



Auditor General

Report on Ministerial Portfolios to November 5, 1999





AUDITOR GENERAL

Western Australia

**THE SPEAKER
LEGISLATIVE ASSEMBLY**

**THE PRESIDENT
LEGISLATIVE COUNCIL**

REPORT ON MINISTERIAL PORTFOLIOS AT NOVEMBER 5, 1999

I submit to Parliament this Report on the annual audit of agencies comprising respective Ministerial Portfolios to November 5, 1999, pursuant to section 95 of the *Financial Administration and Audit Act 1985 (FAAA)*. This Report primarily covers the financial statement and performance indicator audits of departments, statutory authorities and subsidiary bodies under that Act which have balance dates between June 30, 1999 and August 31, 1999 and which have been completed by November 5, 1999.

It also includes the results of the audits of the three corporatised bodies who report under Corporations Law, Cemetery Boards reporting under the *Cemeteries Act* and audits requested by the Treasurer.

This report excludes work currently being completed for agencies with balance dates between June 30, 1999 and August 31, 1999, agencies in the health portfolio, and agencies in the tertiary education sector with a December 31, 1999 balance date. These agencies will be the subject of further separate reports.

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

D D R PEARSON
AUDITOR GENERAL

November 24, 1999

Contents

About this Report	4
Summary of Audit Results	5-14
Financial Statement Audits	6
Performance Indicator Audits	11
Issues Arising from Audits	15-18
Accountability and Reporting Arrangements	15
☐ Ministry for Culture and the Arts	15
☐ North West Academy of Sport	16
☐ Salaries and Allowances Tribunal	17
Cashflow Funding	17
☐ Chemistry Centre (WA)	17
Contracting	18
☐ Main Roads WA	18
General Control Issues	19-28
Information Technology	19
Expenditure and Payroll	21
Government Property Register	25
Summary of the Results of Agency Audits	29-47
The Legislature	30
Ministerial Portfolios	31

About this Report

This Report provides:

- a summary of the results of financial statement and performance indicator audits completed by November 5, 1999;
- specific reference to qualifications of financial statement and performance indicator opinions;
- commentary on issues arising from audits; and
- commentary on control issues.

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

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

Summary of Audit Results

This section summarises the results of 121 financial statement and 96 performance indicator audits completed by November 5, 1999 as part of the 1999 audit cycle. The entities included in this Report are classified into the following:

- Audit opinion issued on financial statements, controls and performance indicators
 - Forty-eight Departments
 - Fifty-six Statutory Authorities
- Audit opinion issued on financial statements
 - Treasurer's Annual Statements
 - Three Corporatised Bodies
 - Eight Subsidiary Entities
 - Nine Cemetery Boards
 - Five Request Audits

At November 5, 1999, the audits of two departments, 57 statutory authorities and nine Cemetery Boards were not finalised.

Timeliness of Reporting

The submission of financial statements and performance indicators within statutory reporting requirements results in external accountability obligations being met in a timely manner. It also indicates sound management of information and control over operations. Table 1 below illustrates how agencies have been meeting reporting deadlines over the past three years.

	1996-1997			1997-1998			1998-1999		
	Depts	Stat Auth	Total	Depts	Stat Auth	Total	Depts	Stat Auth	Total
Statements not received by the statutory date	10	6	16	8	14	22	5	19	24
Expressed as a percentage of all agencies in that category	20%	5%	10%	16%	12%	13%	10%	14%	13%

Table 1: Performance against reporting deadlines

Overall there has been an improvement in departments' ability to meet statutory deadlines.¹

Source: OAG

¹ Note: The table excludes hospitals, agencies in the health portfolio and educational institutions with December 31 balance dates. Corporatised bodies must report by September 30, while cemeteries and request audits do not have legislatively imposed reporting deadlines.

Summary of Audit Results

The submission of draft statements and indicators prior to statutory deadlines enabled audit opinions to be issued for agencies whose assets total \$22.5 billion or around 38 per cent of total State assets by August 31(1997-98: \$26 billion; 44 per cent). Although this is less than last year, early submission continues to be positively promoted to agencies as it assists agencies to meet statutory reporting deadlines and minimise delays due to late changes and corrections.

Financial Statement Audits

Audit Qualifications

To November 5, 1999, the opinions of five agencies were qualified in relation to their controls or compliance with relevant laws. One agency received a qualification because it complied with Treasurer's Instruction 1101 *Application of Australian Accounting Standards* which is inconsistent with Australian Accounting Standard (AAS 29) *Financial Reporting by Government Departments* in relation to recognition of revenue.

Details of these qualifications are set out in Table 2 and further explained in the *Summary of the Results of Agency Audits* section of this Report.

Agency	Reason for Qualification
Aboriginal Affairs Planning Authority	Controls: Operation of Trust Account without appropriate approval.
Department of Land Administration	Non-compliance with AAS 29 <i>Financial Reporting by Government Departments</i> - in relation to recognition of revenue.
Education Department of Western Australia	Controls: Inadequate manual and computerised controls associated with a new Human Resources and Payroll System.
Legal Contribution Trust	Legal Compliance: Failure to distribute surplus interest earnings.
Ministry of Justice	Controls: Unable to reconcile operating bank account.
North West Academy of Sport	Legal Compliance: No formal appointment of Board members.

Table 2: Qualified Financial Statement and Control Audit Opinions.

Source: OAG

The six qualifications issued for 1998-99 continues the trend of general improvement in this regard over the past three years since 1996 (see Figure 1, page 7). In that year, departments encountered problems in preparing accrual statements for the first time, while qualifications relating to non-compliance with AAS 29 (regarding the recognition of revenue) accounted for 50 per cent of the qualifications in 1997 and 1998. Apart from the qualification issued in relation to the Department of Land Administration,² non-compliance with AAS 29 has not been

² The *Financial Administration and Audit (Net Appropriations) Determination 1998* paragraph 4(2)(d) excludes revenues derived from the sale of real property being retained by departments. In accordance with Treasurer's Instruction 1101, which modifies AAS29, DOLA has recorded the proceeds from the sale of property as controlled revenue. However this revenue has been paid directly to the Consolidated Fund.

Summary of Audit Results

an issue in 1999 as agencies moved to obtain net appropriation determinations. This has enabled them to recognise revenues as being within their control, and resulted in the removal of the basis for qualified opinions in previous years.

