

Western Australian Auditor General's Report



Audit Results Report Annual 2015-16 Financial Audits



Report 24: November 2016

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WESTERN AUSTRALIAN AUDITOR GENERAL'S REPORT

Audit Results Report
Annual 2015-16 Financial Audits

Report 24
November 2016



**THE PRESIDENT
LEGISLATIVE COUNCIL**

**THE SPEAKER
LEGISLATIVE ASSEMBLY**

AUDIT RESULTS REPORT – ANNUAL 2015-16 FINANCIAL AUDITS

This report under section 24 of the *Auditor General Act 2006* (AG Act) covers 2015-16 financial audit activity to 1 November 2016 and includes:

- opinions and results of audits on the controls, financial statements and key performance indicators of departments, statutory authorities and subsidiary bodies with reporting dates primarily on 30 June 2016
- opinions and results of audits of corporatised bodies reporting under their enabling legislation and other entities audited as requested by the Treasurer
- audit certifications of financial and statistical information produced by agencies to discharge conditions of Commonwealth funding, grants, royalties for regions funding agreements and other legislation
- issues identified during the 2015-16 audits which are significant enough to bring to the attention of the Parliament relating to the Annual Report on State Finances and operations of individual agencies
- recent and upcoming changes to accounting and auditing standards that impact on government financial reporting and accountability.

I wish to acknowledge the assistance provided by the boards of accountable authorities, directors-general, chief executive officers, chief finance officers and others during the conduct of the annual financial audit program and in finalising this report.

A handwritten signature in black ink, appearing to read 'C. Murphy'.

COLIN MURPHY
AUDITOR GENERAL
9 November 2016

Contents

- Auditor General’s overview 4
- Executive summary 5
 - Key findings..... 5
 - Recommendations 7
- Audit opinions 8
 - Introduction 8
 - Summary of audit opinions 8
 - Other audit services 9
 - Qualified opinions – agencies..... 9
 - Matters of Significance reported with audit opinions 11
 - Prior year qualified opinions removed in 2015-16 12
 - Creation, amalgamation and dissolution of agencies 13
 - 2015-16 financial statement audits not undertaken 14
- Management issues 15
 - Control environment 15
 - Financial and management controls 16
 - Information systems controls 19
 - Key performance indicators 20
- Other financial reporting, accountability and audit issues 22
 - Continued late tabling of Statements of Corporate Intent 22
 - Reducing the cost of financial reporting for small agencies 25
 - Future impact of changes to auditing and accounting standards 26
- Audit of the Annual Report on State Finances 27
 - Introduction 27
 - Western Australia’s finances – selected key indicators 28
- Selected significant financial transactions and financial ratios 32
 - Introduction 32
 - Selected significant financial transactions 32
 - Key financial ratios of public sector agencies 36
- Quality and timeliness of reporting 38
 - Quality and accuracy 38
 - Timeliness 39
 - Best practice agencies 39
- Appendix 1: Agencies audited 41
- Appendix 2: Audit certifications 47
- Appendix 3: Royalties for Regions certifications 49
- Glossary 58
- Index 59

Auditor General's overview

This report summarises the results of the annual audits of agencies, for the year ending 30 June 2016.

Seven agencies received qualified audit opinions on their financial statements, controls or key performance indicators (KPIs), a similar number to the previous year.



This year there was a slight decrease in the number of financial control weaknesses, including significant issues, identified by our audits and reported to management for corrective action.

Several agencies continue to struggle to keep their KPIs relevant to their current mandate and operations, and the evolving information needs of users. Some also experienced difficulty obtaining a representative response to stakeholder surveys used for their KPIs.

In this report we have included brief details on selected significant agency transactions that we noted during our audits as well as selected key financial ratios and information commonly used for assessing financial performance or analysing the financial health of agencies. I have also supplemented the information contained within the Annual Report on State Finances with other high level information that some readers might find useful.

The report also provides details of recent changes to auditing and accounting standards. One of these requires agencies to disclose material transactions with related parties in the notes to their audited financial statements, beginning with the 2016-17 reporting year. Related parties in a public sector context include key management personnel of the agency, Ministers, and their close family members. The Departments of Treasury and Premier and Cabinet are developing procedures to help agencies identify relevant transactions between agencies and related parties.

In several previous reports to Parliament, I have given the view that the requirement for small agencies to prepare financial reports complying with International Financial Reporting Standards (IFRS) including all disclosure requirements, is unnecessary. With some 60 agencies accounting for only 1% of total government operating expenditure, we support reducing costs associated with preparing and auditing the annual financial statements of these small agencies.

Executive summary

This Audit Results Report contains the findings primarily from the annual financial audits of agencies with a 30 June 2016 reporting date.

At 1 November 2016, we had completed audits and issued audit opinions for 48 departments, 93 statutory authorities, 12 corporations and 14 other audits. Combined assets of \$214 billion were audited.

The *Auditor General Act 2006* (AG Act) requires the Auditor General to audit the financial statements, controls and key performance indicators (KPIs) of all public sector agencies annually. A clear audit opinion indicates satisfactory controls and that the financial statements are complete, accurate, comply with relevant legislation and applicable accounting standards and fairly represent performance during the year and the financial position at year end.

Key findings

Audit opinions

(Page 9 and Appendix 1, page 41)

- We issued audit opinions for 167 agencies by 1 November 2016 relating to the 2015-16 financial year, and 238 certification opinions.
- We issued qualified audit opinions to 7 agencies for reasons of inaccuracies or deficiencies in their financial statements or KPIs or due to control weaknesses. These agencies were: (Page 9)
 - Department of Corrective Services
 - Department of Environment Regulation
 - Housing Authority
 - Metropolitan Public Hospitals
 - South West Development Commission
 - The Anzac Day Trust
 - Western Australian Greyhound Racing Association.
- Matter of Significance paragraphs were issued with the audit opinions of the Department of Agriculture and Food, Metropolitan Public Hospitals, The Anzac Day Trust and the WA Country Health Service. Although qualified opinions were not warranted, these paragraphs drew users' attention to significant matters in relation to the financial statements or KPIs. (Page 11)

Financial reporting, accountability and audit issues

(Page 22)

- Tabling of annual Statements of Corporate Intent (SCI) long after the commencement of the financial year to which they relate continues. Although many 2016-17 SCIs were tabled in a more timely manner than last year, it remains a concern that only 3 were tabled by 30 June 2016. A further 4 were tabled in the first month of the financial year, with a total of 17 tabled by 30 September 2016. Currently, more than 4 months into the financial year, 3 are yet to be tabled and so are not available for scrutiny by Parliament. (Page 22)
- We continue to support reducing financial reporting requirements for the approximately 60 small agencies that together spend just 1% of State funds. (Page 25)

Annual Report on State Finances

(Page 27)

- The Department of Treasury tabled the Annual Report on State Finances (ARSF) on 22 September 2016. In this Audit Results Report, we have supplemented the information contained in the ARSF with related information that some readers may find useful.

Selected significant financial transactions and financial ratios

(Page 32)

- We have summarised in this report for the convenience of Parliament, significant financial transactions of agencies that we noted during our audits and key financial ratios and information that are commonly used for assessing financial performance.

Management issues

(Page 16)

- We identified 414 financial management control weaknesses and reported them to agencies in 2015-16, down from 436 in the previous year. The number of significant issues was also less, from 71 down to 43, but the proportion of unresolved issues increased slightly to 31% from 28% in the prior year. (Page 16)
- We identified 341 information system control weaknesses and reported them to agencies in 2015-16, of which 36% were unresolved issues from the previous year. The majority are simple to fix but if not resolved they will leave agencies vulnerable to security incidents and disruptions to systems. (Page 19)
- We reported 31 KPI weaknesses to agencies, compared to 32 in the previous year. Data collection processes, data integrity and the relevance of KPIs were the main areas requiring improvement. (Page 20)

Quality and timeliness of reporting

(Page 38)

- Overall, there was a slight decline in the number of errors in financial statements submitted for audit compared to the previous year. However the need for improvement continues, and it is of concern that many agencies make late changes to their financial statements. (Page 38)
- We have acknowledged the top 40 'best practice' agencies for timeliness in their financial reporting, good financial controls and reporting practices. (Page 39)

Recommendations

1. All agencies should ensure they maintain the integrity of their financial control environment by:
 - a. periodically reviewing and updating all financial, asset, human resource and other management policies and communicating these to staff
 - b. ongoing review and improvement of internal control systems
 - c. regularly monitoring staff compliance with relevant legislation and instructions
 - d. promptly addressing control weaknesses brought to their attention by our audits. (Page 19)
2. All agencies should:
 - a. periodically review their KPIs to ensure they remain relevant, appropriate and fairly present performance against realistic targets
 - b. review the response rates for survey based KPIs and, if low, consider other KPIs that are not survey dependent. (Page 21)
3. Treasury should give greater priority to its efforts to speed up the review process for, and timely tabling of Statements of Corporate Intent to improve accountability and Parliament's scrutiny of entities' budgets and planned achievements. (Page 25)
4. Treasury should continue to identify and implement suitable options that simplify financial reporting requirements, particularly those that reduce the reporting burden on small agencies. (Page 25)
5. Management should continue to closely monitor leave plans to ensure that staff schedule and take leave each year and, where appropriate, allow staff to receive a cash payout for part of their leave, rather than accumulating large leave balances. (Page 31)

Audit opinions

- We issued audit opinions for 167 agencies by 1 November 2016 relating to the 2015-16 financial year, and 238 certification opinions.
- Seven agencies received qualified audit opinions and 4 agencies had Matter of Significance paragraphs included in their audit opinions.

Introduction

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

The Auditor General is required to issue an opinion to the responsible Minister for each agency audited. Agencies include the audit opinion in their annual report.

