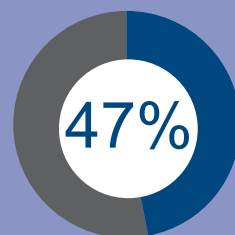


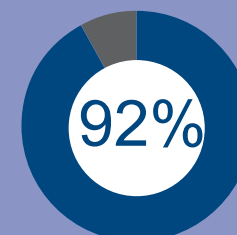
Our Performance



Our audit opinions were delivered earlier than last year (page 20)



We exceeded our target of 25 reports (page 19)



Our overall satisfaction rating from Members of Parliament for reports and services (page 25)

Financial performance

Full details of our financial performance is presented in our financial statements section of this report (page 63). The following summarises financial performance trends and actual versus target for 2015-16.

	2011-12 Actual \$'000*	2012-13 Actual \$'000	2013-14 Actual \$'000	2014-15 Actual \$'000	2015-16 Actual \$'000	2015-16 Target \$'000	Variation \$'000	Status
Total cost of services (sourced from Statement of Comprehensive Income)	21,875	22,499	23,379	24,703	24,331	23, 986	345	⊗
Total income other than income from State Government (sourced from Statement of Comprehensive Income)	16,067	15,489	16,813	17,362	18, 346	17,260	1,086	✓
Net cost of services (sourced from Statement of Comprehensive Income)	5,808	7,010	6,566	7,341	5,985	6,726	(741)	✓
Total equity (sourced from Statement of Financial Position)	7,454	8,439	9,494	9,863	11,743	11,395	348	✓
Net increase/(decrease) in cash and cash equivalents held (sourced from Statement of Cash Flows)	(438)	851	(99)	916	813	(435)	1,248	✓
Number of approved full-time equivalent (FTE) staff level	121	124	127	134	132	132	–	⊖

Table 1: Summary of financial trends

* Note: We have reclassified the total cost of services and total income other than income from State Government comparative figures to be comparable with figures presented in the current financial year.

The legislative requirement to conduct financial audits means that non-discretionary components of the Office budget accounts for the vast majority of expenditure. The two largest expenditure items are salary and audit contractor expenses. The third largest expense item, which is also non-discretionary is office accommodation, with our location and rent determined by government.

Employee expenses account for the increased total cost of services over target. Additional financial audit work required at some agencies as well as fees for the additional audits required for the winding up of training institutes contributed to the variance above target for total income. These factors combined to account for the variance in net increase in cash.

Further explanations are contained in note 25 'Explanatory statement' to the financial statements on page 85 of this report.

Key performance indicators

Effectiveness

The Office's effectiveness indicator shows the extent to which we have informed Parliament about public sector accountability and performance, against four specified categories. Full details of the categories and our performance over the last five years is available on page 96.

Report type	2015-16 Actual	2015-16 Target	Status
Service delivery	7	5	✓
Economic development	3	3	—
Social and environment	2	3	✗
Governance	17	14	✓
Total	29	25	✓

Table 2: Summary of effectiveness indicator

Efficiency

The Office's key efficiency indicators measure the overall efficiency in delivering our service of 'public sector auditing'. Full details and our key efficiency indicators over the last five years are available on page 97.

Efficiency indicator	2015-16 Actual	2015-16 Target	Status
Total audit cost per million dollars of gross government expenditure	\$479	\$478	—
Attest (financial) audit cost per million dollars of gross government expenditure	\$354	\$335	✗
Performance audit cost per million dollars of gross government expenditure	\$125	\$143	✓
Average number of days taken after balance date to issue financial audit opinions	66.2 days	70.0 days	✓

Table 3: Summary of efficiency indicators

Additional indicators of our performance

The indicators set out in table 4 and 5 are not audited, they are included because they are important in understanding the Office's operational performance. We met our target in all reporting areas.

Parliamentary reports	2015-16 Actual	2015-16 Target	Status
Matters of significance to Parliament	256	n/a	—
Broad scope and follow-up performance audit reports	10	9	✓
Narrow scope performance audits	13	11	✓
Across government benchmarking audits	4	3	✓
Annual financial audits	2	2	—

Table 4: Parliamentary reports by audit type

The following indicators also demonstrate our ongoing performance in meeting our outcome of 'Work that makes a difference and helps to improve the public sector':

Measure	Further information
Members of Parliament survey	Page 25
Client agency surveys	Page 26
Top 10 web downloads of our audit reports	Page 30
Internal, external and peer reviews	Page 58

Table 5: Other indicators that measure our performance

Financial auditing

Introduction

Financial auditing provides independent assurance to Parliament that the agencies' financial statements are presented in accordance with Treasurer's Instructions, Australian Accounting Standards and other mandatory professional reporting requirements and:

- are based on proper accounts
- present fairly the operating results and cash flows for the period under review
- present fairly the financial position at the end of the financial reporting period.

The audit of most agencies also includes assurance that the controls exercised by the agency are sufficient to provide reasonable assurance that the receipt, expenditure, and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions.