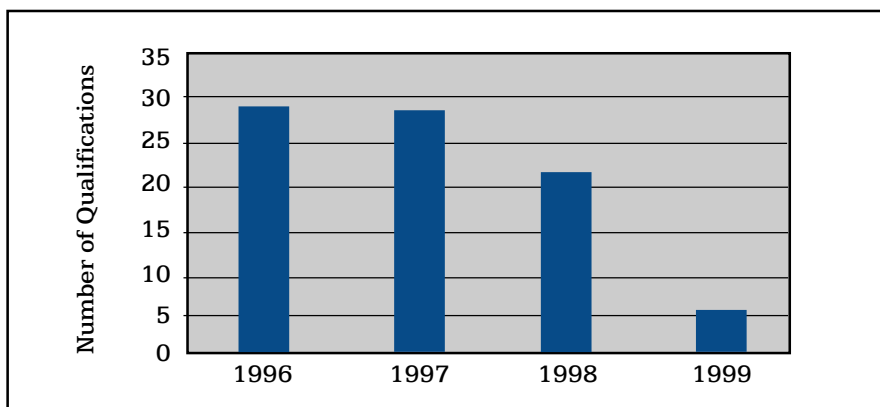


Figure 1: Number of Financial Statement and Control Qualifications 1996 - 1999

There has been an 83 per cent reduction in qualifications issued between 1996 and 1999.

Source: OAG

Quality of Financial Reporting

In 1998-99, departments encountered difficulties in compiling the Summary of Consolidated Fund Appropriations and Revenue Estimates and the Activity/Output Schedule of Expenses and Revenues. Additional audit and agency resources were required to rectify a number of common problems that occurred in relation to these statements. Specifically, agencies encountered difficulties in:

- identifying the cash cost of outputs reported in the Budget Statements and the corresponding actual cash cost of outputs, for inclusion in the Summary of Consolidated Fund Appropriations and Revenue Estimates. This occurred because the total cash cost of each output is not identified in the Budget Statements in all instances;
- reconciling the amount of the net movement in the Operating Account reported in the Summary of Consolidated Fund Appropriations and Revenue Estimates to the 'movement in the cash held amount' reported in the Statement of Cash Flows;
- correctly apportioning expenditure between 'capital' and 'recurrent' funding in the Summary of Consolidated Fund Appropriations and Revenue Estimates;

Summary of Audit Results

- reporting section 25 and section 25A transfers in the Summary of Consolidated Fund Appropriations and Revenue Estimates. These are transfers of appropriations under the *F444* where responsibility for a service or function is transferred between agencies (section 25) or where a central appropriation is transferred to another appropriation item (section 25A);
- reconciling the variances reported in the Summary of Consolidated Fund Appropriations and Revenue Estimates with the supplementary funding approvals disclosed in the Explanatory Statement Note to the financial statements;
- matching the output information reported in the Summary of Consolidated Fund Appropriations and Revenue Estimates and the Activity/Output Schedule of Expenses and Revenues with the output information presented in the Budget Statements;
- correctly apportioning expenditure between the outputs reported in Summary of Consolidated Fund Appropriations and Revenue Estimates and the Activity/Output Schedule of Expenses and Revenues; and
- correctly presenting administered and controlled revenues in the Summary of Consolidated Fund Appropriations and Revenue Estimates.

Although an illustrative example of the Summary of Consolidated Fund Appropriations and Revenue Estimates is contained in the relevant Treasurer's Instruction, it is not sufficiently detailed to provide adequate guidance to agencies in preparing this Summary.

In addition to these issues, amendments to Australian Accounting Standard (AAS 15) *Revenue* that applied at June 30, 1999, resulted in two agencies having to amend their financial statements to correctly reflect the fair value of revenues receivable over extended future periods.

Other Audit Findings

Controls over accounting systems are a fundamental aspect of good management. They also enhance the reliability of information produced for financial statements and performance indicators. Control deficiencies may not be of such significance as to result in the issue of a qualified audit opinion, however they do need to be addressed by agencies to both meet accountability obligations and to improve the efficiency and effectiveness of operations.

Common issues identified across agencies were:

- controls over computer systems not being adequate. This matter is discussed further in this Report under *General Control Issues* (see page 19);

Summary of Audit Results

- incomplete or non performance of key reconciliations;
- insufficient separation of tasks assigned to staff with responsibilities relating to expenditure functions;
- insufficient procedures for maintaining an appropriate level of asset management; and
- progress towards addressing the Year 2000 risk. Further comments on this issue are included below.

These issues were raised with responsible agency staff during the course of the audit and the more significant matters were reported to Ministers, Boards and Chief Executive Officers through management letters.

Current Issues

Net Appropriation Determinations

The *Constitution Act 1889* requires that generally the revenue of the Crown be paid into the Consolidated Fund and that payments out of the Consolidated Fund be appropriated by Parliament. Prior to the 1994-95 financial year this was generally the case with the majority of the revenues of Consolidated Fund funded agencies paid into the Consolidated Fund. Amendments to the *FAAA* in 1993 and 1996 provided for the introduction of net appropriation or revenue retention arrangements whereby agencies could, with the Treasurer's authorisation, retain certain revenues and pay them into their operating trust accounts in lieu of the Consolidated Fund.

The *Financial Administration and Audit (Net Appropriations) Determination 1998* on June 23, 1998 revoked all previous net appropriation determinations and provided for all revenues of departments to be retained except those specifically exempted by this determination, the *FAAA* or the *Financial Administration Regulations*.

As this was the first year of application of a 'global' net determination, a review of this arrangement was undertaken to ascertain whether there was compliance with the determination. An overall generally satisfactory result was disclosed. It was noted however that there was a trend towards conservatism by some departments when estimating, for budget purposes, the amount of revenue to be retained under net appropriations. Consequently, there have been occasions where departments collected over and above the previously estimated amounts.

Summary of Audit Results

Year 2000 ‘Millennium Bug’

In the *Report on Audit Results 1997-98* (Report No 13, December 1998), agencies were urged to expedite the task of comprehensively and systematically addressing the Year 2000 risk and to ensure appropriate contingency plans were developed. The issue continued to be monitored in 1999 and where necessary and appropriate, it was brought to the attention of accountable officers and accountable authorities.

The Department of Commerce and Trade (DOCAT) continued to undertake a central coordinating role, and to monitor agency progress towards Year 2000 readiness. The Department’s Website has progressively updated reports on agency readiness and contingency planning timeliness on a quarterly basis. From October 1999, updates have been monthly.

Goods and Services Tax (GST)

The introduction of a goods and services tax (GST) is central to the Federal Government’s agenda of tax reforms. The effect of the GST will be felt at every level of the public sector. Following after the Year 2000 issue, GST is the next global challenge to confront public sector agencies.

Agencies need to understand which services are exempt and how inputs and outputs are to be handled. For most agencies, this means registering for GST in order to claim input credits, while others will have taxable outputs which will attract a GST charge. If access to regular refunds is not undertaken, agencies may face significant cash flow problems, or may incur penalties and fines if they are found to be overcharging for goods and services.

The challenges and potential difficulties posed by GST mean that any agency failing to properly prepare for its introduction will risk significant financial and operational problems. Those agencies that are well prepared will be better positioned to take advantage of the cost saving opportunities of the tax reforms.

Performance Indicator Audits

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

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

The disclosure in the annual report of output measures of quantity, quality, timeliness and cost is to also include a comparison of actual results against targets, together with reasons for significant variations.

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

The revised Treasurer's Instruction caused initial problems within agencies as to the difference between 'output measures' and 'performance indicators'. Problems were also encountered when determining the exact nature of the separate reporting requirements for measures and performance indicators. Further specific difficulties were experienced in relation to the measuring of outcomes and in understanding the amended definition and description of measures and indicators.