The opinion relates to the financial statements and, depending on each agency's enabling legislation, may also relate to controls and key performance indicators (KPIs):

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

It should be noted that the audit opinions relate to historical information reported in the financial statements and KPIs and are not predictive of future expectations.

Summary of audit opinions

At 1 November 2016, we had issued audit opinions for 167 agencies, primarily with financial periods ending on 30 June 2016. Appendix 1, commencing on page 41, provides a listing of all audit opinions issued since 1 May 2016.

Audit opinion issued on	Type of agency	Number
Financial statements, controls and KPIs	Departments	48
	Statutory authorities	93
Financial statements only	Annual Report on State Finances	1
	Corporatised entities	12
	Subsidiary entities	10
	Cemetery boards	1
	Request audits	2
TOTAL NUMBER OF AUDIT OPINIONS ISSUED		167

Table 1: Number and type of audit opinions issued between 1 May 2016 and 1 November 2016

All audit opinions issued under the FM Act for the year ending 30 June 2016 were issued by 21 September 2016, in time for agencies' annual reports to be tabled within the required 90 days of financial year end.

Other audit services

In addition to agency opinions, we also issued 238 certifications.

Appendix 2 details the 19 certifications we issued on the financial and statistical information produced by agencies to discharge reporting obligations for Commonwealth grants or under other legislation and 219 Royalties for Regions program grants issued up to 1 November 2016.

An agreed upon procedures engagement for the regulatory financial statements of the Electricity Networks Corporation (Western Power) for the year ended 30 June 2016 was also completed. This report was prepared for submission to the Economic Regulation Authority.

Qualified opinions – agencies

We will issue a qualified opinion on an agency's audited financial statements or KPIs as presented in their annual report, if we consider it is necessary to alert readers to inaccuracies or limitations. If we issue a qualified opinion on controls, it is because we consider a financial control deficiency makes the agency non-compliant with legislation.

The following 7 agencies received qualified opinions:

- Department of Corrective Services
- Department of Environment Regulation
- Housing Authority
- Metropolitan Public Hospitals (The Minister for Health in his capacity as the Deemed Board of the Metropolitan Public Hospitals)
- South West Development Commission
- The Anzac Day Trust
- Western Australian Greyhound Racing Association.

The full opinion appears in the annual report of each agency but details of each qualification are given below.

Department of Corrective Services Qualified opinion on controls

We issued the Department with a qualified opinion on controls for reason of inadequate controls over assets and inventory throughout the reporting period.

We noted that the Department had made a concerted effort during 2015-16 to address our qualified opinion on its 2014-15 financial statements. This involved undertaking a verification program of its assets and an inventory stocktake at its correctional facilities. We concluded that, in all material respects, assets were fairly presented in the financial statements at 30 June 2016. We therefore issued a clear opinion on the financial statements for 2015-16.

However, although errors in asset records were corrected in August 2016, controls over assets and inventory did not exist or were not operating effectively throughout 2015-16. A qualified opinion on controls was therefore required.

In addition, procurement controls were inadequate because purchases of many routine goods and services were not made through Government common use arrangements, and decisions to purchase from other suppliers had not been justified. In several instances, ongoing services were procured without formal contracts in place.

Department of Environment Regulation

Qualified opinion on KPIs

We issued the Department with a qualified opinion on its KPIs for reason of lacking adequate measures to show its effectiveness against outcome 1 'Emissions, discharges and clearing of native vegetation are effectively regulated to avoid unacceptable risks to public health and the environment'.

The Department's 4 indicators for this outcome show the timeliness of issuing licences or performing investigations. However, in our view, these indicators are not sufficient to show the extent of achievement of the outcome.

The Under Treasurer endorsed the KPIs on the basis that they were interim indicators. The Department advised us that it considers these timeliness KPIs are relevant to the Department's performance and its effectiveness as a regulator, but that it is considering additional KPIs.

Housing Authority

Qualified opinion on controls

The Authority's controls over payments to maintenance contractors were inadequate. The Authority did not have adequate segregation of duties in place to be satisfied that maintenance work orders had been appropriately incurred and certified before payment. While the Authority implemented a new inspection regime in the 2015-16 financial year to provide oversight over the approval and certification of maintenance work orders, the coverage of the quality assurance audits based on risk and number of work orders was not adequate.

Metropolitan Public Hospitals (MPH)

Qualified opinion on controls

Controls over billing for medical practitioners' treatment of private and overseas patients continued to be deficient. This meant that MPH could not be assured that all revenue from medical practitioners' treatment of private and overseas patients was billed and brought to account.

Each hospital is responsible for generating its own medical practitioner private patient billing information and for providing that information to the Health Corporate Network (now replaced by Health Support Services), to enable the invoicing of private patients.

South West Development Commission

Qualified opinion on controls

In late June 2016, the Commission temporarily used just over \$1 million of funds designated for a Royalties for Regions (RfR) sub-project, for another RfR sub-project. We therefore issued a qualified opinion on controls.

The Anzac Day Trust

Qualified opinion on financial statements

There was insufficient evidence to demonstrate that the Trust received all moneys due under the requirements of section 7 of the *Anzac Day Act 1960* in respect of an AFL and a WAFL football game held on 25 April 2015. The Act required 60% of game day net proceeds be paid to the Trust. We therefore issued a qualified opinion on the financial statements for the year ending 31 December 2015.

Subsequently, amendments were made to the Act (the *Anzac Day Amendment Act 2016* and the *Anzac Day Amendment Act (No. 2) 2016* – proclaimed on 21 March 2016) to assist the Trust determine the amounts due from sporting bodies for events held on Anzac Day.

Western Australian Greyhound Racing Association Qualified opinions on financial statements and KPIs

The Association received grants totalling \$10,589,441 prior to 1 August 2015 and \$3,091,764 during 2015-16 from Racing and Wagering Western Australia for the building of a new race track. Only \$244,307 of these receipts were reported as Grant Income, with the rest reported as Non-Current Liabilities – Payable. This is because the Association considers the revenue should be recognised over the period the new track is operational. However this is inconsistent with the requirements of Australian Accounting Standard AASB 1004 'Contributions' which requires public sector entities to recognise this type of revenue on receipt.

Therefore Grant Income and the Operating Result for 2015-16 were understated by \$2,847,457 while Payables were overstated and Retained Earnings understated by \$13,436,898. We therefore issued a qualified opinion on the financial statements.

In addition, the Association did not report the key effectiveness indicator 'Attendance at Race Meetings'. The exclusion of the effectiveness indicator was not approved by the Under Treasurer as required by Treasurer's Instruction 904. We therefore issued a qualified opinion on the KPIs.

Matters of Significance reported with audit opinions

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

Agency	Details of Matter of Significance
Department of Agriculture and Food	<p>The <i>Biosecurity and Agriculture Management Act 2007</i> requires the Western Australian Agriculture Authority's (WAAA) activities to be regarded as services under the control of the Department. Consequently, the Department has included WAAA's income, expenses, assets and liabilities in its financial statements.</p> <p>We have highlighted this in the audit opinion so that readers are aware of this arrangement, as the Department's financial statements do not separately identify WAAA's transactions.</p>
Metropolitan Public Hospitals and WA Country Health Service	<p>Our audit opinion highlights that Metropolitan Public Hospitals and WA Country Health Service have approval to not report 2 important KPIs for the following reasons:</p> <p><i>Elective Surgery Waiting Times – KPI</i></p> <p>For the last 4 years, the Metropolitan Public Hospitals and the WA Country Health Service received approval from the Under Treasurer to remove the 'Elective Surgery Waiting Times' KPI from their audited KPIs. The approval was conditional on including the unaudited elective surgery waiting times information in their annual reports and resubmitting this KPI for audit upon development of a national definition for elective surgery waiting times.</p> <p>WA Health has advised that the national definition was implemented on 1 July 2016 and WA Health has started to measure elective surgery waiting times based on this definition.</p> <p>Therefore, it is anticipated that audited KPIs on elective surgery waiting times will again be reported in 2016-17.</p> <p><i>Emergency Department Waiting Times – KPI</i></p> <p>The Metropolitan Public Hospitals and WA Country Health Service were also granted Under Treasurer's approval to not report emergency department</p>

	<p>waiting times KPIs from 1 July 2013. The approval was conditional on unaudited KPIs being included in annual reports until implementation of a new Emergency Department data collection system. A new system is still to be developed.</p> <p>The existing systems are designed to assist with prompt and effective treatment of patients, but not necessarily for accurate recording of waiting time data.</p>
The Anzac Day Trust	<p>The Trust did not have appointed Trustees for the period 27 November 2015 to 17 July 2016. As a result, the governance requirements of the Act were not met during this period.</p> <p>The 3 year tenure of the previous Trustees ceased on 26 November 2015 in accordance with section 14 of the <i>Anzac Day Act 1960</i>.</p>

Table 2: Matters of Significance comments included with audit opinions

Prior year qualified opinions removed in 2015-16

The following qualifications were removed:

Department of Corrective Services – opinion on financial statements

During 2015-16, the Department addressed the reason for qualified financial statements in 2014-15 by including relevant assets at the Acacia and Wandoo facilities in its financial statements. The Department also included correctional facilities' inventory in its financial statements. These changes enabled the issuing of a clear opinion for 2015-16.

Department of Fisheries – opinion on financial statements and KPIs

Last year we issued a qualified opinion because we were unable to verify the accuracy of leave balances used for the Employee Benefits Provision at 30 June 2015. The qualification extended to related KPIs.

During 2015-16, the Department reviewed long service leave balances of all staff and made corrections where necessary. Although a few balances were still under review at 30 June 2016, we concluded that, in all material respects, the financial statements and KPIs were fairly presented. Clear opinions were therefore issued for 2015-16.