Audit opinions

Agencies that operate under the *Financial Management Act 2006* (the majority of public sector agencies) receive three opinions from the Auditor General:

- an opinion on the financial statements of the agency
- an opinion regarding the financial controls in the agency
- an opinion regarding the key performance indicators of the agency and whether they are fairly presented, relevant and appropriate.

These agencies are required under the Act to have their annual reports tabled within 90 days of financial year end.

Agencies operating under other legislation receive an opinion on their financial statements with a small number also receiving an opinion on controls.

Timeliness

We aim to deliver all audit opinions in time for an agency to table its annual report within 90 days of financial year end. As shown in Table 6, we consistently achieve between 99 and 100% for this measure, with delays caused by an agency not being prepared for our audit or having an extension granted by government.

The table on page 19 shows the average number of days taken to issue our financial audit opinions. This year, we delivered 47% of our audit opinions earlier than last year.

	2011-12	2012-13	2013-14	2014-15	2015-16
Percentage (%)	99.4	100	99.3	99.3	99.3

Table 6: Percentage of audit opinions delivered in time for agencies annual reports to be tabled within 90 days of financial year end

Audit opinions issued	2011-12	2012-13	2013-14	2014-15	2015-16
Annual Report on State Finances	1	1	1	1	1
Parliamentary departments	3	3	3	3	3
Government departments	40	40	40	42	44
Statutory authorities	98	92	86	83	85
Universities and state training providers	14	15	15	15	26*
Superannuation funds	3	3	3	3	2
Corporatised entities	15	15	15	19	13
Cemetery boards	5	5	13	5	8
Subsidiary entities	15	14	12	11	19
Request audits	5	2	4	7	4
Total	199	190	192	189	205

Table 7: Audit opinions issued

* This includes 11 additional audits of state training providers due to restructuring of the sector at 10 April 2016.

We also measure the success of our financial audits through annual financial audit client surveys. We consistently receive high levels of satisfaction from our audit clients, as outlined on page 26. The complete list of agencies subject to financial audit is contained in Appendix 2.

Audit certifications

Our audit work includes the certification of financial and statistical information produced by departments and statutory authorities. This assists agencies to discharge conditions of Commonwealth funding, grants or legislation and enables them to meet requirements of their funding agreements in a timely manner. In 2015-16, 234 of the 268 certifications related to Royalties for Regions projects (Table 8).

Across government benchmarking audits

In addition to the annual financial audits, our financial auditors also conduct across government benchmarking audits (AGBAs). These audits focus on common business practices across the sector and provide agencies with information about areas of better practice as well as potential deficiencies and pitfalls. This year our AGBAs were:

- *Management of Government Concessions* (page 35)
- *Verifying Employee Identity and Credentials* (page 36)
- *Agency Gift Registers* (page 38)
- *Controls Over Employee Terminations* (page 39)

Our internal management process includes self-assessing our own business processes against the AGBA tests we performed at client agencies, to identify opportunities for improvement. This process is outlined on page 58.

Other audits

This year we also completed a narrow scope performance audit of payroll and expenditure, using data analytics (page 34).

Output

Table 8 summarises the audit work delivered by our Financial Audit unit from 2011-12 to 2015-16.

Output – financial audit	2011-12	2012-13	2013-14	2014-15	2015-16
Audit results reports tabled in Parliament	2	2	2	2	2
Audit opinions issued to Minister and agencies	199	190	192	189	205
Audit certifications issued	29	35	37	34	34
Royalties for Regions certifications issued	71	130	186	190	234
Across government benchmarking audit reports tabled in Parliament	3	4	3	4	4
Narrow scope performance audit report tabled in Parliament	0	0	0	0	1

Table 8: Audit work delivered by our Financial Audit unit from 2011-12 to 2015-16

Performance auditing

Performance audits assess the efficiency and effectiveness of agency activities, services and programs. These audits can also identify instances of waste, legislative non-compliance, examples of good practice and will make practical recommendations for improvement. We conduct performance audits under section 18 of the *Auditor General Act 2006* and in accordance with Australian Auditing Standards.

We conduct two types of performance audits:

- broad scope performance audits, which focus on the effectiveness and efficiency of larger programs, projects and services
- narrow scope performance audits, which have a tighter focus and may assess internal agency controls, compliance with legislation, policy and good practice, and information systems.

We also conduct follow-up audits to assess actions taken by agencies in response to our recommendations, and changes and improvements that result.

We conduct post project reviews of all our performance audits, and survey agencies for their views on the process after we have completed the audit (page 27). Our Performance Audit Methodology User Group meets quarterly to identify and implement continuous improvement opportunities.

Our audited key effectiveness indicator on page 96 provides an indication of our performance in relation to our reports tabled in Parliament. From page 31 you will find summary information on all our reports tabled in 2015-16.

Performance audits topic selection

Deciding what to audit is a key part of the Auditor General’s independence and is not subject to direction from Parliament or government. We must exercise this independence responsibly, so we have processes in place to make sure our selection of topics is objective, robust and transparent.

Topic ideas are drawn from a range of sources including parliamentary committees, individual Members of Parliament, agencies, the community and staff. Twice a year, potential topics are assessed against our criteria and reviewed against our KPIs.

We seek to select a program that is balanced in its coverage, contains topics that matter to Parliament and the community, and that reflects how and where the state is spending taxpayer’s money.