Given the level of change experienced in 1999, it was encouraging that to November 5, 1999 92 unqualified opinions were issued in respect of the 96 agencies that submitted performance indicators. Eight further agencies however did not submit indicators as required by the *FAAA*.

Summary of Audit Results

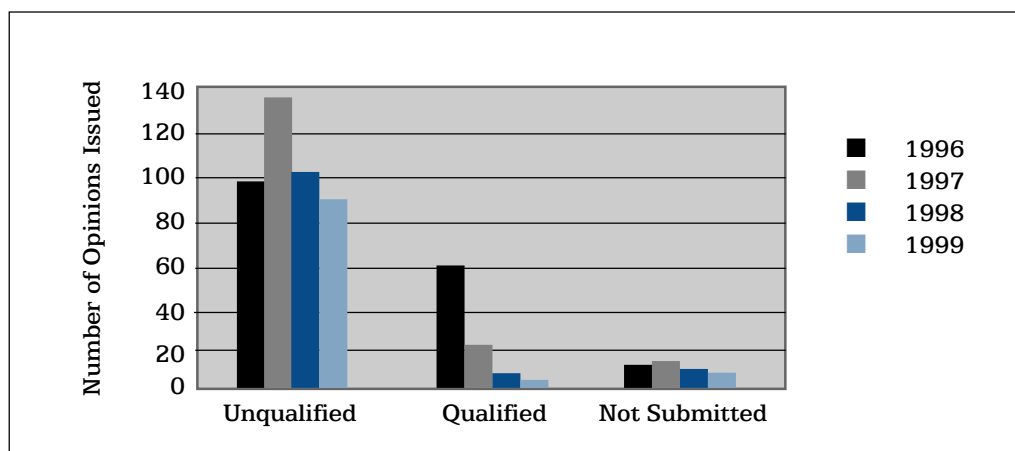


Figure 2: Results of performance indicator audits: 1995-96 to 1998-99.

There is a continuing positive trend to date in the development of performance indicators.

Source: OAG

The changes introduced in 1999 have highlighted four broad areas where difficulties were encountered. Management should take steps to appropriately address these issues in order to gain maximum benefit from the use of performance information throughout the year and thereby also lessen the resources applied at year end to meeting compliance and reporting requirements.

Measuring Outcomes

Outcomes are now specified in the budget papers for budget sector agencies. For agencies outside the budget sector, outcomes are specified in enabling legislation or are approved by the relevant Minister. Outcomes are defined as the effect, impact, result or consequence for the community (or target clients) of the output produced. Three general problems were noted during the review of agency outcomes.

For some agencies, the outcome is at such a high level that it is difficult for the agency to be held accountable for its achievement. If the agency outcome is difficult to measure, it raises a question as to whether the reported indicators are relevant and appropriate.

In other cases the outcome is more a process than an outcome. An example of this is an outcome *'the development and delivery of information, promotion, education and training programs'*. The development of these programs is the process by which awareness and behaviour is changed. The outcome should be related to awareness and behavioural change rather than the development of educational programs.

Summary of Audit Results

For other agencies where outcomes changed, there was a tendency to report performance indicators that related to the previously reported objectives. This necessitated additional resources being applied by the agency to reconstruct these indicators or to construct the appropriate linkages by way of note to achieve an adequate level of relevance and appropriateness.

In summary agencies should clearly link by way of note their indicators to the outcomes stated. Where this link can not clearly be demonstrated agencies should reconsider their outcomes to make them more measurable.

Defining Outputs for Efficiency Indicators

The definition of efficiency indicators has been redefined in the Treasurer's Instruction 904 as *'relating an output to the level of resource input required to produce it'*. In turn, an output has been defined as *'a good or service produced for users external to a department or statutory authority'*. Within these definitions, some agencies are having difficulties in defining goods or services. Examples were noted where agencies had included their corporate services function as an output when it is clear that this function is not a good or service produced for external users.

Additional problems also occurred because budget estimates included output measures, which did not meet the definition of an output. For example some agencies included *'cost per capita'* as a cost output measure however this is not a good or service.

For budget sector agencies, a review of the Budget Estimates for 1999-2000 indicates that cost output measures have improved. For agencies outside the Estimates, it is anticipated that there will be lessons learned from the 1998-99 experience.

Defining 'Key' Indicators

Agencies experienced difficulties with the definition of 'key' efficiency indicators. The Treasurer's Instruction requires agencies to report at least one 'key' efficiency indicator for each output. The problem occurs when the agency has a large number of outputs and more than one indicator for each output. For example one agency has 21 outputs and is reporting more than one efficiency indicator for each output.

When an agency is reporting 30 to 40 'key' efficiency indicators it is open to interpretation as to whether they are all 'key' indicators of performance.

Output Measures versus Performance Indicators

Very soon after the release of the Treasurer's Instruction, problems became evident when agencies had to distinguish the difference between reporting requirements for output measures and for performance indicators. During the review process, it was apparent that agencies were combining output measures and performance indicators and were not disclosing which performance indicators were the 'key' indicators subject to audit.

The problems stem mainly from the inclusion of reporting requirements for both output measures and performance indicators within the same Treasurer's Instruction, and the Instruction having the general title 'Performance Indicators'.

Issues Arising from Audits

Accountability and Reporting Arrangements

The dynamic nature of the public sector environment and the need to meet changing Government service delivery requirements is evidenced by the creation, abolition and merging of agencies.

During the 1999 audit process, three cases were identified which illustrate a range of the difficulties associated with restructuring public sector entities or creating new accountability and reporting arrangements.

Ministry for Culture and the Arts

The Ministry for Culture and the Arts was established in June 1997 under the *Public Sector Management Act 1994*. The Ministry was created as the department responsible for a variety of operations encompassed currently by five separate and distinct statutory authorities with their own accountability obligations:

- The Board of the Art Gallery of Western Australia;
- The Library Board of Western Australia;
- The Western Australian Museum;
- Perth Theatre Trust; and
- Screen West (Inc).

All employees of the five individual agencies, except the Chief Executive Officers, have been transferred to the Ministry. A number of functions such as payroll, human resources and processing of transactions relating to revenue and expenditure have been centralised. The Ministry also provides a central point in ensuring compliance with particular legislative and public sector requirements shared by the individual agencies.

Although the Ministry is able to function within the current legal and administrative arrangements, the overall framework is yet to be finalised. This situation has existed for two years with the *Culture, Libraries and the Arts Bill 1998* and the *Culture, Libraries and the Arts (Consequential Provisions) Bill 1998* having been drafted, but yet to be enacted.

Consequently, the status of the individual Boards is such that as separate legal entities they are required to continue to fulfil all accountability obligations pertaining to them, as they would have done in the absence of the Ministry.

North West Academy of Sport

The Academy was established under the *Associations Incorporation Act 1987*, on June 22, 1998. Under the *Financial Administration and Audit (Designation of Statutory Authorities) Regulations (No 3) 1998*, the Academy was proclaimed a statutory authority by the Governor in Executive Council on September 18, 1998.