South West Development Commission – opinion on financial statements

Last year, we could not determine whether museum artefacts held by the Commission, pending transfer to the Shire of Manjimup, were fairly presented because they were last valued in 2010. During 2015-16, the Commission had the collection professionally valued and the values included in the financial statements. The valuation enabled 'Property, Plant and Equipment' to be fairly presented in the financial statements and for us to issue a clear opinion.

The Art Gallery of Western Australia – opinion on financial statements

Last year, we could not determine whether the works of art collection was fairly presented because it was last valued in 2010. During 2015-16, the Art Gallery completed its revaluation of the collection and included the values in the financial statements. The valuation enabled the collection to be fairly presented in the financial statements and for us to issue a clear opinion.

Creation, amalgamation and dissolution of agencies

New agencies

Two new agencies commenced on 1 July 2015:

- Office of the Government Chief Information Officer
- Road Safety Commission.

Five new health agencies commenced operation on 1 July 2016 following proclamation of the Health Services Act 2016. The Metropolitan Health Service was abolished and replaced by:

- Child and Adolescent Health Service
- East Metropolitan Health Service
- North Metropolitan Health Service
- South Metropolitan Health Service
- Health Support Services.

On 11 April 2016, the 11 state training providers were restructured into 5 TAFE colleges – North Metropolitan, South Metropolitan, North Regional, Central Regional and South Regional. We performed final audits of the 11 former state training providers for the period 1 January to 10 April 2016 – refer Appendix 1, page 46.

Sale of the Perth Market Authority

The Perth Market Authority sale process reached completion on 31 March 2016, and the repeal of the *Perth Market Act 1926* was gazetted on the same day. Transitional provisions of the *Perth Market (Disposal) Act 2015* covered final reporting on the closure of the Authority's operations by 30 June 2016. We issued the final audit opinion on 22 August 2016. The financial statements reported the \$135.9 million net assets distributed to the State. The abolition of the Authority as a statutory authority is in progress.

Restructuring of the Independent Market Operator

The functions and operations of the Independent Market Operator (IMO) have been significantly reduced. On 30 November 2015, the IMO transferred its operations, forecasting and information services functions to the Australian Energy Market Operator (AEMO), a not-for-profit company with the Commonwealth and State governments as majority members. From 1 July 2016, the IMO also transferred its compliance and enforcement functions to the Economic Regulation Authority.

2015-16 financial statement audits not undertaken

Four agencies were not audited for the 2015-16 year.

We dispensed with these audits under section 14 of the AG Act because the operations of the agencies have ceased or there was insufficient activity to justify undertaking an audit. We finalised the decision to dispense with the audits after consultation with the Treasurer.

Agency	Reason why audits were not undertaken
1. Department of Housing	The Department has not operated since 2009 though its name is used by the Housing Authority as a trading name.
2. Landcare Trust	The Trust ceased to operate in 2004 and holds no funds. Legislation to repeal Part VA of the <i>Soil and Land Conservation Act 1945</i> , which created the Trust, is required.
3. State Supply Commission	The Commission's functions and records were transferred in June 2009 to the Department of Finance. The <i>State Supply Commission Act 1991</i> has not been repealed.
4. Western Australian Building Management Authority	The Authority ceased to operate in 2009 and is awaiting repeal of its legislation, Part IA of the <i>Public Works Act 1902</i> . The Department of Finance holds its records.

Table 3: 2015-16 audits dispensed with under section 14 of the AG Act

Since the agencies ceased operating, we have completed audits every 3 years for these agencies. The latest audit was for the 2014-15 financial year.

We will perform a final audit of these agencies as and when they are abolished. If they are still in existence in 2017-18, then an audit will again be required in that year.

Management issues

- We identified 414 financial management control weaknesses and reported them to agencies in 2015-16, down from 436 in the previous year. The number of significant issues also reduced, from 71 to 43, but the proportion of unresolved issues increased from 28% to 31%.
- We identified 341 information system control weaknesses and reported them to agencies in 2015-16 of which 36% were unresolved issues from the previous year. The majority are simple to fix but if not resolved they will leave agencies vulnerable to security incidents and disruptions to systems.
- We reported 31 KPI weaknesses to agencies in 2015-16, a similar number as last year. Data collection processes, data integrity and relevance were the main areas for improvement identified during our KPI audits.

Control environment

Responsibility for developing and maintaining adequate systems of internal control rests with agency management. These control systems reduce the risk of error and fraud, and provide assurance to management and auditors that management reports and financial statements are materially correct. Maintaining adequate internal control ensures:

- financial information and other records, including data for key performance indicators, are accurately maintained
- assets are appropriately safeguarded
- errors and other irregularities are prevented or detected
- compliance with legislation and policy guidelines
- internal and external financial reporting is reliable and timely.

The AG Act requires the Auditor General to audit agency accounts and, in the case of agencies operating under the FM Act, to also form an opinion on their financial controls. This involves an assessment of the design and implementation of the controls.

Details of our control findings are included in management letters to the Accountable Authority. We rate control weaknesses according to their potential impact and base our ratings on the audit team's assessment of risks and concerns about the probability and/or consequence of adverse outcomes if action is not taken. We consider the:

- quantitative impact – for example, financial loss
- qualitative impact – for example, inefficiency, non-compliance, poor service to the public or loss of public confidence.

Risk category	Impact
Significant	Control weaknesses that potentially present a significant financial or business risk to the agency if not addressed promptly. Significant control weaknesses may lead to a qualified opinion, especially if not addressed as a matter of priority or urgency.
Moderate	Control weaknesses of sufficient concern to warrant action being taken as soon as practicable. If not addressed promptly, they may escalate to significant or high risk.

	Normally matters requiring system or procedural improvements or low risk matters from previous audits that have not been satisfactorily resolved.
Minor	Isolated occurrences, non-systemic or procedural control weaknesses that are administrative shortcomings. Minor weaknesses are not of primary concern but still warrant action being taken.

Table 4: Risk categories for control weaknesses reported to management

We give agency management the opportunity to review our audit findings and provide comments prior to completion of the audit. Often management improves policies, procedures or practices after we raise them and before the audit is completed. Sometimes weaknesses continue into following years. If this occurs and the weakness is significant, then it can become a basis for a qualified opinion. At the completion of each audit, we send a copy of our management letter to the responsible Minister along with the audit opinion.

While management letters relate specifically to an individual agency, the weaknesses are often common to other government agencies. The following is a summary of control weaknesses identified during 2015-16.

Financial and management controls

During 2015-16, we alerted 75 agencies to control weaknesses that needed their attention. At the conclusion of our audits, responsible Ministers received advice of these deficiencies.

In total, we reported 414 control weaknesses to management at agencies. This was lower than the 436 reported in the previous year. The number of issues we rated as significant also fell, from 71 to 43, which is the lowest number in 5 years. (Figure 1).

However, it was disappointing to note that 129 control weaknesses (31%) at 36 agencies were unresolved from the prior year. The challenge for agencies is to rectify their control weaknesses as soon as possible.

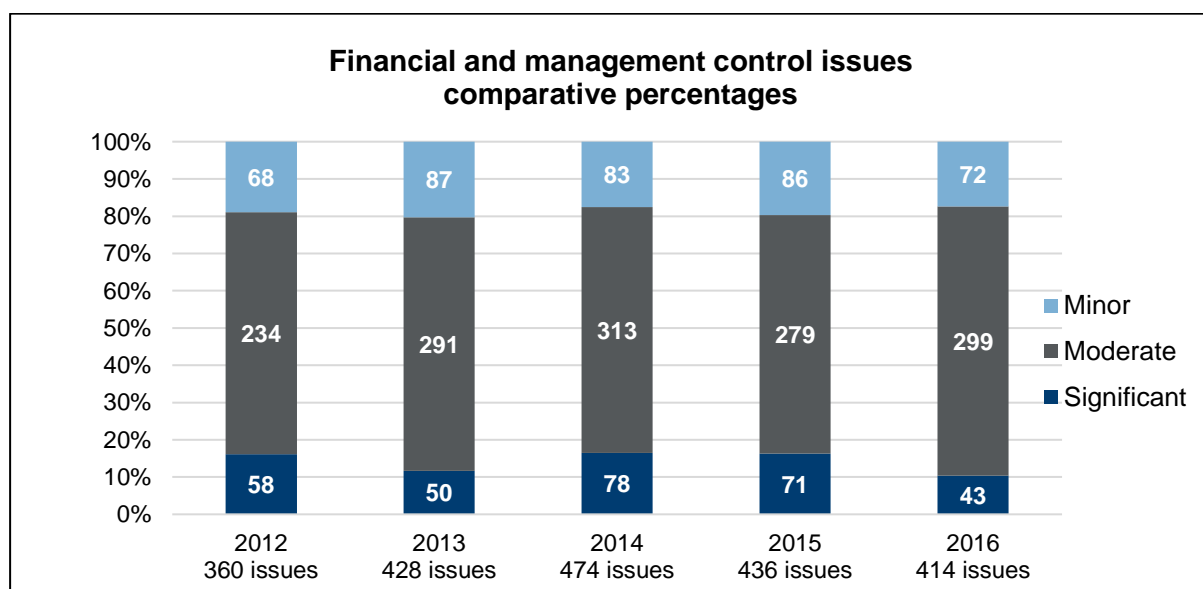


Figure 1: Ratings of financial and management control weaknesses reported to agencies – by number and percentage

Figure 2 shows a breakdown of the categories of control weaknesses identified for the last 4 years. Expenditure control weaknesses again rated highest, followed by weaknesses in payroll and human resource management.