Once established, we discuss our forward work program with the Public Accounts Committee and the Estimates and Financial Operations Committee. When an audit commences, we make its objective, focus and timeframes public on our work in progress page on our website.

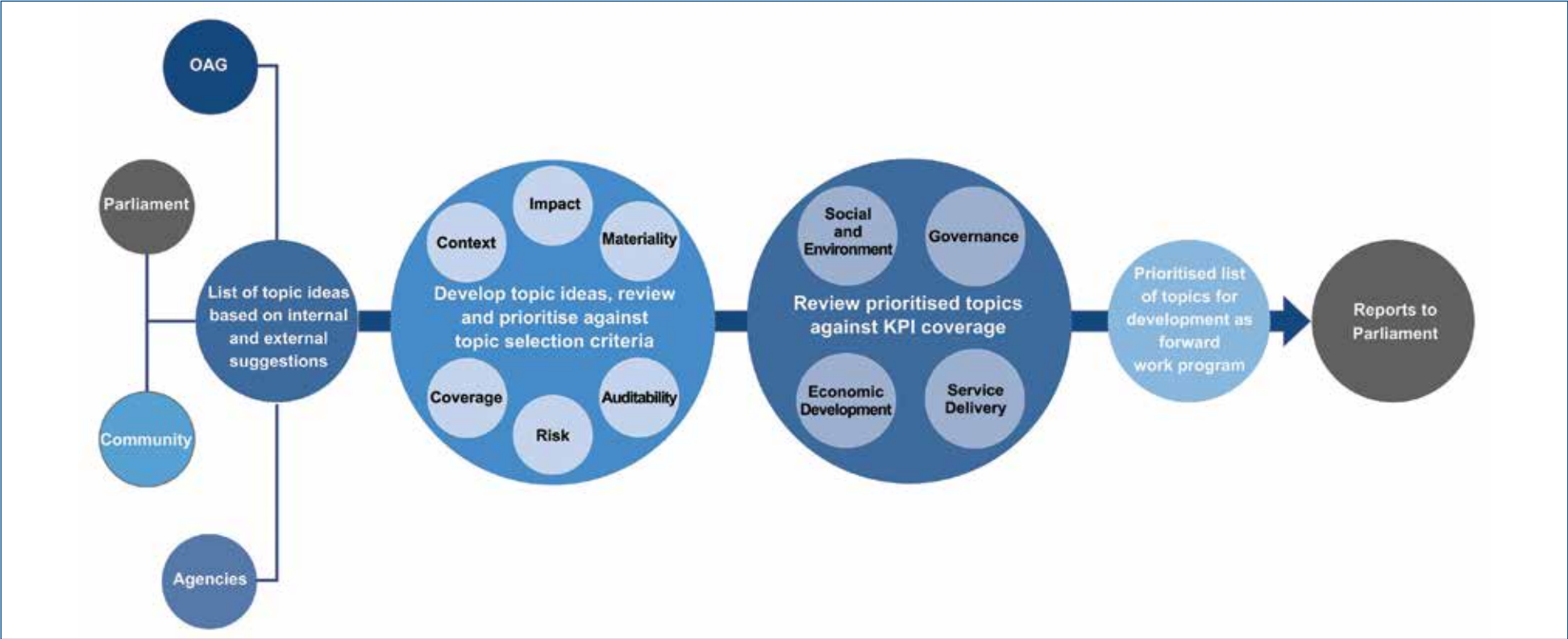


Figure 6: Our topic selection framework

Community surveys

We use online surveys as a low-cost, effective way of gaining further insight into our audit topics from specific target groups. Not all topics are suitable for a survey – small, very narrow, or specific topics are not surveyed. On our website there is a standing invitation to submit information about any of our current audits for consideration by the audit teams.

In 2015-16, we used an online survey to support and enrich our work on the ICT in Education audit. The survey targeted schools and we received 454 responses.

Opinions on ministerial notifications

As mentioned in Significant Issues on page 10, the number of ministerial notifications referred to our Office is high. This is likely due to increased awareness among Members of Parliament of the requirement to advise the Auditor General when they have refused to provide information to Parliament.

The level of resourcing and the time required to form an opinion on each notification can vary but is often considerable. We draw the necessary resources from our performance audit area. As we are not specifically funded to provide these opinions, this affects our scheduled audit program.

This year we received 10 ministerial notifications. Summaries of the ministerial notifications we tabled in Parliament in 2015-16 are available from page 31.

	2011-12	2012-13	2013-14	2014-15	2015-16
Number of ministerial notifications received	3	0	7	14	10

Table 9: Ministerial notifications received from 2011-12 to 2015-16

Our client feedback

We use an independent research company to conduct client surveys throughout the year. The results of these surveys are not part of our key performance indicators but are very important to understanding how we are performing and how well we are meeting the needs and expectations of our clients.

The results play an important part in our ongoing quality assurance and continuous improvement efforts (page 59) and are used to measure the effectiveness of a number of our strategic plan initiatives (Appendix 1).