The Academy's *Rules of Association* provide for a Board of Management to be appointed by the Minister. The Rules also state that the Academy was not to enter into any arrangements or to receive or expend moneys until it was formally established as a statutory authority. Nevertheless, a caretaker Board had met on a regular basis and minutes of proceedings were taken in regard to financial and non-financial decisions being made and endorsed by Board members.

Although the Academy was an incorporated body from June 22, 1998, no appointments of Board members were made until July 9, 1999. As the Board had not been formally appointed, the Academy was unable to function as a statutory authority and meet its obligations and responsibilities under the *FAAA*. Without a properly constituted Board, the Academy did not have the legal capacity to manage the financial aspects of its operations.

For this reason, it was necessary for the Ministry of Sport and Recreation to undertake to manage the financial aspects of the Academy's operations. The Ministry initiated these arrangements with a view to providing a prudent and correct level of management of the Academy's revenue and expenditure. The Academy's revenue, which is controlled by the Ministry, is sourced from a grant from the Sports Lotteries Account and from three external grant providers. The grants totalled \$480 000 over the period June 1998 to June 1999.

The situation has resulted in the North West Academy of Sport having to submit a set of statements depicting nil transactions for the period. It has also received a qualified audit opinion on the basis of the Board not being formally constituted.

RECOMMENDATION

In the creation of agencies, Government should ensure they are properly established and constituted so that they are able to fulfil their legislative obligations.

Salaries and Allowances Tribunal

The Salaries and Allowances Tribunal established under the *Salaries and Allowances Act 1975* determines:

- the remuneration of the Governor, ministerial, parliamentary, judicial and certain senior officers of the public service; and
- other matters relating to the superannuation and payment of travelling expenses of Members of Parliament and members of their family.

The Tribunal is shown as a separate entity in the budget papers and was appropriated an amount of \$264 000 in 1998-99 (\$271 000: 1999-2000) to carry out its functions. However, the Tribunal has not been established as an entity subject to the audit and reporting provisions of the *FAAA*. Consequently the Tribunal does not prepare and submit to Parliament an annual report (including audited financial statements and performance indicators) as required by other entities.

RECOMMENDATION

That appropriate accountability and reporting arrangements be established for the Salaries and Allowances Tribunal.

Cashflow Funding Chemistry Centre (WA)

The Chemistry Centre's Statement of Financial Position at June 30, 1999 included accounts payable of \$1 161 000. This comprised of \$479 731 owing to the Australian Tax Office (ATO) for monthly group tax deductions, of which \$426 789 related to the months October 1998 through to January 1999. The remaining group tax outstanding of \$52 942 related to the June 1999 group tax liability. The Centre advised the ATO of its inability to remit group tax deductions and entered into a schedule of repayments.

It is unacceptable not to remit group tax deductions as they fall due.

RECOMMENDATION

Arrangements should be put in place to ensure sufficient funding is available to enable the Centre to meet its financial obligations.

Contracting

Main Roads WA

In 1998-99 the Commissioner of Main Roads (MRWA) awarded approximately 1000 contracts with a total value of \$351 million, making it one of the major contracting agencies of the Western Australian Government. As part of the annual audit of MRWA, an assessment was undertaken of controls across the standard contracting phases of budgeting/funding, tendering, evaluation of tenders, contract award and contract management.

The assessment concluded that generally a satisfactory level of control was in place during 1998-99 and whilst some variances were observed, these were not considered to affect the operational integrity of MRWA's contracting process. In addition, new procedures being adopted should further limit the risk of inappropriate contracting practices occurring.

The audit also included a preliminary assessment of several specific contracts that have recently attracted public attention in regard to possible exceptions and anomalies. The preliminary assessment concluded that whilst warranting further review, the impact of these matters was not sufficient to warrant qualifying the opinion on controls in the annual financial statement context. Further work has commenced on these contracts and issues arising will, if significant, be reported to Parliament.

Information Technology Controls

Background

Information Technology (IT) Systems are a significant investment for individual agencies and integral to the completeness and accuracy of financial reporting as well as supporting other business activities. These systems need to operate within a sound control environment to safeguard information assets and to ensure systems operate effectively.

Consequently, the audit of key IT controls is an essential part of the audit work necessary to form an opinion on agencies financial statements and controls.

What Did We Do?

As part of the Office's overall audit program, selected general IT controls were reviewed across a number of agencies. General IT controls are part of the control environment and are not specific to any system. These controls include:

- controls over access to computer networks and systems;
- physical security of computer hardware;
- documentation of general IT control policies;
- controls over changes to computer software;
- internet connectivity and security; and
- disaster recovery planning.

What Did We Find?

The 1998-99 audits identified the following control issues across 28 agencies which were reported individually to agencies through management letters.

Access and Security Controls

Access controls operate to ensure that computer systems and data are adequately protected. The information held on these systems is critical to the operations of agencies. Control weaknesses can expose agencies to unauthorised disclosure, amendment or loss of valuable and confidential information assets. Specific findings included:

- users being assigned access rights beyond their work needs. This can result in users possessing powerful access permission, including the ability to access or modify system data. This finding was identified at five agencies;

- inadequate approval and review of the creation and termination of users' access permission to computer systems and networks was reported to 13 agencies. This could lead to users having unauthorised access to computer systems; and
- lack of documented IT policies and procedures. The existence of approved policies and standards are important in ensuring staff are aware of IT control policies and that practices are consistently followed. This finding was identified at five agencies.

Program Change Controls

Change controls are important in ensuring changes to computer application systems are developed and maintained in an authorised and efficient manner. Controls such as the authorisation and documentation of changes to systems assist in assuring business systems operate in the required manner and that the data contained within the systems is reliable.

Findings covering the review, approval and testing of changes to applications were reported to five agencies.

Disaster Recovery Planning (DRP)

Disaster recovery plans are used to effectively recover computer systems and their data in the event of physical disasters such as fire, or failure of hardware or software. To ensure that the plans are practicable and effective, disaster recovery plans should be periodically tested. Without a plan, effective recovery of data and processing may not be possible. With the Year 2000 Millennium Bug a current threat, a current tested disaster recovery plan is all the more important in minimising risks associated with this problem.

Sixteen agencies did not have a current disaster recovery plan. Of the 12 agencies who have a plan, eight agencies had not recently tested their plans.

RECOMMENDATIONS

Agencies should:

- develop and implement procedures to provide ongoing assurance that:
 - only authorised users are granted system access rights;
 - users are only granted the access rights required to perform their duties;
 - access rights of staff who leave an agency are cancelled in a timely manner; and
 - user access rights are reviewed by management on a regular basis;

General Control Issues

- develop disaster recovery plans for computer systems and test the plans on a regular basis;
- develop and disseminate approved IT policies, standards and procedures including security, Internet usage, etc; and
- develop approved change control procedures to ensure that only authorised changes are made to computer systems.