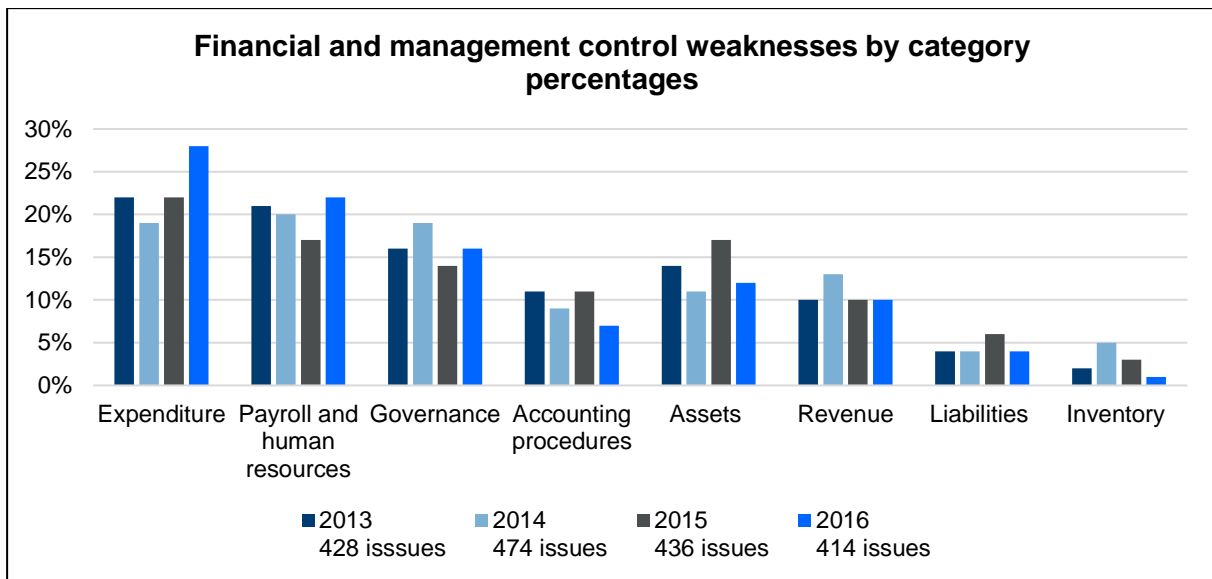


Figure 2: Financial and management control weaknesses for last 4 years

The greater proportion of control weaknesses continue to relate to expenditure and payroll and human resources.

Following are examples of control weaknesses identified in our 3 main categories:

Expenditure

We reported 116 expenditure control weaknesses to 43 agencies in 2015-16. Nine were rated as significant and 27 weaknesses were unresolved from the prior year.

Fifty-two (45%) of the total and half of the unresolved weaknesses related to purchasing cards. Our findings included:

- weaknesses in payment acquittal procedures at 18 agencies. Documentary evidence to support all transactions was not submitted for approval in a timely manner and reviewers were authorising payments without checking that the expenditure was for business purposes or within the officer's authorised limit
- agency procedures not ensuring that purchasing cards were collected from staff leaving the agency or that they had submitted all card transactions for authorisation and payment prior to the finalisation of their employment
- purchasing cards returned by employees resigning at 9 agencies were not cancelled promptly with the banking institution
- staff at 6 agencies exceeded their approved credit card limits
- use of purchasing cards by non-cardholders at 3 agencies when the cardholders were on leave or secondment
- management reports of purchasing card usage, volume and value not regularly presented to or reviewed by management. Reports showing whether all cards continue to be needed and if there is non-compliance with approval limits is a fundamental control.

Government expenditure using purchasing cards totals approximately \$480 million annually. Cards are typically used for high volume, low value purchases.

Although purchasing cards are generally a simpler, lower cost means of purchasing than other methods, if not managed correctly they carry a higher risk of inappropriate or unauthorised purchases. We have commenced an across government benchmarking audit on controls over purchasing cards, scheduled for tabling in the last quarter of 2016-17.

Other types of expenditure issues we identified included:

- Instances at 3 agencies of no documented justification for not using Common Use Arrangements (CUAs) for purchases. The agencies therefore may not be getting value for money from their purchasing. We recommended that management periodically assess the number and value of purchases and also compare prices and products with new or other suppliers to ensure their agency is receiving value for money.
- Four agencies had numerous open purchase orders that were not cancelled when no longer required. This increases the risk of purchase orders being used for fraudulent purposes, and can result in misstatement of expenditure commitments in the financial statements.
- We identified 8 agencies where officers incurred or certified expenses beyond their approved limits or approved expenditure when they were not authorised. Management sets these authorisation levels to establish accountability for staff and to control their ability to commit the agency to expending money. Management should periodically review delegation levels to ensure they remain appropriate and that staff are complying.

Payroll and Human Resources

We reported 91 payroll and human resource control weaknesses to 39 agencies. Eight rated as significant and over 36% were unresolved from the previous year. As payroll forms a major part of most agencies' costs, it is essential that human resource management and payroll controls are effective. Weaknesses included:

- Payroll cost centre reports at 17 agencies were not reviewed and signed off, or were not signed off promptly by cost centre managers. These managers are not expected to identify every detailed error in the payroll. However, they are well placed to identify significant errors such as detecting ghost employees and payments to staff on leave without pay, recently ceased acting on higher pay or who are no longer employed.
- Appointments and terminations at 15 agencies were not communicated promptly to payroll processing staff, or documentation was not authorised by the appropriate parties or retained on file. Use of termination checklists and review of termination pay calculations should be routinely undertaken to ensure that outgoing employees are not overpaid and all agency property, attractive assets, purchasing cards and security passes are returned.
- Employee leave applications were not promptly approved and submitted for recording on each employee's personal records at 7 agencies. Prompt review and action is needed to ensure that staff only take leave to which they are entitled. Accurate leave records will assist agencies to only pay out correct leave entitlements when an employee's employment ceases.

Governance

We reported 64 governance and legal compliance issues to 34 agencies. Ten rated as significant. These included:

- outdated policies and procedures relating to agency operations including strategic planning, risk management and internal audit. In the absence of appropriate formal

guidance, management and staff may not be fully aware of business risks and priorities, and their related responsibilities.

- service level agreements were not in place or not renewed at 6 agencies that provide other agencies with services. In the absence of agreements, funds may not be used in the intended manner or agencies may not receive efficient services that meet their requirements.

Recommendations

All agencies should ensure that they maintain the integrity of their financial control environment by:

- a. periodically reviewing and updating all financial, asset, human resource and other management policies and communicating these policies to staff
- b. ongoing review and improvement of internal control systems
- c. regularly monitoring staff compliance with relevant legislation and instructions
- d. promptly addressing control weaknesses brought to their attention by our audits.

Information systems controls

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

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

In 2015-16, we identified 341 weaknesses across 35 agencies. Last year, we reported 238 findings at 23 agencies. The increase in findings was roughly in line with the increase in the number of agencies we assessed. One percent of the issues were rated as significant and 70% as moderate requiring action as soon as possible. We rated the other 29% as minor.

Figure 3 shows the percentage of total findings made against our 6 categories of control risk. Seventy-six percent of the weaknesses we identified related to IT operations (47%) and information security (29%). These 2 categories also accounted for 82% of the findings last year. Business Continuity findings increased this year by 3% while there was a 6% reduction in information security findings. The distribution of findings in the other control categories was similar to last year.

We continue to find that many of the identified weaknesses are relatively simple to fix, but if not resolved, they leave agencies potentially vulnerable to significant disruption and costs.

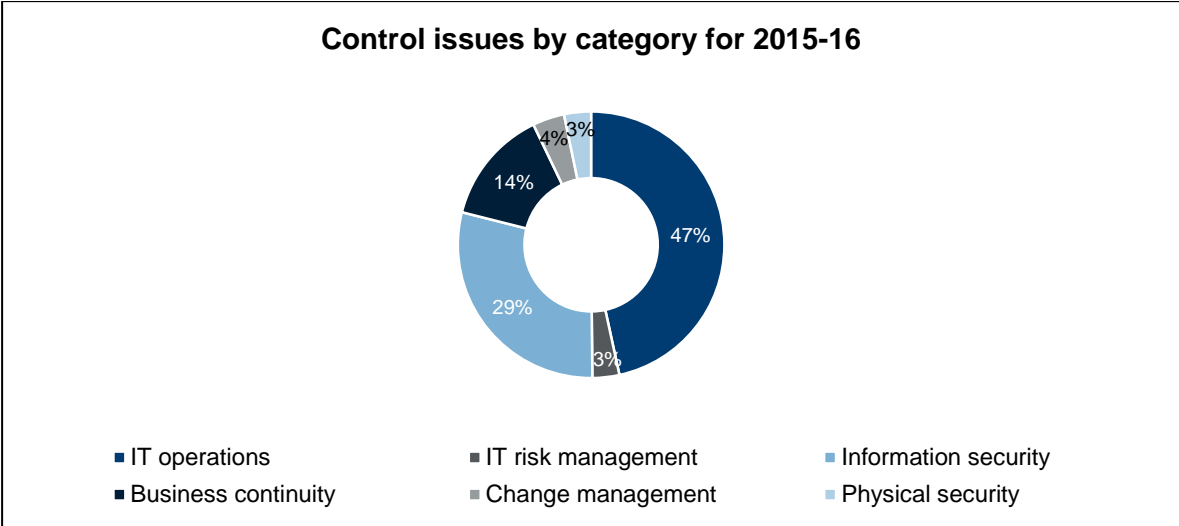


Figure 3: IS control issues by category for 2015-16

A more detailed report on the results of our information system audits is planned for the second quarter of 2017. The report will consolidate the results of audits of agencies with a 30 June 2016 reporting date with the results from our upcoming work on agencies with a 31 December 2016 reporting date.

Key performance indicators

As shown in Table 5, in 2015-16 we reported a similar number of KPI issues to management as last year. However, it is a concern that almost half were significant issues that need to be addressed as a priority and over one third (11 issues at 9 agencies) were not resolved from the previous year.