Members of Parliament survey

Our annual survey of Members of Parliament monitors our performance in meeting our outcome of an informed parliament on public sector accountability and performance. Through this survey, members can share their views in areas such as satisfaction with our services and the effectiveness and usefulness of our products.

Table 10 shows the results received against four key areas. Although results declined in all areas we continue to perform well and score highly in dealing with matters of significance to Parliament (94%); and satisfaction with our reports and services (92%).

Consistent with previous years, members were very positive about the Auditor General's reports and services, with the majority perceiving them as:

- helping to improve, and providing valuable information on, public sector administration
- communicating the issues clearly.

Just under half of respondents indicated that a report tabled in the last 12 months was helpful to them. Members most commonly cited that this was due to the relevance of the content to their electorate and/or portfolio.

Indicator	% Agree or strongly agree				
	2011-12	2012-13	2013-14	2014-15	2015-16
The Office is effective in achieving its desired outcome	82	86	78	90	84
Reports dealt with matters of significance to Parliament	91	97	96	97	94
Services and reports are useful to Parliament	92	93	89	87	86
Overall satisfaction with Auditor General reports and services	90	83	90	97	92

Table 10: Results received against four key areas

Financial audit client surveys

All clients who received an audit opinion have the opportunity to participate in the annual financial audit client survey. The survey is conducted in two rounds, capturing both our June and December financial audit clients.

The survey gauges how we are performing in the areas of:

- audit process
- audit reporting
- audit value (financial, key performance indicator and information systems)
- overall performance.

The response rate this year was 81% an increase on last year (73%). Our clients continue to rate our audit value highly with 96% indicating they value the assurance provided by the audit and are able to improve management and internal controls through our recommendations.

The vast majority of audit clients were positive in their assessment of aspects of audit process, auditors' skills and knowledge (96%), professionalism (93%) and the involvement of senior audit staff (91%). Although, the ratings were high, they declined slightly from 2014-15 highlighting the need for us to focus improvement efforts in these areas.

Although the survey is comprehensive, Table 11 demonstrates our performance against key questions in each focus area.

Focus area	Indicator	% Agree or strongly agree				
		2011-12	2012-13	2013-14	2014-15	2015-16
Audit process	The Office's audit program was undertaken in a timely manner	91	80	88	91	87
	Audit staff were responsive to our needs	94	87	91	95	87
Audit reporting	The Auditor General's audit opinion was issued in a timely manner	97	95	95	95	91
	The management letters clearly communicated the audit findings and issues	91	91	92	94	94
Audit value	We value the assurance we obtain from the audit of our statutory financial statements	90	91	99	95	96
	We value the Office's recommendations to improve the financial management and internal controls of our organisation	86	88	95	95	96

Table 11: Results of key questions in three areas of focus

Performance audit client survey

After we table a performance report in Parliament, the agencies involved in that report are invited to complete a client survey. Like our financial audit client surveys, the surveys of our performance audit clients focus on our audit process, reporting, value and our overall performance.

The nature of audit work includes close scrutiny and possible criticism of agency performance, and we understand that this can influence the responses to the survey. Nevertheless, the surveys provide a valuable way for us to identify areas for improvement.

The survey response rate this year was 93%, the highest response rate we have ever achieved for a client survey.

Overall, the results for 2015-16 were positive and slightly improved when compared to last year. Each year we assess the results and identify areas where additional effort or internal training is required. It was pleasing to note this has resulted in more positive result in regard to:

- professionalism of our auditors
- balance and fairness of the tabled audit report
- understanding of the organisation by our auditors.

The results have also highlighted two areas where more effort is required:

- discussing issues with clients throughout the process
- providing adequate opportunity to comment on findings.

Focus area	Indicator	% Agree or strongly agree				
		2011-12	2012-13	2013-14	2014-15	2015-16
Audit process	The auditors communicated with us effectively.	84	80	88	78	81
	We were promptly informed of significant issues/findings as they arose during the audit.	81	77	79	80	73
	The auditors adequately understood our organisation, including our operating environment.	52	51	70	45	58
	The auditors demonstrated that they had the professional skills and knowledge required to conduct the audit.	82	75	89	75	78
	The auditors conducted themselves professionally during the audit.	90	90	92	88	93
	We were provided with adequate opportunities to comment on the audit findings and issues before the final report was tabled in Parliament.	94	80	92	83	81
Audit reporting	The tabled audit report communicated the audit findings and issues clearly.	82	77	88	83	85
	The tabled audit report was factually accurate.	65	72	90	78	81
	The tabled audit report was balanced and fair.	60	77	81	65	73
Audit value	The audit will help us improve the performance of the audited activity.	89	72	60	76	74

Table 12: Results of key questions in three areas of focus

Aggregate performance index scores

For both performance and financial audits, the survey analysis includes the calculation of aggregate performance indices across the four focus areas of audit process, audit reporting, audit value and our overall performance.

The aggregate index for an area is the average of the individual question indices for survey questions across that specific area. The index for a question is the average response for each question across all respondents. The results are consistently high with no single area identified as of concern. However, decreases from 2014-15 highlights the need for us to maintain our focus on continuous improvement activities.

