

Audit Results Report Annual 2014-15 Financial Audits

Report 24: November 2015

This report summarises the results of the annual audits of the financial statements, controls and key performance indicators (KPIs) of agencies for the 2014-15 financial year. The report also provides selected additional information about trends in the State's finances, financial transactions of agencies and key financial ratios.

Audit Opinions (Page 8)

One hundred and fifty-nine agency audit opinions and 224 certifications (mostly for Royalties for Regions projects) were issued.

Qualified Audit Opinions (Page 9)

Six agencies received qualified opinions:

- Department of Corrective Services
- Department of Fisheries
- Housing Authority
- Metropolitan Public Hospitals
- South West Development Commission
- Western Australian Greyhound Racing Association.

Management Issues (Page 15)

- 433 financial control deficiencies were identified in 2014-15, which was slightly less than last year. Twenty-eight per cent were unresolved issues from prior years. The proportion of significant issues requiring prompt attention remains high.
- 238 information system control deficiencies were identified, with the majority being simple to fix.

Financial Reporting, Accountability and Audit Issues (Page 22)

New requirements of the Accounting Standards and Treasurer's Instructions for reporting budget variances in the financial statements yielded improved information, but also increased costs of preparing and auditing the statements because many non-material variances were reported. (Page 28)



Office of the Auditor General Western Australia

WA Health can provide Parliament with improved budget information if the currently prepared combined Health budget is in future separated into individual budgets for the Department of Health and each major Health agency. (Page 24)

Treasury recently tabled the report on its review of the *Financial Management Act 2006*. This included a recommendation consistent with our view that financial reporting requirements for statutory authorities and departments be reviewed to simplify requirements where possible. (Page 29)

We have provided, for the information of Parliament, details of two funding arrangements that operate outside the normal system of parliamentary appropriations. (Page 22)

Late or non-tabling of annual Statements of Corporate Intent (SCI) continues. SCIs are required from 21 agencies that operate at arm's length from Government. SCIs contain details of the annual contractual agreement with the Government. (Page 25)

Quality and Timeliness of Financial Reporting (Page 42)

The report acknowledges the top 40 'Best Practice' agencies across two categories for timeliness and quality in their financial and KPI reporting and good financial controls. (Page 42)

Annual Report on State Finances and other financial information

Selected information from the Annual Report on State Finances has been graphed to show trends in the State's net operating balance, infrastructure renewal ratio, the Total Public Sector's debt sustainability, and total borrowings and commitments over the last eight years. (Page 30)

In addition, our report includes selected significant financial transactions of agencies (Page 34) and summaries of agencies' liquidity ratios, operating results and borrowings to assets ratios. (Page 38)



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