KPI shortcomings and qualifications	2012-13	2013-14	2014-15	2015-16
Number of agencies with KPI weaknesses	25	29	24	20
Number of KPI weaknesses reported	56	38	32	31
Number of KPI weaknesses rated as significant	20	10	12	15
Number of agencies with qualified KPI opinions	7	3	1	2

Table 5: Summary of KPI weaknesses reported to agencies

Figure 4 shows that data collection and integrity, and the relevance of KPIs to an agencies' outcomes are the key areas needing improvement.

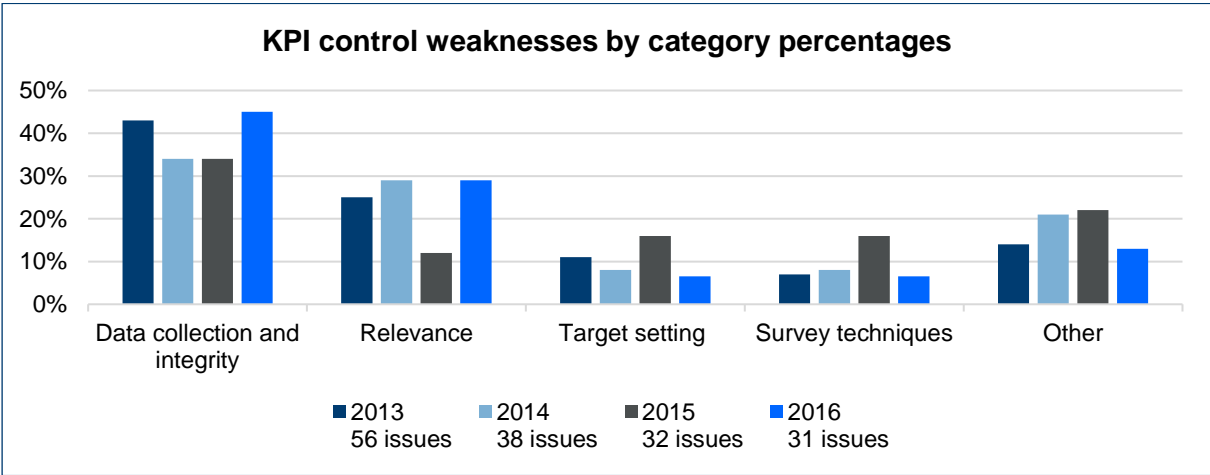


Figure 4: KPI control weaknesses for last 4 years

Following are examples of KPI control weaknesses identified across agencies:

Data collection and integrity

We reported 14 control weaknesses relating to data collection and integrity to 11 agencies. Six rated as significant. The weaknesses included:

- data collection procedures not consistently performed or data not accurately recorded
- data used for calculating KPIs was inconsistent with supporting records
- not all costs were included in the calculation of the KPI
- data incorrectly recorded
- data not accurate or not easily verifiable (especially where collected by third parties).

All data recorded by agencies needs to be accurate, reliable and verifiable in order to create informative KPIs that present the agency's achievement of the outcome.

Relevance

Seven agencies were advised of 9 areas where they needed to improve the relevance of their KPIs. By this, we mean there was not a strong correlation between the KPIs and the desired outcome of the agency. In some instances agency desired outcomes were not clearly defined or were defined in terms that could not be easily measured.

Periodic management review of the KPIs is important because the information needs of KPI users evolve over time due to changes in an agency's mandate, priorities, service delivery methods or information availability.

Survey response rates

Several agencies again received low response rates for their 2015-16 survey based KPIs. This can be a significant problem if the survey population is small, as it was in these instances, as a low response rate is more likely to render the results unreliable.

Revised KPI reporting structures

Following a review coordinated by Department of Treasury, several agencies implemented new performance reporting structures and KPIs for 2015-16.

This generally resulted in the agencies reporting more disaggregated service information in their financial statements, more efficiency KPIs, and revised effectiveness KPIs. We increased our audit testing accordingly, to cover the increase in reported information.

Recommendations

All agencies should:

- a. periodically review their KPIs to ensure that they remain relevant, appropriate and fairly present performance against realistic targets
- b. review the response rates for survey based KPIs and, if low, consider other KPIs that are not survey dependent.

Other financial reporting, accountability and audit issues

This part of the report details issues of current significance and legislative compliance:

- continuing non-compliance with requirements for Statements of Corporate Intent
- reducing the cost of financial reporting for small agencies
- the impact of future changes in auditing and accounting standards.

Continued late tabling of Statements of Corporate Intent

Many annual Statements of Corporate Intent (SCI) for 2016-17, like in past years, were not tabled in Parliament in accordance with the legislated timeframe. Of the 21 state entities that operate at arm's length from Government and for which an SCI must be tabled by their Minister at the beginning of the financial year, only 3 were tabled before 1 July 2016. Four were tabled in July, 6 in August, 4 in September and one in October 2016. At 31 October, 3 SCIs were still not tabled.

Why are SCIs important?

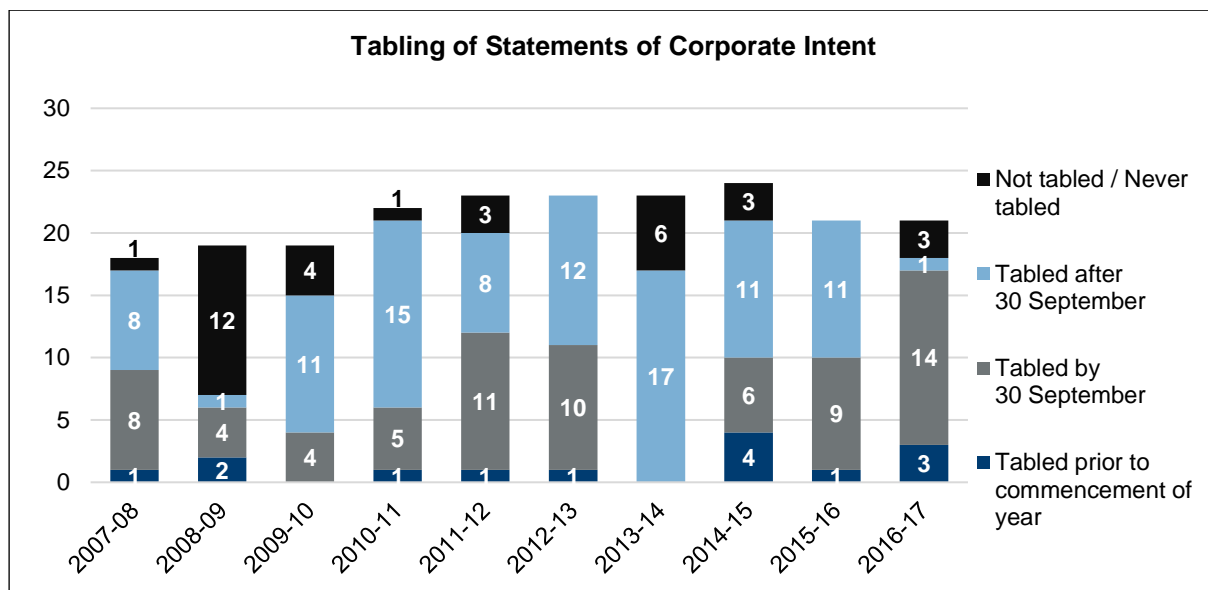
SCIs are a form of annual agreement between the entities listed in Table 6 and the Government, and are therefore an important governance and accountability mechanism. These 'self-funded' entities operate outside of the budget process and at arm's length from Government. Until their SCIs are tabled, key information about their future budgets, planning and direction is not available for parliamentary or public scrutiny.

SCI information varies with agency legislation, but generally includes:

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

SCIs have been tabled late for many years

We have reported to Parliament on the late or non-tabling of SCIs for the past 16 years. It was therefore pleasing that the number of SCIs tabled before commencement of the 2016-17 financial year increased from 1 to 3, and the number tabled by 30 September 2016 increased from 11 to 17. Figure 5 shows the improvement this year. However it remains a concern that 4 had not been tabled within 3 months of the start of the financial year, of which 3 are yet to be tabled.



Source: Data collated from Parliament – Tabled Papers

Figure 5: Ten year history of the tabling of Statements of Corporate Intent

Western Power and Synergy's 2016-17 SCIs, tabled on 25 August 2016 and 29 September 2016 respectively, were their first SCIs to be tabled since 2012-13. Their prior year 2015-16 SCIs were both tabled in October 2016, some 3 months after the end of the 2015-16 year.

Table 6 shows the SCI tabling dates for the various entities for the last 2 years.

	2015-16 SCI tabled	2016-17 SCI tabled
Corporatised entities		
Bunbury Water Corporation	24/09/2015	28/06/2016
Busselton Water Corporation	20/10/2015	21/09/2016
Horizon Power – Regional Power Corporation	24/11/2015	28/07/2016 *
Synergy – Electricity Generation and Retail Corporation	11/10/2016	29/09/2016 *
Water Corporation	10/11/2015	Not tabled
Western Australian Land Authority (Landcorp)	24/09/2015	Not tabled
Western Power – Electricity Networks Corporation	20/10/2016	25/08/2016
Statutory authorities		
Chemistry Centre (WA)	16/12/2015 *	21/07/2016 *
Forest Products Commission	26/11/2015	11/10/2016
Gold Corporation	16/06/2015	21/07/2016 *
Government Employees Superannuation Board	15/10/2015	14/06/2016
Insurance Commission of Western Australia	22/09/2015	21/06/2016
Lotteries Commission	06/08/2015 *	22/09/2016
Racing and Wagering Western Australia	28/04/2016	Not tabled
Western Australian Land Information Authority (Landgate)	07/08/2015 *	11/07/2016 *
Western Australian Treasury Corporation	08/09/2015	29/09/2016 *

Port authorities		
Fremantle Port Authority	16/2/2016	26/08/2016 *
Kimberley Ports Authority	18/08/2015	26/08/2016 *
Mid West Ports Authority	18/08/2015	26/08/2016 *
Pilbara Ports Authority	04/01/2016 *	26/08/2016 *
Southern Ports Authority	24/09/2015	26/08/2016 *

* Deemed tabled – Date the SCI was received by the Clerk of the Parliament when Parliament was not sitting.

