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2015 Annual audit cycle completed

Auditor General Colin Murphy today tabled two reports in State Parliament – *Audit Results Report and Opinion on Ministerial Notification* and *Audit of Payroll and other Expenditure using Data Analytic Procedures*.

The **Audit Results Report** (Report 5, 2016) outlines the clear audit opinions received by all 4 public universities and 11 state training providers (now TAFE colleges) for their financial statements, controls and key performance indicators for 2015.

Mr Murphy said the financial statements were of a better quality this year and the institutes were better prepared for audit than they have been in previous years.

‘There was a slight increase in the number of financial and information system control weaknesses compared to the prior year but these were of a low to medium risk.

‘I observed that higher priority has been given to addressing the information system issues and encourage agencies to continue this work.

‘The review also identified a \$10.4 million reduction in annual and long service leave liabilities, which is against the trend of increasing liabilities in educational institutions and government agencies,’ Mr Murphy said.

The report again included a summary of selected key financial and performance information for each of the educational institutions.

Included in Report 5, 2016 is the Auditor General’s opinion that the decision by the **Minister for Finance** not to provide confidential taxpayer information to Parliament was reasonable and appropriate.

The second report tabled, **Audit of Payroll and other Expenditure using Data Analytic Procedures** (Report 6, 2016) analysed 4 million transactions worth over \$7.5 billion at 12 agencies.

Mr Murphy said the analysis identified a range of errors and a need for improved controls but no evidence of fraud. Without improved controls, there is a heightened risk of fraud or error occurring.

Errors and inappropriate practices included payment of suppliers twice for the same service, invoice splitting, use of government purchasing cards while cardholder was on leave, inadequate explanations for payments, and failure to identify potential conflict of interest for payments.

‘Encouragingly, 2 tests found no errors, indicating sound system controls around temporary salary allowance overpayment and payments approved by only 1 officer,’ Mr Murphy said.

‘Unfortunately we could not run all tests at all agencies due to how and what data is held’.

Agencies should consider how they manage and keep data as data analytics can provide an in-depth analysis of a known problem and allow testing for fraud and errors.

Both reports are available on the Office of the Auditor General website at www.audit.wa.gov.au

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