Expenditure and Payroll

Background

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

There is however a greater expectation in the public sector that effective controls operate to ensure integrity in the use of taxpayer moneys. Further, the public sector environment generally lacks the commercial focus and imperatives of the private sector. Recognising these factors, further complementary reviews of core systems were undertaken to provide added assurance that the judgement and conclusions reached during the course of individual agency annual attest audits are soundly based and consistent, as well as indicating that a satisfactory level of controls operate.

The results from these audits provide increased audit assurance to accountable officers and authorities and the Parliament that controls are effective in ensuring the completeness and accuracy of transactions, and compliance with legislation and government policy. They also provide recommendations to improve areas where shortcomings have been identified.

In relation to expenditure and payroll the public sector spends in excess of \$10 billion annually on the provision of goods and services and payments to its employees. Controls over the expenditure of public moneys are prescribed in various legislation including the *Constitution Act 1889*, the *FAAA*, Treasurer's Instructions and the enabling legislation of specific government agencies. These controls have been prescribed to ensure that:

- the agency has the authority to make payments;
- payments are properly authorised;

General Control Issues

- payment amounts are correct;
- duplicate payments are not made;
- payments are satisfactorily recorded; and
- adequate audit and management trails are maintained.

What is the Potential Risk?

Ineffective controls over payroll and expenditure transactions increase the risk of:

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

What Did We Do?

Computer assisted audit techniques (CAATs) were utilised to analyse agencies' payments to suppliers and employees. The CAATs were used to identify exceptions (eg payments that were outside a specified range), to identify large payments for audit, and to select a random sample of payments to assess the effectiveness of agency controls and the accuracy of the payments.

Expenditure audits of this nature were first undertaken in 1997-98 at five agencies as a pilot to develop and assess the feasibility of the audit approach. They were continued at a further five agencies in 1998-99. The approach was also adopted for payroll audits at four agencies in 1998-99.

What Did We Find?

Expenditure

For each agency in the sample, 50 payments were randomly selected to assess the effectiveness of controls relating to:

- authorisation of payments by properly appointed incurring and certifying officers;
- batch controls over computer processing of payments;

General Control Issues

- resubmission of rejected transactions;
- adequacy of supporting documentation;
- accuracy of calculations and additions;
- correct classification of payments;
- obtaining quotes and tenders where appropriate; and
- purchase and receipt of goods.

Generally, controls were found to be operating effectively particularly those relating to batch processing, rejected transactions, supporting documentation, and accuracy of calculation and classification.

The control weaknesses most prevalent across agencies included:

■ **Incurring and certifying payments**

The Treasurer's Instructions require all payments to be signed by properly appointed incurring and certifying officers. Appointed officers should be fully aware of their responsibilities for ensuring that all payments are valid and satisfy legislative requirements. In a number of instances at least one of the signatures was by an officer who had not been properly appointed. Consequently there is a risk that some payments may not be adequately checked prior to payment.

■ **Tenders and Quotes**

State Supply Commission policies require agencies to have appropriate purchasing procedures. These include either obtaining quotations (verbal or written) or going to tender, depending on the value of the purchase, and purchasing from Common Use Contracts wherever possible. Most breaches related to purchases where quotes were not obtained or Common Use Contracts were not used. Therefore agencies are unable to demonstrate they have obtained the best prices and not favoured particular suppliers.

■ **Duplicate Payments**

Forty-two duplicate payments totalling \$151 661 were identified by audit procedures. In most cases the agencies had detected these duplicate payments after payment had been made and had already taken action to recover the moneys. The duplicate payments occurred mainly because agencies were not using standard coding for invoice and vendor numbers, and therefore, were creating duplicate records for the same vendor. As a consequence exception reports were not identifying potential duplicate payments before payments were made.

General Control Issues

■ Credit Cards

Credit card payments in 1998 were not always supported by appropriate documentation (such as sales dockets or other explanation to help identify the goods or services purchased). The lack of support makes it difficult to demonstrate that expenditure was for official purposes. No exceptions were identified for 1999 payments which indicates improved practices by agencies.

Payroll

At each agency in the sample, the effectiveness of controls relating to the following areas were assessed:

- authorisation of payroll transactions;
- attendance records;
- internal checking procedures;
- recording of overpayments;
- payroll reconciliations;
- segregation of duties;
- physical security of payroll records;
- access to computer payroll systems; and
- management review of payroll reports.

Most controls were operating effectively for the period under review. There were instances, however, where controls were not always functioning effectively at a particular cost centre or branch or for a specific time frame.

The control weaknesses most prevalent included:

■ Unrecorded short term leave

There were a number of instances where leave recorded on attendance records had not been debited to employee leave balances. Managers were not ensuring that the personnel/payroll section was being informed of short term leave (sick leave and annual leave for short periods) recorded on attendance records.

■ Management review of payroll

A number of fortnightly payroll reports had no evidence to indicate that they had been appropriately reviewed to identify pay anomalies. Further, not all payroll reports had been certified that the employees to be paid were entitled to receive payment. The absence of these procedures increases the risk of inaccurate or invalid payments.

What Does This Mean?

Generally, it was found that agencies' controls were effective. However, instances were identified where particular key controls lapsed resulting in expenditure and payroll payments that were not properly authorised or were inadequately supported and checked prior to payment. This means that to the extent that lapses in controls occur, the systems are reliant on the individual knowledge and honesty of staff without the level of confirmatory safeguards provided by systemic checks.

What Should Be Done?

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

Government Property Register

Background

The Government Property Register (GPR) was initiated in 1994 following a Cabinet decision to create a central register of all State owned land and improvements to assist with the effective management of these assets.

GPR is also utilised for annual financial reporting purposes. Government agencies may utilise property values recorded on GPR when determining the value of these assets to be included in the Statement of Financial Position. However, if the property values included in the Statement of Financial Position by statutory authorities differ from the valuations on GPR, appropriate disclosures explaining the difference are required to be included in the Notes to the Financial Statements.

The Consolidated Financial Statements of the State also use land values based on the GPR.

GPR is maintained by the Department of Land Administration (DOLA) on behalf of the Treasury Department (the owner of GPR) which has the responsibility for the ongoing development and

General Control Issues

operation of GPR. Property records on GPR are regularly updated through links with DOLA's land systems. At the beginning of each financial year property details are sent by DOLA to the Valuer General's Office (VGO) for valuation. The valuation information is returned a year later and loaded into GPR. New properties created in GPR during the year are valued in the next financial year.

GPR currently contains over 124 000 properties with a valuation of approximately \$10 billion. Each year more properties are added to GPR due to government acquisitions of land for road widenings and various other Government purposes, land subdivisions and enhancements to the Spatial Cadastral Database.

DOLA has undertaken considerable work on GPR over the past 12 months to increase the integrity of GPR data and to improve the controls and processes surrounding GPR. This has been undertaken to ready the GPR data for planned transfer to a new and enhanced system in 2000.

What is the Potential Risk?