Source: Parliament – Tabled Papers

Table 6: Statements of Corporate Intent tabled in Parliament

Three 2016-17 SCIs were tabled in Parliament before commencement of the year, as highlighted.

What are the requirements?

Entities are required by their Act or regulations to draft the annual SCI for agreement with their Minister and the Treasurer. The agreement process can include negotiations between the agency, the Minister and the Treasurer, with the Minister responsible for tabling the SCI in Parliament within 14 days of it being agreed.

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

There has been a number of efforts to resolve the ongoing failure to table SCIs on time:

- Between 2002 and 2007, submission requirements were amended so that agencies needed to prepare and submit their draft SCIs well before the start of the financial year. For example, the draft 2008-09 SCI was to be prepared in December 2007 and considered concurrently with budget deliberations. This could have, but generally did not, achieve ministerial approval and the Treasurer's concurrence before the financial year commenced.
- In 2010, the then Department of Treasury and Finance commenced 2 projects intended to achieve compliance with SCI reporting requirements. These were:
 - to develop umbrella legislation for public corporations, as recommended by an Economic Audit Committee report, thereby making compliance simpler
 - a related review of SCIs and Strategic Development Plans.

These projects proceeded, but have not resulted in significant improvement, as demonstrated by Figure 5 and Table 6.

In 2014, Treasury advised that it aimed to reinforce the roles and responsibilities of Ministers and agencies to ensure that SCIs approved by the Minister and submitted to the Treasurer contain financial information that is consistent with outcomes in the Budget. In 2015, it advised further that, 'In the medium to longer term, umbrella legislation for GTEs could replace the Treasurer's concurrence roles ... However, progression of the proposed umbrella legislation will need to be assessed against internal resource constraints and Government priorities.'

Treasury has, in October 2016, advised as follows:

‘The Department of Treasury, in conjunction with the Treasurer and portfolio Ministers, have worked to improve the timeliness of the tabling of SCIs. To better integrate the process for the consideration and approval of SCIs and Strategic Development Plans (SDP), the State Government agreed to the following measures applying to all Government Trading Enterprises (GTE) from the 2015-16 Budget process onwards :

- GTEs will be required to submit Ministerially endorsed pre-Budget SCIs and SDPs with their Budget submission. These are to reflect the GTE's strategic direction and the content of its Budget submission
- GTEs will update their SCIs and SDPs post-Budget to reflect Government Budget decisions as well as detailing any risks of these decisions
- the post-Budget SCIs and SDPs need to be both Ministerially endorsed and have the Treasurer 's concurrence.’

In addition to the improved compliance with tabling requirements noted above, Treasury advised that they consider ‘the new process has seen greater consistency between SCIs and Budget forecasts, and a noticeable increase in the rigour and quality of the SCIs’.

Treasury acknowledged however that the majority of SCIs are still not being tabled within the prescribed timeframe. They advised that they would continue to seek timelier tabling of SCIs but that delays may occur for reasons outside of Treasury's direct influence.

Recommendation

Treasury should give greater priority to its efforts to speed up the review process for, and timely tabling of Statements of Corporate Intent to improve accountability and Parliament's scrutiny of entities' budgets and planned achievements.

Reducing the cost of financial reporting for small agencies

Most WA State public sector agencies are small to medium in size – just over 60 agencies account for only 1% of total government operating expenditure. Yet, all are required to prepare a general purpose financial report complying with International Financial Reporting Standards (IFRS) including all disclosure requirements.

In several previous reports to Parliament, we have given the view that this very comprehensive form of reporting by small agencies is unnecessary. Wherever possible, agencies' financial statements and accompanying notes should be as succinct and easy to read as possible. Such presentation not only encourages reading and understanding, it also reduces costs associated with preparing and auditing the annual financial statements.

Recommendation

Treasury should continue to identify and implement suitable options that simplify financial reporting requirements, particularly those that reduce the reporting burden on small agencies.

Future impact of changes to auditing and accounting standards

The Auditing and Assurance Standards Board (AUASB) and the Australian Accounting Standards Board (AASB) have issued some new and revised standards. The key changes that will impact our future audits include:

- *ASAE 3150 – Assurance Engagements on Controls* – This new assurance standard reflects current best practice, and clarifies how to scope, conduct and report on an assurance engagement on controls. The standard refines the audit procedures to support our controls audit opinion. This will require increased audit effort and may require us to seek more information from agencies.
- *ASA 720 – The Auditor’s Responsibility Relating to Other Information in Documents Containing an Audited Financial Report* – This revised auditing standard broadens and clarifies the existing requirement for auditors to review draft agency annual reports, mainly to identify any material inconsistencies between other information in the annual report, and the audited financial statements or the auditor’s knowledge from the audit.
- *Enhanced Auditor Reporting* (a suite of auditing standards has been revised, and one new auditing standard introduced) – Collectively, these standards aim to improve the communication value of auditor’s reports to users. Although the new standard (*ASA 701 – Communicating Key Audit Matters in the Independent Auditor’s Report*) is not mandatory for our audits, the AUASB has indicated it is considering extension to the public sector. We trialed the disclosure of key audit matters in unpublished auditor’s reports for a sample of entities for the year ended 30 June 2016 to inform our decision about future implementation.
- *AASB 124 – Related Party Disclosures* – This revised accounting standard will require not-for-profit public sector entities to disclose material transactions with related parties in the notes to the financial statements from financial reporting periods ending 30 June 2017. Related parties in a public sector context are considered to include other government entities, key management personnel of the reporting entity and Ministers, their close family members, and entities controlled or jointly controlled by any of them.

We are preparing for these changes, and will be training financial audit staff in the new and revised requirements and updating relevant audit policies and procedures.

Audit of the Annual Report on State Finances

Introduction

The Annual Report on State Finances (ARSF) reports on the State’s annual financial results and financial position and explains significant variations from the prior year and from the annual budget estimates. The Department of Treasury prepares the ARSF and we audit it under the *Government Financial Responsibility Act 2000*.

The ARSF brings together key financial information for the 3 sectors of government as shown in Figure 6. In addition to this consolidated financial reporting, each agency also prepares and tables its own annual report that provides detail of its individual finances.

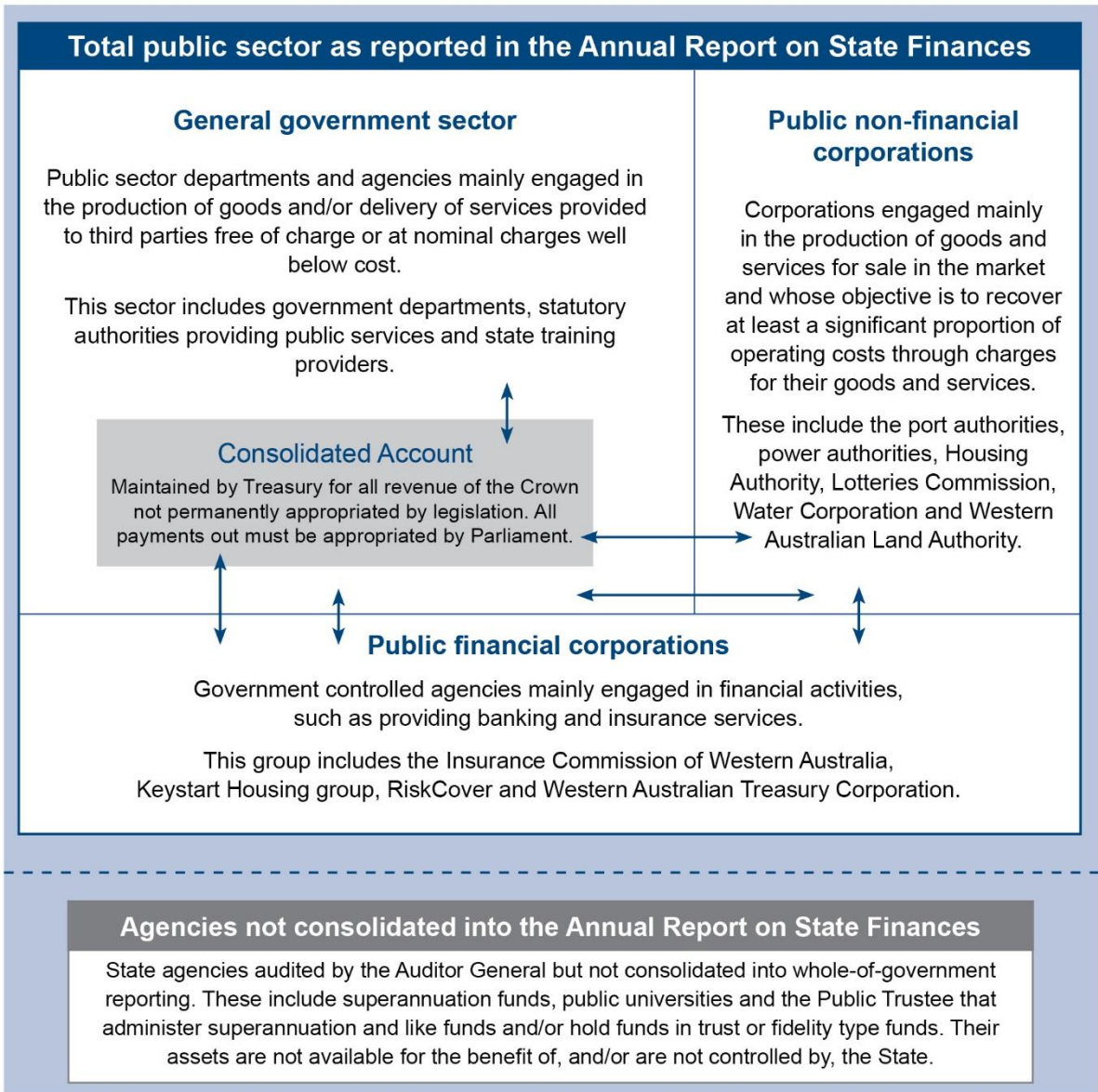


Figure 6: Financial relationships between sectors of Western Australian government

Timeliness

We issued a clear (unqualified) audit opinion to the Treasurer on 16 September 2016. The audited ARSF was tabled in Parliament on 22 September 2016, meeting the statutory reporting deadline of 28 September 2016, or 90 days after the end of the financial year.