Financial Audit						
Focus area		2011-12	2012-13	2013-14	2014-15	2015-16
Audit process		80.1	77.3	77.8	79.8	78.9
Audit reporting		80.0	80.4	81.7	82.1	81.8
Audit value	Financial statements	78.7	78.8	85.1	87.4	86.5
	Performance indicator	73.7	73.7	78.9	81.5	81.4
	Information systems	76.7	77.9	76.1	75.4	78.4
Overall performance		77.9	77.6	79.9	81.2	81.4

Table 13: Financial Audit – aggregate performance indices for the past five years

Performance Audit					
Focus area	2011-12	2012-13	2013-14	2014-15	2015-16
Audit process	72.8	69.8	78.2	68.9	76.0
Audit reporting	72.7	68.8	78.0	73.3	74.8
Audit value	76.5	68.8	65.6	70.1	70.4
Overall performance	74.0	69.2	73.9	70.8	73.7

Table 14: Performance Audit – aggregate performance indices for the past five years

Making a difference – report successes

Positive change to government activity and practice is a good reflection of the impact our work is having and of our progress in meeting our desired outcome.

Some examples where our work has informed, influenced, or directly resulted in change include:

- the Public Sector Commissioner issued a circular in October 2015 making agencies aware of the need for more detailed guidance to employees through gift policies and improved practices for declaring, approving and recording gifts following the tabling of **Agency Gift Registers** (page 38)
- as a direct result of the recommendations of our audit, **Follow-on: Managing Student Attendance in Western Australian Public Schools** (page 40), the Department of Education increased the transparency and completeness of its reporting by including key information in its 2014-15 Annual Report which they had never previously included
- the release of the River Protection Strategy in September 2015 was a recommendation of our audit **Our Heritage and Our Future: Health of the Swan Canning River System** (August 2014).

Parliament follow-up of our reports

We acknowledge and appreciate the important role the Public Accounts Committee (PAC) plays in its follow-up of recommendations made in our tabled performance reports. PAC requires agencies to explain in writing what action they have taken to address our recommendations and can require senior management to appear at a hearing to provide further information. PAC may also choose to seek comment from the responsible Minister.

PAC issued its latest Review of Auditor General Reports in September 2015. There was also a report in June 2016 outlining concerns the Committee has regarding the follow-up of the Housing Authority to matters raised to previous audits. These reports are available on the Parliament website www.parliament.wa.gov.au.

Our reports tabled in 2015-16

During 2015-16, we tabled 29 reports in Parliament. On the following pages is a brief summary of each of the reports. These reports are available on our website at www.audit.wa.gov.au/reports.

Website statistics provide an indication of the degree of public interest in our reports. The following are the top 10 accessed reports for 2015-16.

Report	Total website interactions	Page views*	PDF downloads#
Health Department's Procurement and Management of its Centralised Computing Services Contract	9,495	7,792	1,703
Information Systems Audit Report – Applications Reviews and Database Security	6,289	5,208	1,081
Audit Results Report Annual 2014-15 Financial Audits	4,072	3,651	421
Support and Preparedness of Fire and Emergency Services Volunteers	3,838	3,404	434
Delivering Services Online	3,402	3,174	228
Controls Over Employee Terminations	2,731	2,352	379
Safe and Viable Cycling in the Perth Metropolitan Area	2,702	2,341	361
Operating Theatre Efficiency	2,248	2,083	165
Pilbara Underground Power Project	2,150	1,925	225
Verifying Employee Identity and Credentials	2,096	1,787	309

Table 15: Top 10 accessed reports for 2015-16

* The number of times a page within the report subsection was viewed

PDF downloads includes report, summary and media statement

Management of Feedback from Public Trustee Represented Persons



Narrow scope performance audit

KPI category – Service delivery

Tabled – 30 June 2016

This audit looked at the Public Trustee's complaints management process and how it uses the information it receives from both complaints received and the client satisfaction survey to improve services to represented persons. The audit found that the Public Trustee is satisfactorily collecting, managing and using information from complaints and client satisfaction surveys to improve services to represented persons. Also, complainants receive timely, informed responses.

The Public Trustee should improve the recording and reporting of complaints received through alternative pathways. Complaint handling is important as it allows clients to express dissatisfaction and can assist an agency with improving the quality of its services.

Management of Marine Parks and Reserves



Broad scope performance audit

KPI category – Social and environment

Tabled – 30 June 2016

This audit assessed how effectively marine parks and reserves are managed and protect the marine environment. The audit found Western Australia had made good progress towards establishing a representative network of marine parks and reserves and that the overall health of the parks is good. We identified gaps that do not present a significant immediate risk to the health of marine environment, but the risk will increase if issues persist, particularly as the network expands, and pressures on the marine environment increase.

The report makes a number of recommendations to assist the future management of our marine parks and reserves.

Maintaining the State Road Network – Follow-on Audit



Broad scope performance audit

KPI category – Economic development

Tabled – 29 June 2016

This audit examined whether Main Roads had taken reasonable steps to address problems identified in our 2009 audit and if the condition of the state road network has improved since then. The audit found although there had been some progress in how maintenance is managed, Main Roads is not addressing the maintenance needs of the network in a cost effective way. There had also been no reduction in the significant backlog of maintenance.

