education	Hedland Senior High School Upgrade	\$500 000	19/09/2011
Department of Planning	Northern Towns Development Fund – North West Planning Program Assessments	\$178 734	20/09/2011
Department of Regional Development and Lands	Northern Towns Development Fund – Pilbara Cities Development Office	\$763 677	28/09/2011
	Pilbara Cities Office	\$1 000 000	28/09/2011
Department of Treasury and Finance	Ngarluma Aboriginal Sustainable Housing (NASH) Project - Roebourne	\$313 877	31/08/2011
Department of Water	Pilbara Water Opportunities – Groundwater Resource Appraisal	\$14 052	13/10/2011
Office of Energy	Pilbara Underground Power Project (PUPP) Technical Advice / Support	\$15 239	07/09/2011
Office of the Environmental Protection Authority	Northern Towns Development Fund – North West Planning Program Assessments	\$54 424	21/09/2011
Pilbara Development Commission	Pilbara Underground Power – Steering Committee	\$239 664	27/09/2011
Regional Power Corporation (Horizon Power)	Pilbara Underground Power Project	\$35 644 000	30/09/2011
WA Country Health Service	Pilbara Health Equipment	\$68 000	28/09/2011
	Pilbara Health Partnership	\$4 000 676	28/09/2011
Western Australian Land Authority	Housing for Workers – South Hedland Town Centre Revitalisation	\$13 282 257	16/09/2011
	Karratha Service Workers Accommodation	\$23 836 041	16/09/2011
	South Hedland Kariyarra Marayinga	\$226 415	16/09/2011
<b>Administration of Royalties for Regions Fund</b>			
Department of Regional Development and Lands	Administering the Royalties for Regions Fund	\$6 498 704	28/09/2011
<b>Total Audited Payments for 2010-11</b>		<b>\$379 119 506</b>	

**Appendix 2.2: Royalties for Regions certifications issued**

## Appendix 3: Glossary

AASB	Australian Accounting Standards Board
Agency	Term used to describe clients audited by the Auditor General, including departments, statutory authorities, corporations, subsidiaries, request audits and cemetery boards.
AG Act	<i>Auditor General Act 2006</i>
ARSF	Annual Report on State Finances
Assurance audit	Work performed to enable an opinion to be expressed regarding a report about financial or performance matters prepared by the party who is accountable for the financial transactions or the performance summary.
Clear opinion (or unqualified opinion)	Auditor General's opinion expressed when an audit concludes that in all material respects the financial statements and performance indicators are presented fairly in accordance with the enabling legislation of the agency, Australian Accounting Standards (including Australian Accounting Interpretations) and the Treasurer's Instructions.
Contract audit	Audit of an agency undertaken by an appropriately qualified individual or firm, on behalf of the Auditor General, appointed under a contract.
DRDL	Department of Regional Development and Lands (State)
DTFSS	Department of Treasury and Finance's Shared Service Centre
FM Act	<i>Financial Management Act 2006</i>
IS	Information systems, primarily computerised systems
KPI	Key performance indicator - information about service performance or outcome achievement
Management letter	Letter to agency management that conveys significant audit findings and results of the audit. A copy is also sent to the responsible Minister.
Materiality	Magnitude of an omission or misstatement of accounting or performance information that, in the light of context or circumstances, makes it probable that the judgement of a reasonable person relying on the information would have been changed or influenced.
Matter of Significance	An item of concern in relation to an agency's financial statements which does not warrant a qualified opinion.
MOU	Memorandum of Understanding – agreement required for Royalties for Regions program funding.
Qualified opinion	Auditor General's opinion expressed when an audit identifies that the financial statements or performance indicators are likely to be misleading to users, controls were inadequate, there was material conflict between applicable financial reporting frameworks or an unavoidable limitation on audit work.
SCI	Statement of Corporate Intent
Significance	Relative importance in the circumstances, in relation to audit objectives, of an item, event or information, or problem the auditor identifies.
TI	Treasurer's Instructions – prescribed requirements at a minimum level with respect to financial administration that have the force of law and must be observed by public sector agencies under the FM Act.
Treasury	Department of Treasury (State) commenced 1 July 2011, previously part of Department of Treasury and Finance (DTF)

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6	Right Teacher, Right Place, Right Time: Teacher Placement in Public Schools	31 August 2011
5	Public Sector Performance Report 2011 – Agency Compliance with Procurement Requirements – Managing the Priority Start – Building Policy	29 June 2011
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2	Opinion on Ministerial Notification: Ministerial decision to not provide information to Parliament in relation to the theatre production of <i>The Graduate</i>	23 March 2011
1	Raising the Bar: Implementing key provisions of the <i>Liquor Control Act</i> in licensed premises	23 March 2011

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