There is a risk that:

- GPR does not include all State owned land and improvements; and
- land and improvement values obtained from GPR may be inaccurate for financial reporting purposes.

An audit of GPR in 1996 (Report No 9, November 1996 p18) found that GPR was incomplete as a record of all State owned property. Subsequent internal audits by DOLA have also identified issues relating to the completeness and accuracy of GPR.

What Did We Do?

Computer assisted audit techniques (CAATs) were utilised to identify State owned property on DOLA's land tenure systems databases. This information was then matched to GPR to identify exceptions for further investigation.

Further, valuation data provided by VGO in June 1998 was also matched to GPR, primarily to ascertain whether all properties on GPR recorded current valuations at June 30, 1998.

What Did We Find?

Completeness of GPR

The required reconciliation programs between GPR and DOLA land systems designed to provide assurance on the completeness of GPR had not been run since November 1998 due to problems with the programs. In lieu of these programs DOLA utilises ad hoc checking procedures to identify anomalies for correction.

Only a relatively insignificant number of discrepancies were identified by audit matching of data from the land tenure systems databases to GPR. These discrepancies were being addressed by DOLA at the time of the audit.

Valuation of Property

The matching of the 1998 VGO valuation data to GPR identified a number of discrepancies including:

- some properties on GPR had valuations greater or less than those provided by VGO; and
- some properties on GPR did not have a 1998 valuation and some valuations in GPR did not have a matching VGO valuation.

Most of these discrepancies occurred because business rules and programs for uploading valuation data to GPR did not address all the situations which occurred and appropriate reconciliation procedures to identify these types of discrepancies were not in place.

Also, there were no valuations for 13 000 new properties added to GPR during the financial year. Although these properties were added to GPR during the 1997-98 financial year values were not recorded in GPR until the end of the 1998-99 financial year. This is a significant delay in obtaining valuations and occurs because of the existing valuation arrangements with VGO.

What Does This Mean?

GPR provides a complete record of all State owned properties. However, at June 30, 1998 not all of the properties had a current accurate VGO valuation. This caused difficulties in determining an accurate value of State owned properties for financial reporting purposes.

For June 30, 1999 reporting purposes DOLA has rectified the majority of the above discrepancies. However, there are approximately 17 000 properties without a current valuation. DOLA has indicated and audit tests have confirmed that around 10 500 of these properties (such as pedestrian access ways and coastal land) have low value and are therefore not material. For the

remainder, however, DOLA is currently analysing information to estimate the value of these properties to enable a conclusion to be reached regarding their materiality for whole of government reporting purposes.

What Should Be Done?

- DOLA should :
 - implement appropriate reconciliation and other checking procedures to provide regular assurance as to the completeness and accuracy of GPR property information; and
 - review its business rules and programs for loading VGO valuation data into GPR.
- Treasury, in consultation with DOLA and VGO, should implement procedures to ensure there are current valuations for all GPR properties at June 30 each year.

What Has Been Done?

DOLA advised that it has introduced procedures to reconcile GPR and the land tenure systems.

DOLA has also reviewed and amended its business rules and programs for uploading VGO valuation data to GPR. The majority of the shortcomings have been satisfactorily addressed in uploading the 1999 valuation data. However, DOLA is currently addressing issues concerning the reconciliation of VGO valuation data to GPR, and is providing information and analyses to enable a reliable estimate to be made of the value of properties without valuation at June 30, 1999.

Summary of the Results of Agency Audits

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

The Legislature

Five parliamentary departments comprise the Legislature.

Ministerial Portfolios

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

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

Reporting Structure

Audit results are reported as follows:

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

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

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

Summary of the Results of Agency Audits

The Legislature

Parliamentary Departments

AUDIT OPINIONS

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Administration of the Legislative Assembly	✓	Not Submitted	01/11/99
Administration of the Legislative Council	✓	Not Submitted	01/11/99
Administration of the Joint House Committee	✓	Not Submitted	01/11/99
Administration of the Joint Library Committee (1/7/98-25/8/98: Final Audit)	✓	Not Submitted	11/10/99
Administration of the Joint Printing Committee (1/7/98-25/8/98: Final Audit)	✓	Not Submitted	11/10/99

PERFORMANCE INDICATORS

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

Summary of the Results of Agency Audits

Ministerial Portfolios

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

AUDIT OPINIONS

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Anti-Corruption Commission	✓	✓	05/11/99
Governor's Establishment	✓	✓	15/10/99
Ministry of the Premier and Cabinet	✓	✓	15/10/99
Office of the Public Sector Standards Commissioner	✓	✓	15/10/99
Parliamentary Commissioner for Administrative Investigations	✓	✓	29/10/99
The ANZAC Day Trust (1/1/98-31/12/98)	✓	✓	28/04/99
Treasurer's Annual Statements	✓	N/A	27/10/99
Treasury Department	✓	✓	15/10/99
Western Australian Treasury Corporation	✓	✓	09/09/99

Request Audits

Graylands Teachers College Scholarship Trust (1/1/97-31/12/98)	✓	N/A	20/05/99
Ngala Inc	✓	N/A	03/09/99
Tertiary Institutions Service Centre (Inc)	✓	N/A	03/09/99
The Director of Legal Aid and Others In Trust	✓	N/A	27/10/99

AUDITS IN PROGRESS

Consolidated Financial Statements for the State
of Western Australia

Gold Corporation

Subsidiary: Gold Corporation (Lanka) Pty Ltd

Parliamentary Superannuation Board

South West Cogeneration Joint Venture

Summary of the Results of Agency Audits

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

AUDIT OPINIONS

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Department of Commerce and Trade	✓	✓	13/10/99
Pilbara Development Commission	✓	✓	05/10/99
Small Business Development Corporation	✓	✓	06/10/99

AUDITS IN PROGRESS

Gascoyne Development Commission
 Goldfields Esperance Development Commission
 Great Southern Development Commission
 Kimberley Development Commission
 Mid West Development Commission
 Peel Development Commission
 Perth International Centre for
 Application of Solar Energy
 South West Development Commission
 Wheatbelt Development Commission

Summary of the Results of Agency Audits

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

AUDIT OPINIONS

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Curriculum Council	✓	✓	22/10/99
Department of Education Services	✓	✓	30/09/99
Department of Resources Development	✓	✓	29/09/99
Education Department of Western Australia	Qualification	✓	15/10/99

REASON FOR QUALIFIED OPINION

The audit opinion on controls was qualified as manual and computerised controls associated with a new Human Resources and Payroll System were inadequate to ensure that payroll transactions were completely and accurately processed. This resulted in a large number of incorrect payments to employees and delays in the completion of reconciliations and correction of errors in accounting records.

Electricity Corporation	✓	N/A	21/07/99
Gas Corporation	✓	N/A	23/07/99
Office of Energy	✓	Qualification	08/10/99

REASON FOR QUALIFIED OPINION

The efficiency indicators did not fairly represent the performance of the Office as they did not include total accrual costs.