The report recommends Main Roads consider a long-term strategic approach to planning and undertaking maintenance to achieve value for money, while simultaneously addressing critical maintenance needs.

Regulations of Builders and Building Surveyors



Narrow scope performance audit
KPI category – Governance
Tabled – 22 June 2016

This audit looked at how well the Building Commission regulates WA's registered builders and building surveyors and how it monitors and enforces compliance with building legislation and codes. The audit found the Commission is processing new builder and surveyor licence applications satisfactorily but relies on self-disclosure for renewal and interstate application character checks that could raise concerns about people operating in the industry. The Commission obtained the power to conduct proactive audits, which it has been slow to use. Overall, aspects of the Commission's operations needed improvement, though for the most part a positive trend was evident.

The reports includes a number of recommendations to assist the Commission with improvements to operations.

Information Systems Audit Report – General Computer Controls and Capability Assessments



Information systems
KPI category – Governance
Tabled – 22 June 2016

This audit assessed general computer controls across 45 government agencies against six control categories: IT operations, management of IT risks, information security, business continuity, change control and physical security. We found only 10 agencies had mature general computer control environments and more than half are not meeting our benchmark in three or more of the control categories.

This audit has been conducted for eight years and over this time, there has been little or no improvement in controls. This is disappointing as most of the issues are relatively simple and inexpensive to correct.

Information Systems Audit Report – Application Controls Audits



Information systems
KPI category – Governance
2016
Tabled – 22 June 2016

The audit looked at the controls around five applications that agencies rely on to deliver services internally as well as to the public and other organisations. We found all applications were working effectively but identified 56 findings – 6 rated significant, 39 moderate and 11 minor. The significant issues related to lack of policies and procedures, security around sensitive information and data input.

These weaknesses could affect service delivery and compromise the security of the sensitive information held in the application. For each application, the report makes a number of recommendations to improve controls around it. For most, the solutions are relatively simple and inexpensive.

Opinions on Ministerial Notifications



Opinion on ministerial
Notifications
KPI category – Governance
Tabled – 8 June 2016

This report dealt with the decisions by Ministers not to provide information to Parliament.

- The decision by the Minister for Lands, not to provide legal advice regarding the state's obligation to sign the BHP Billiton Kurra Village lease renewal was reasonable and therefore appropriate as it is covered by legal professional privilege.
- Two decisions by the Treasurer, not to provide information on details and the value of disputes between the head contractor at Perth Children's Hospital, and its subcontractors were reasonable and therefore appropriate as the details were part of an ongoing, confidential dispute process.

Payment of Construction Subcontractors – Perth Children's Hospital Project



Narrow scope performance
review
KPI category – Governance
Tabled – 8 June 2016

This report reviewed the Department of Treasury's oversight of payments made by the Perth Children's Hospital Contractor to its subcontractors, to determine if it was appropriate and in accordance with the contract terms. We found Treasury's monitoring of payment disputes is consistent with the contract terms and for the most part is reasonable.

The report made recommendations to achieve process improvements that Treasury could make to oversight payments and greater visibility of the status of disputes.

Delivering Services Online



Performance audit
KPI category – Service
delivery
Tabled – 25 May 2016

This audit looked at five agencies to assess how well they were responding to the demands of online service delivery. We found some improvement in offering services online but significant opportunity to move more online to address growing customer demand and benefit from significant savings.

The report made a number of recommendations for agencies to consider in planning and delivering online services and for the Government Chief Information Officer to provide centralised leadership and improve the effectiveness of www.wa.gov.au.

Safety devices in Public Housing – Follow-up



Broad scope performance audit

KPI category – Service delivery

Tabled – 11 May 2016

This report, a follow-up to a 2010 audit, examined whether the Housing Authority is managing safety devices in its public housing properties effectively. The audit found Housing unable to confirm that all its properties had the required working safety devices and that safety device information is stored across a number of systems and is missing or incorrect, a result of poor baseline information, and inconsistent updating from inspections and maintenance.

Housing needs to address the systemic weaknesses we found in property inspections, data collection and management oversight; otherwise, it continues to put tenants and properties at some risk from electrocution and fire.

Audit of Payroll and other Expenditure using Data Analytic Procedures



Narrow scope performance audit

KPI category – Governance

Tabled – 10 May 2016

This report examined four million transactions worth over \$7.5 billion at 12 agencies to analyse agency expenditure and payroll data to identify potential fraud, errors or omissions. Using data analytics, we identified errors at six agencies, but no evidence of fraud. Errors and inappropriate practices included payment of suppliers twice for the same service, invoice splitting, use of government purchasing cards while the cardholder was on leave, inadequate explanations for payments, and failure to identify potential conflicts of interest for payments.

We recommended that agencies consider how they manage and keep data, as the use of data analytics can provide an in-depth analysis of a known problem or allow testing for fraud and errors.

Audit Results Report - Annual 2015 Financial Audits



Financial audit

KPI category – Governance

Tabled – 10 May 2016

This report summarised the results of the annual audits of the four public universities and their subsidiaries and the 11 state training providers (TAFE colleges) for the year ended 31 December 2015, as well as a small number of various other audits. All universities and state training providers received clear audit opinions on their financial statements, controls and key performance indicators. Overall, the institutions were better prepared for audit this year and the financial statements were of a higher standard.