Timely and efficient preparation of the ARSF by Treasury and its audit by us is dependent on agencies submitting accurate year end financial balances to Treasury on time.

It was a concern that 40 agencies submitted June actual financial data to Treasury after their deadline of 25 July, though this was an improvement on the 67 late submitters last year. Late submissions reduce the time for Treasury to review agencies' balances and increases the risk of undetected errors.

Western Australia's finances – selected key indicators

This section of our report provides information that supplements information contained within the ARSF that Parliament and other readers might find useful:

- infrastructure renewal ratio
- debt sustainability
- total borrowings and expense commitments
- current trend in leave liability balances.

Infrastructure renewal

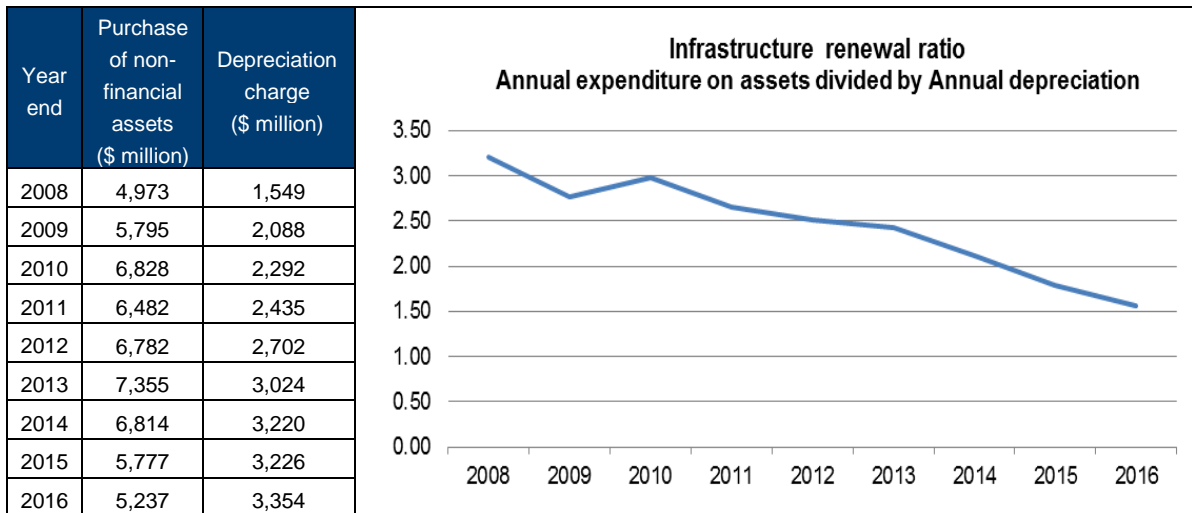
Governments face an ongoing challenge to maintain existing infrastructure and also develop and provide new assets to achieve desired social, economic and environmental outcomes.

The infrastructure renewal ratio is an indicator of the rate at which existing infrastructure is being replaced and increased compared with the rate at which it is being used up. The ratio compares the annual expenditure on assets with the annual depreciation charge on assets. A ratio higher than 1.00 indicates that overall the State's infrastructure is increasing.

In Figure 7, infrastructure assets mainly include land, roads, ports, water and electricity assets and networks, hospitals and schools. These represent almost the entire balance of non-financial assets. In 2015-16 the value of non-financial assets for the Total Public Sector decreased slightly, from \$161.3 billion to \$159.7 billion, mainly due to buildings sold or re-valued downwards because of a general decline in property values.

Figure 7 indicates that although infrastructure renewal is slowing, it remains well above the ratio of 1.00.

The infrastructure renewal rate is a high level indicator and caution is needed when interpreting the results. For example, this indicator does not inform on the extent to which maintenance of existing assets is prolonging their useful life.



Source: Tabled Annual Reports on State Finances

Figure 7: Infrastructure renewal ratios from 2007-08 to 2015-16

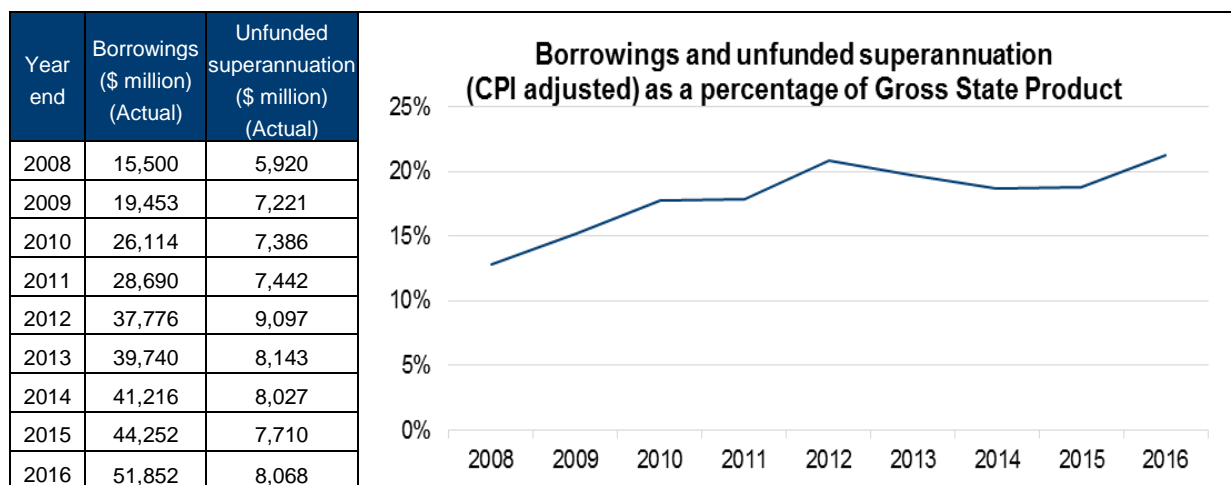
Debt sustainability

The ARSF contains important information on the State’s net debt. In Figure 8, we have reported another commonly used high level indicator relating to debt, the ‘Debt Sustainability’ ratio. In this graph, the debt sustainability ratio is the value of borrowings and unfunded superannuation liability of the total public sector as a percentage of gross state product (GSP).

Since 2007-08, this debt has increased 180% from \$21.4 billion to \$59.9 billion at 30 June 2016. The borrowings component of this debt increased 235%, from \$15.5 billion to \$51.9 billion compared with an increase in GSP of 44%.

It should be noted that measuring sustainable debt is difficult as the ability to pay debts involves factors such as economic growth, interest rates and the capacity of the State to generate surpluses in the future. As debt is repaid over a long period, these factors cannot be forecast reliably.

Based on this indicator, the State’s ability to meet its debt obligations has declined. As State debt increases, the interest payments to service the debt generally increase. This may affect the State’s future net results and its ability to repay debt in the future.



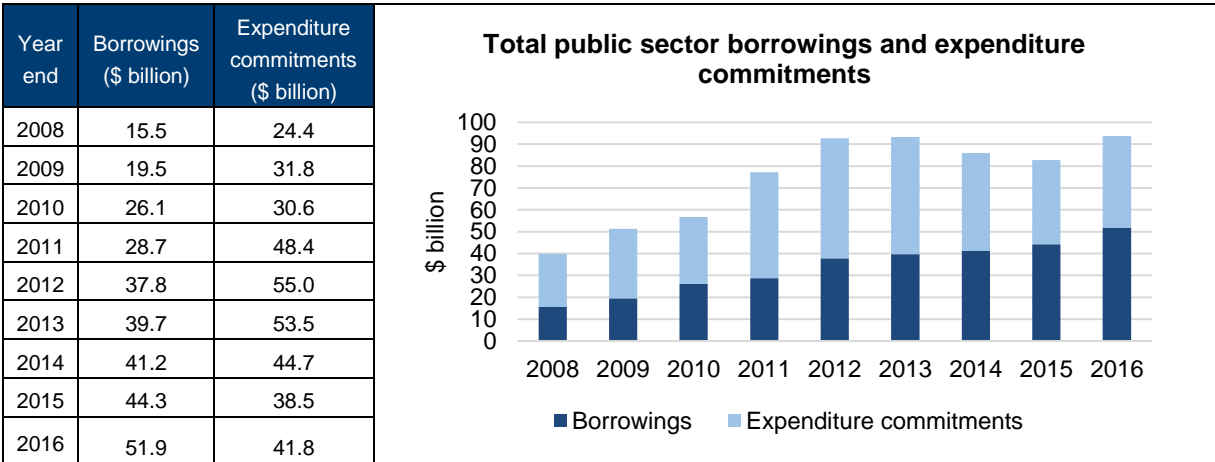
Source: Tabled Annual Reports on State Finances and Australian Bureau of Statistics

Figure 8: Borrowings and unfunded superannuation as a percentage of GSP

Note: As ABS data for 2015-16 is not yet available, 2015-16 is based on a Treasury estimate of GSP.