Trustees of the Public Education Endowment	✓	✓	04/11/99
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AUDITS IN PROGRESS

Country High School Hostels Authority

Western Australian Independent Gas
Pipelines Access Regulator

NOT SUBMITTED

Western Australian Gas Disputes Arbitrator

Summary of the Results of Agency Audits

Minister for Primary Industry; Fisheries

AUDIT OPINIONS

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Agriculture Western Australia	✓	✓	13/10/99
Fisheries Department	✓	✓	06/10/99
The Western Australian Egg Marketing Board	✓	✓	01/11/99
Western Australian Meat Marketing Corporation	✓	✓	03/09/99

AUDITS IN PROGRESS

Agricultural Practices Board of Western Australia

Dairy Industry Authority of Western Australia

Herd Improvement Service of Western Australia

Horticultural Produce Commission

Landcare Trust

Perth Market Authority

Potato Marketing Corporation of Western Australia

Rural Adjustment and Finance Corporation
of Western Australia

The Agriculture Protection Board of
Western Australia

The Carnarvon Banana Industry
Compensation Committee

The Potato Growing Industry Trust Fund
Advisory Committee

The Poultry Industry Trust Fund Committee
(1/8/98 to 31/7/99)

Western Australian Meat Industry Authority

NOT SUBMITTED

Dried Fruits Board

Summary of the Results of Agency Audits

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

AUDIT OPINIONS

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Chemistry Centre (WA)	✓	✓	20/08/99
Coal Industry Superannuation Board	✓	✓	08/10/99
Department of Minerals and Energy	✓	✓	30/09/99
Ministry of Sport and Recreation	✓	✓	15/10/99
North West Academy of Sport (18/9/98-30/6/99)	Qualification	Not Submitted	05/11/99

REASON FOR QUALIFIED OPINION

Although the Academy was a statutory authority from September 18, 1998, no appointments of Board members were made until July 9, 1999. As the Board had not been formally appointed, the Academy was unable to function as a statutory authority and meet its obligations and responsibilities under the *FAAA*. Consequently, without a properly constituted Board, the Academy did not have the legal capacity to manage its financial operations.

Western Australian Institute of Sport	✓	✓	01/11/99
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AUDITS IN PROGRESS

Coal Mines Accident Relief Trust Fund

Minerals and Energy Research Institute
of Western Australia

Recreation Camps and Reserve Board

Rottneest Island Authority

The Coal Miners' Welfare Board
of Western Australia

Western Australian Boxing Commission

Western Australian Sports Centre Trust

Western Australian Tourism Commission

Summary of the Results of Agency Audits

Minister for Transport

AUDIT OPINIONS

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Albany Port Authority	✓	✓	05/11/99
Bunbury Port Authority	✓	✓	11/08/99
Commissioner of Main Roads	✓	✓	26/10/99
Subsidiaries: Tarolinta Pty Ltd	✓	N/A	26/10/99
The Aberdeen Unit Trust	✓	N/A	26/10/99
Dampier Port Authority	✓	✓	25/10/99
Esperance Port Authority	✓	✓	24/09/99
Fremantle Port Authority	✓	✓	27/08/99
Geraldton Port Authority	✓	✓	01/10/99
Metropolitan (Perth) Passenger Transport Trust	✓	✓	08/10/99
Port Hedland Port Authority	✓	✓	06/10/99
The Western Australian Government Railways Commission	✓	✓	31/08/99
Western Australian Coastal Shipping Commission	✓	✓	22/10/99

AUDITS IN PROGRESS

Department of Transport

The Eastern Goldfields Transport Board

Summary of the Results of Agency Audits

Minister for the Environment; Labour Relations

AUDIT OPINIONS

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Commissioner of Workplace Agreements	✓	✓	29/09/99
Department of Conservation and Land Management	✓	✓	29/09/99
Department of Environmental Protection	✓	✓	15/10/99
Department of Productivity and Labour Relations	✓	✓	22/09/99
Department of the Registrar, Western Australian Industrial Relations Commission	✓	✓	14/10/99
The Kings Park Board (Final Audit)	✓	✓	22/09/99
Workers' Compensation and Rehabilitation Commission	✓	✓	01/09/99
WorkSafe Western Australia	✓	✓	07/10/99
Zoological Gardens Board	✓	✓	04/11/99

AUDITS IN PROGRESS

Construction Industry Long Service Leave
Payments Board

Summary of the Results of Agency Audits

Minister for Finance; Racing and Gaming

AUDIT OPINIONS

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Betting Control Board (1/8/98-31/7/99)	✓	✓	05/11/99
Gaming Commission of Western Australia	✓	✓	05/11/99
Insurance Commission of Western Australia	✓	✓	27/08/99
Lotteries Commission	✓	✓	26/08/99
Office of Racing, Gaming and Liquor	✓	✓	17/09/99
State Government Insurance Corporation	✓	✓	27/08/99
State Revenue Department	✓	✓	08/10/99
Totalisator Agency Board (1/8/98-31/7/99)	✓	✓	24/09/99
Valuer General's Office	✓	✓	14/10/99
Western Australian Greyhound Racing Association (1/8/98-31/7/99)	✓	✓	05/11/99

AUDITS IN PROGRESS

Government Employees Superannuation Board

Subsidiary: SB Investment Trust

Racecourse Development Trust (1/8/98-31/7/99)

Racing Penalties Appeal Tribunal of Western Australia
(1/8/98-31/7/99)

The Burswood Park Board

Summary of the Results of Agency Audits

Minister for Lands; Fair Trading; Parliamentary and Electoral Affairs

AUDIT OPINIONS

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Department of Land Administration	Qualification	✓	01/11/99
REASON FOR QUALIFIED OPINION			
Non-compliance with AAS 29 <i>Financial Reporting by Government Departments</i> in relation to recognition of revenue.			
Ministry of Fair Trading	✓	Qualification	15/10/99
REASON FOR QUALIFIED OPINION			
The efficiency indicator <i>Cost per Advice Service</i> was qualified as the Ministry could not provide information to substantiate the number of services provided.			
Western Australian Electoral Commission	✓	✓	24/09/99
Western Australian Land Authority	✓	✓	27/08/99
AUDITS IN PROGRESS			
Real Estate and Business Agents Supervisory Board			
Settlement Agents Supervisory Board			
Enterprise Park Business Association (Subsidiary of Western Australian Land Authority)			

Summary of the Results of Agency Audits

Minister for Police; Emergency Services

AUDIT OPINIONS

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Bush Fires Board (1/7/98-31/12/98: Final Audit)	✓	✓	25/05/99
Department of Fire and Emergency Services (1/7/98-31/12/98: Final Audit)	✓	✓	25/05/99
Police Service	✓	✓	14/10/99
Western Australian Fire Brigades Board (1/7/98-31/12/98: Final Audit)	✓	✓	24/05/99
Western Australian Fire Brigades Superannuation Board	✓	✓	01/11/99

AUDIT IN PROGRESS

Fire and Emergency Services Authority of Western
Australia (1/1/99 - 30/6/99)