A summary of selected key performance indicators and key financial ratios that are commonly used to analyse financial health are included in the report.

Land Asset Sales Program



Broad scope performance audit

KPI category – Economic development

Tabled – 6 April 2016

The audit assessed how effectively the Department of Lands is implementing the Land Asset Sales Program. The program identifies surplus properties, assesses best future use and where appropriate sells the property. We found the program had made a good start with managing surplus government land and the Department had established good processes and sound governance to support the program.

The report includes a number of recommendations including making more information public on the sale price and the cost of preparing land for sale, which will increase transparency.

Management of Government Concessions



Across government benchmarking audit

KPI category – Governance

Tabled – 16 March 2016

The audit assessed whether agencies have appropriate processes and controls over their concessions. We assessed the practices at eight agencies that offer various concessions worth an estimated \$227 million per annum. We found the overall management of concessions at most agencies was reasonable, although seven of the agencies need to make improvements to some elements of their process.

Agencies that manage concessions are encouraged to ensure their policies and procedures are comprehensive, regularly reviewed and approved by the appropriate level of management.

Consumable Stock Management in Hospitals



Limited assurance report

KPI category – Service delivery

Tabled – 24 February 2016

This preliminary audit looked at the Department of Health's management of consumable stock in public hospitals. We found Health followed good inventory practices, had a robust selection process for stock and that purchases were made through common use agreements or Health contracts.

We found no significant issues and recommended one improvement opportunity for Health to consider.

Health Department's Procurement and Management of its Centralised Computing Services Contract



Narrow scope performance audit
KPI category – Governance
Tabled – 17 February 2016

This report reviewed procurement and management of Health's Central Computing Services contract as well as the financial and asset control arrangements for goods and services purchased under the contract. We found Health did not effectively manage the contract and found a number of areas of concern including no dedicated contract manager, no clear policies and procedures for contract variation and ineffective financial management. A number of the variations were approved by employees that did not have the appropriate authority with no business case or assessment and resulted in significant purchases far exceeding Health's requirements.

We recommended a number of areas for improvement that will result in better, effective contract management and governance.

In June 2016, a supplementary report was tabled following receipt of new information that was relevant to the report's findings.

Verifying Employee Identity and Credentials



Across government benchmarking audit
KPI category – Governance
Tabled – 2 December 2015

This audit reviewed 10 agencies to assess whether they were adequately screening employees to verify their identity and right to work in Australia, check professional qualifications, and identify and assess criminal records. We found many instances where the screening practices were inadequate and we concluded that all 10 agencies needed to improve their practices.

A key activity of any agency is the recruitment of employees – effective verification and screening processes provide greater assurance that agencies are recruiting the most appropriate and suitable person for the role.

Operating Theatre Efficiency



Broad scope performance audit
KPI category – Service delivery
Tabled – 18 November 2015

This audit examined whether public hospitals are managing operating theatres efficiently. We found across a sample of five hospitals in 2014 that at least 3,000 hours of operating theatre time was feasibly available to treat many more patients. This lost time was equivalent to staffing two theatres for almost a year without treating any patients. Operating theatre time is primarily lost because many surgical sessions start late or finish well before the scheduled end and there are a large number of cancellations on the day of surgery.

We found that better scheduling of surgery would allow more available time to be used, and reduce the need for and cost of staff working overtime.

Audit Results Report – Annual 2014-15 Financial Audits



Financial audit
KPI category – Governance
Tabled – 5 November 2015

This report summarised the annual audit results of the financial statements, controls and key performance indicators of 47 departments, 85 statutory authorities and 13 corporations with combined assets of over \$209 billion. Slightly fewer financial control weaknesses were identified this year than last, but almost a third were unresolved from last year and the number of significant issues remained high.

The challenge for agencies is to rectify their control weaknesses as soon as possible to reduce the risk of error and fraud, and to provide assurance that their financial statements are correct.

Agencies also need to make sure their key performance indicators are relevant and provide useful, meaningful information.

Information Systems Audit Report – Applications Reviews



Information systems
KPI category – Governance
Tabled – 5 November 2015

This audit reviewed key business applications at four agencies. We found that all four applications were performing well and addressing business needs. However, some weaknesses around data validation and the manual process supporting these applications were found. As well, issues pertaining to information security were found at every agency.

Particular areas of concern were around data access and logging, software patching and updates, and general security practices in agency IT environments. These weaknesses increase the risk to the confidentiality, integrity and availability of sensitive information that is entrusted to agencies.

Information Systems Audit Report – Database Security



Information systems
KPI category – Governance
Tabled – 5 November 2015

This audit looked at the security for 13 databases, across 7 agencies, which are critical to agency functions and hold personal and sensitive information. We found none adequately prevented unauthorised access to and data loss from the databases. Most concerning is that we continue to find weak controls in basic, easy to fix areas such as passwords, patching and setting of user privileges.

To assist agencies in addressing database security, we provided guidance material in the report outlining suggested security controls and practices to improve the security of their databases.