Summary of the Results of Agency Audits

Attorney General; Minister for Justice; The Arts

AUDIT OPINIONS

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Commissioner for Equal Opportunity	✓	✓	28/09/99
Legal Costs Committee	✓	✓	05/11/99
Legal Aid Commission of Western Australia	✓	✓	10/09/99
Legal Contribution Trust (1/7/98-31/12/98)	Qualification	✓	31/05/99
REASON FOR QUALIFIED OPINION			
The Trust did not distribute surplus interest earnings totalling \$342 597 from the Trustee Interest Account in accordance with section 14(1)(c)(ii) of the <i>Legal Contribution Trust Act 1967</i> .			
Ministry for Culture and the Arts	✓	✓	24/09/99
Ministry of Justice	Qualification	Qualification	15/10/99
REASONS FOR QUALIFIED OPINIONS			
The Ministry was unable to reconcile its bank account during the year, with the difference at June 30, 1999 being \$491 029. The Ministry was also qualified on this matter in 1997-98.			
The performance indicator opinion was qualified as:			
<ul style="list-style-type: none"> the indicators for <i>Judiciary and Judicial Support</i> are not appropriate for assisting users to assess efficiency as they do not relate outputs to inputs; the <i>Case Processing</i> indicator measuring the backlog of cases did not include measures for all courts; and the measure used for the efficiency indicator, <i>Preparation of Legislation</i>, did not fairly represent a reliable measure of efficiency. 			
Office of the Director of Public Prosecutions	✓	✓	28/09/99
Office of the Information Commissioner	✓	✓	28/09/99
Perth Theatre Trust	✓	✓	05/11/99
Professional Standards Council (17/4/98-31/12/98)	✓	Not Submitted	30/04/99

Summary of the Results of Agency Audits

Attorney General; Minister for Justice; The Arts

AUDIT OPINIONS (continued)

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
The Western Australian Museum	✓	Qualification	04/11/99
REASON FOR QUALIFIED OPINION			
The effectiveness indicator <i>Visitor Survey</i> is not sufficiently comprehensive as the sample was chosen from the Fremantle History Museum site which represents only seven per cent of the total visitors to all sites. Consequently the indicator is not a fair representation of effectiveness.			
Western Australian Financial Institutions Authority	✓	✓	17/09/99
<u>AUDITS IN PROGRESS</u>			
Law Reform Commission of Western Australia			
Legal Contribution Trust (1/1/99-30/6/99)			
Public Trustee			
Screen West (Inc)			
The Board of the Art Gallery of Western Australia			
The Library Board of Western Australia			

Summary of the Results of Agency Audits

Minister for Planning; Employment and Training; Heritage

AUDIT OPINIONS

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Building and Construction Industry Training Board	✓	✓	25/10/99
East Perth Redevelopment Authority	✓	✓	05/11/99
Ministry for Planning	✓	✓	13/10/99
Subiaco Redevelopment Authority	✓	✓	04/11/99
Western Australian Planning Commission	✓	✓	13/10/99
Western Australian Department of Training (name change from July 1, 1999 to Western Australian Department of Training and Employment)	✓	✓	14/10/99

AUDITS IN PROGRESS

Heritage Council of Western Australia

The National Trust of Australia (W.A)

Summary of the Results of Agency Audits

Minister for Housing; Aboriginal Affairs; Water Resources

AUDIT OPINIONS

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Aboriginal Affairs Department	✓	✓	26/10/99
Bunbury Water Board (1/10/98-30/6/99)	✓	✓	02/11/99
Office of Water Regulation	✓	✓	05/10/99
The Aboriginal Affairs Planning Authority	Qualification	Not Submitted	26/10/99

REASON FOR QUALIFIED OPINION

The Aboriginal Lands Trust – Mining Rents and Royalties Trust Account, and its related bank account continued to be operated without Treasurer's Approval in contravention of the *FAAA*. This situation has existed since 1988-89.

PERFORMANCE INDICATORS

The Authority has not submitted performance indicators as its function and charter was assumed by the Aboriginal Affairs Department.

The State Housing Commission	✓	✓	31/08/99
Subsidiaries: Homeswest Loan Scheme Trust	✓	N/A	31/08/99
Keystart Bonds Limited	✓	N/A	31/08/99
Keystart Housing Scheme Trust	✓	N/A	31/08/99
Keystart Loans Limited	✓	N/A	31/08/99
Keystart Support (Subsidiary) Pty Ltd	✓	N/A	31/08/99
Keystart Support Pty Ltd	✓	N/A	31/08/99
Keystart Support Trust	✓	N/A	31/08/99
Water Corporation	✓	N/A	27/08/99

AUDITS IN PROGRESS

Busselton Water Board

Country Housing Authority

Government Employees' Housing Authority

Swan River Trust

Water and Rivers Commission

Summary of the Results of Agency Audits

Minister for Works; Services; Citizenship and Multicultural Interests; Youth

AUDIT OPINIONS

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Department of Contract and Management Services	✓	✓	07/10/99
Office of Citizenship and Multicultural Interests	✓	✓	14/10/99
State Supply Commission	✓	✓	13/10/99
Western Australian Building Management Authority	✓	✓	07/10/99

Summary of the Results of Agency Audits

Minister for Local Government; Disability Services

AUDIT OPINIONS

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Department of Local Government	✓	✓	08/10/99
Keep Australia Beautiful Council (W.A)	✓	✓	22/10/99
Metropolitan Cemeteries Board	✓	✓	02/11/99

Cemeteries Act Audits

Cemetery Boards audited under the *Cemeteries Act* do not have a statutory date for submitting financial statements. With the exception of the Albany and Dwellingup Cemetery Boards, 1998-99 statements had not been received at November 5, 1999. In addition, statements for Strelley Cemetery have not been received for audit since its establishment. On October 22, 1999 the Strelley Cemetery Board was abolished.

Details of Cemetery Board audits for the 1997-98 year are as follows:

Albany Cemetery Board	✓	N/A	15/02/99
Bunbury Cemetery Board	✓	N/A	18/11/98
Chowerup Cemetery Board	✓	N/A	03/05/99
Dwellingup Cemetery Board	✓	N/A	25/11/98
Geraldton Cemetery Board	✓	N/A	15/04/99
Kalgoorlie-Boulder Cemetery Board	✓	N/A	11/01/99
Nabawa Cemetery Board	✓	N/A	12/02/99
South Caroling Cemetery Board	✓	N/A	24/12/98
Strelley Cemetery Board	Not Submitted	N/A	
Upper Preston-Lowden Cemetery Board	✓	N/A	31/05/99

AUDITS IN PROGRESS

Disability Services Commission

Fremantle Cemetery Board

Summary of the Results of Agency Audits

Minister for Family and Children's Services; Seniors; Women's Interests

AUDIT OPINIONS

	Financial Statements and Controls	Performance Indicators	Date Opinion Issued
Department for Family and Children's Services	✓	✓	13/10/99
Office of Seniors Interests	✓	✓	22/09/99
Women's Policy Development Office (Final Audit)	✓	✓	15/10/99