Safe and Viable Cycling in the Perth Metropolitan Area



Narrow scope performance audit

KPI Category – Social and environment

Tabled – 14 October 2015

This audit assessed whether there is suitable support and infrastructure to enable cycling to be a safe and viable mode of transport in the Perth metropolitan area. We found that while government had gradually improved cycling infrastructure in the Perth metropolitan area, less than half of the planned cycle network was complete, with significant sections not built and older paths requiring upgrading.

A safe and viable cycle network required better planning, sustained funding and cooperation of local governments. Growing the popularity of cycling has clear economic, health and environmental benefits – it reduces traffic congestion, lowers vehicle emissions and reduces health costs through a more physically active community.

Agency Gift Registers



Across government benchmarking audits

KPI category – Governance

Tabled – 8 October 2015

This audit assessed if agencies had suitable policies and practices in place for the management of gifts received. The report found no significant improvement since a similar report in 2012. We found agencies need to provide more guidance to employees through gift policies, improved practices for declaring gifts and in approval and recording of gifts, and better monitoring of trends and compliance with policies.

Gift registers are an important transparency tool that help agencies manage potential conflicts of interest and good processes ensure any decision to accept the gift is justifiable, authorised and transparent.

Opinions on Ministerial Notifications



Opinions on ministerial notifications

KPI category – Governance

Tabled – 8 October 2015

This report dealt with seven decisions by three Ministers not to provide information to Parliament. The decisions by three Ministers not to provide information to Parliament were reasonable, largely due to confidentiality obligations and commercial sensitivity:

- Minister for Finance, about the stamp duty payable by the purchaser of FESA House
- Minister for Finance, about naming organisations claiming a payroll tax rebate
- Minister for Tourism, about funding provided to attract a 2018 FIFA World Cup Socceroos qualifying match to Perth.

The decisions by the Minister for Transport not to provide information about the Perth Freight Link were not reasonable and therefore not appropriate because the information was already publicly available.

Opinions on Ministerial Notifications



Opinions on ministerial notifications
KPI category – Governance
Tabled – 27 August 2015

This report dealt with three decisions by the current and former Minister for Sport and Recreation, not to provide information to Parliament about the arrangements to design, build, finance and maintain Perth Stadium. The Ministers refused to provide some information from the state's agreement with the Westadium consortium and an unredacted copy of the contract.

The Auditor General was unable to form an opinion as to whether the decisions were reasonable and appropriate because sufficient evidence was not obtained. We were refused access to legal advice that was crucial to the Department of Sport and Recreation advice to the Minister. This is the first time that the Auditor General had been unable to form an opinion because an agency did not provide us with critical information. The agency claimed the Auditor General did not have the authority to sight information subject to legal professional privilege.

Controls Over Employee Terminations



Across government benchmarking audit
KPI category – Governance
Tabled – 27 August 2015

This audit assessed if agencies have implemented suitable policies, procedures and controls for employee terminations. Three of the 10 agencies had good policies, procedures and/or controls for managing employee terminations. However, none was consistently following management approved control requirements. This resulted in a number of errors and omissions, the most concerning of which was terminated employees retaining inappropriate access to information systems.

Agencies need to improve employee termination processes to ensure that final payments to employees are correct, that the employee returns all assets to the agency and access to premises and information systems is promptly removed.

Support and Preparedness of Fire and Emergency Services Volunteers



Performance audit
KPI category – Service delivery
Tabled – 20 August 2015

This audit looked at whether the Department of Fire and Emergency Services (DFES) is effectively recruiting, preparing and supporting fire and emergency services volunteers. We found DFES was improving the management of its volunteer workforce but there is still a considerable amount of work to do in some areas including volunteer turnover, a declining number of volunteer groups, and fatigue.

DFES had a number of projects that should deliver improvements in these areas, but they were still in planning or early implementation stages. The report recommended continuing implementation of the projects, improving data and records, development of policies and procedures, and improved communication and consultation with volunteers.

Follow-On: Managing Student Attendance in Western Australian Public Schools



Performance audit
KPI category – Service delivery
Tabled – 19 August 2015

This audit assessed whether the Department of Education had taken reasonable steps to improve the level of student attendance in Western Australian public schools since our original 2009 report. We found there had been no improvement in student attendance at public schools since our last audit and Aboriginal students remain overrepresented in the at-risk group, especially those at severe educational risk.

Strategies introduced by Education since our previous report have had little overall effect. Improving attendance is not easy or simple, but there needs to be a concerted, collaborative effort resulting in long lasting benefits.

Pilbara Underground Power Project



Broad scope performance audit
KPI category – Economic development
Tabled – 12 August 2015

This audit assessed the funding, planning and management of the Pilbara Underground Power Project overseen by Horizon Power. We found the project is forecast to be completed by June 2018 and cost the state and local governments \$252 million. This is six years later and \$122 million more than originally approved. Issues in the planning, governance and project management contributed to the expected cost overruns and delays.

Since early 2012, Horizon Power had improved its contracting, planning, management and oversight of the project. These changes address the problems experienced in delivering the project, and improve the likelihood of meeting the revised completion date and budget.