Total borrowings and expense commitments

Figure 9 shows the trend in the State’s borrowings and commitment to future expenditure. As reported above, debt continues to increase and there has also been a slight increase in commitments compared to the previous year.

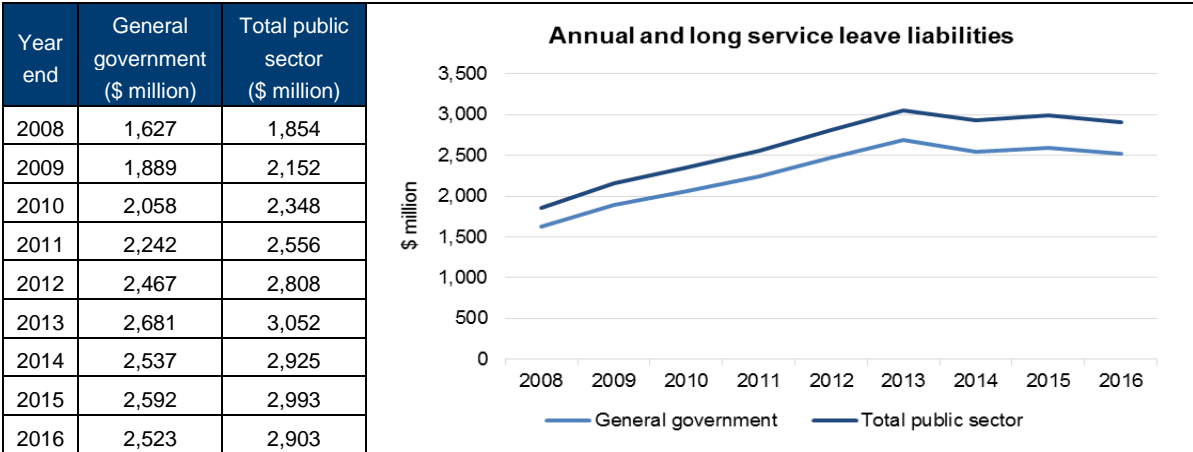


Source: Tabled Annual Reports on State Finances

Figure 9: Total Public Sector borrowings and commitments 2007-08 to 2015-16

Current trend in leave liability balances

The total public sector leave liability owing to employees decreased by \$90 million to \$2.9 billion during 2015-16. This was partly due to management efforts as well as the impact of voluntary severance schemes offered during the last 3 years, which generally led to a number of staff with large leave balances exiting the public service.



Source: Tabled Annual Report on State Finances

Figure 10: WA public sector annual and long service leave liabilities 2007-08 to 2015-16

Management at agencies need to proactively manage their leave liabilities. Employees should be clearing their annual and long service leave while employed, rather than this liability accruing for pay out on the employee’s resignation or retirement. It is important for staff to take regular leave for their health and wellbeing, and for the agency to develop staff to perform the tasks of others. It should also be noted that fraud can be more easily concealed by staff who do not take leave.

Recommendations

Management should continue to closely monitor leave plans to ensure that staff schedule and take leave each year and, where appropriate, allow staff to receive a cash payout for part of their leave, rather than accumulating large leave balances.

Selected significant financial transactions and financial ratios

Introduction

This section of the report provides information that focuses on individual agencies. Specifically, it details selected significant financial transactions made in 2015-16 that we noted during our audits and selected key financial ratios and information commonly used for assessing financial performance or analysing the financial health of agencies. Reporting this information is consistent with a developing theme within the auditing profession for auditors to provide transparency about important issues considered during the audit.

Some of the information below may also be reported in each agency's tabled annual report but we have summarised it here for the convenience of Parliament. By including these items in this report, we are not implying that we have a residual concern with these transactions.

Selected significant financial transactions

Expenditure

- **Department of Education's** spending on school maintenance, information technology upgrades and to cater for student enrolment growth resulted in a \$157.5 million (20%) increase in supplies and services expense.
- Employee expenses by the **Police Service** increased by 4.2% or \$40.7 million due to pay increases and additional recruitment.
- **Horizon Power's** electricity and fuel purchases decreased from \$188 million in 2015 to \$166 million in 2016. This was due to a reduction in fixed charges from power producing agreements, expiration of an options contract for additional load during the summer peak, and because Fortescue Metals Group were supplying their own gas for generation of electricity from 1 January 2016.
- Extraordinary and unforeseeable expenditures by the **Department of Fire and Emergency Services** on wildfire suppression and State Emergency Services (SES) response and recovery incidents, including the Waroona and Yarloop bushfire event, contributed to supplies and services expenses exceeding estimates by \$35 million.
- Supplies and services expenses of the **Department of Parks and Wildlife** exceeded budget estimates by \$8.7 million due to unbudgeted bushfire suppression activities associated with the Waroona and Esperance fires.
- Relocating the **Department of the Attorney General** and the Supreme Court – Civil to the David Malcolm Justice Centre resulted in a \$17.5 million increase in accommodation expenses.
- The **Legal Contribution Trust** paid significant claims from the Solicitors' Guarantee Fund totalling \$2.6 million during the year ending 30 June 2016. They were mainly related to a single practitioner. These payouts far exceeded those in the previous 3 years, which ranged from \$10,000 to \$253,000.
- **Racing and Wagering Western Australia's** distribution to racing and sports industries increased by \$9.1 million (7%), despite an overall 1.6% decline in margin experienced due to the current adverse economic environment.

- **Main Roads'** depreciation expense for road infrastructure increased by \$86 million (33.8%) due mainly to a change in accounting policy to recognise road seals separately. This policy change is consistent with the accounting approach in other States.
- Building maintenance costs at **Rottnest Island Authority** increased by \$3.3 million, largely due to the roofing project for which a grant of \$4.3 million has been received.

Assets

- Total public sector land values decreased by approximately \$1 billion (3%) due to disposals of \$341 million, mainly by **Department of Lands, Insurance Commission of Western Australia** and the **Housing Authority**, and revaluation decrements (\$751 million).
- Buildings decreased by \$3.9 billion (13%) mainly due to depreciation, revaluation decrements related to a general decline in property values, high vacancy rates, a large decrement due to a revised valuation methodology for education buildings, and disposals (mainly Insurance Commission buildings). These were partially offset by building additions of \$1.1 billion, mainly in the health and education sectors.
- At 30 June 2016, assets under construction totalled \$5 billion, down from \$5.6 billion last year. This included rail infrastructure (mainly Perth City Link – \$219 million, Perth Stadium transport – \$156 million and Forrestfield airport link – \$154 million), roads (the largest value being Mitchell Freeway extension - \$102 million), Health (mostly New Children's Hospital – \$1.1 billion) and Water Corporation (the largest being Perth Groundwater Replenishment Stage One – \$130 million).
- The net position of the **Government Employees Superannuation Fund** decreased to \$407 million compared to \$477 million at 30 June 2015. Investment revenue was \$536 million lower than budget and \$1.2 billion lower than the prior year. These movements were mainly due to lower than expected investment returns. Funds under management increased by 5.1% to \$22.5 billion.
- **Water Corporation** commissioned 3 major assets during the year: East Rockingham (\$106 million) and Karratha (\$93 million) Waste Water Treatment Plants and Hedland Yule Upgrade (\$51 million). Other significant capital expenditure included the Perth Groundwater Replenishment project (\$56.7 million).
- The **Kimberley Ports Authority** received a \$10.6 million State Government equity contribution for the Broome Wharf Extension of Life project. Construction work in progress increased by \$12 million during the year.
- Sale of the Ellenbrook Shopping Centre, Livingston Shopping Centre and Forrest Centre properties by the **Insurance Commission of Western Australia** contributed to the \$721 million decrease in their properties held for sale. The sale of a further property, Westralia Plaza was completed in July 2016.
- Property, plant and equipment at **Department of Culture and the Arts** increased by \$15.3 million mainly due to work in progress on the New State Museum development.
- **Potato Marketing Corporation** transferred \$3.9 million of land to the **Department of Lands** as part of the asset sale program. The land was subsequently sold by the Department in November 2015.
- The **Public Transport Authority** spent \$76 million during 2015-16 on construction of the \$217 million Perth Busport, which was commissioned shortly after year end.

- In June 2015, the opening of a **Housing Authority** special purpose account was approved by the Under Treasurer to hold the balance of the Commonwealth's final funding for the provision of municipal and essential services to remote Aboriginal communities in Western Australia. Housing received \$90 million during 2015-16 in this regard. A balance of \$62.8 million remained unspent at 30 June 2016.

Liabilities

- **Western Australian Treasury Corporation** increased its domestic borrowings by \$7.3 billion (20%) and overseas borrowings by \$0.7 billion, to total borrowings of \$47.3 billion at year end. Loans to authorities increased by \$6.3 billion (16%), with \$5.1 billion of the increase for the Department of Treasury. As a consequence, interest collected by the Corporation from authorities increased by \$92.4 million (7%) to \$1,430 million, despite interest rates decreasing.
- **Gold Corporation's** refining and manufacturing activity has increased with the higher level of demand for gold and silver products. As a result, interest bearing borrowings increased by \$310.5 million (46%) to fund increased metals leased with credit approved banks in order to mitigate exposure to commodity prices.
- The **Department of the Attorney General's** contribution to the Judges' Pension liability fund for the current year was \$70.3 million, 185% more than last year's \$24.6 million. The increase was in part due to a higher actuarial assessment and a lower discount rate for the year.
- **Public Transport Authority** borrowed an additional \$240 million, a 13% increase in borrowings, to bring its total borrowings to \$2.1 billion. The increase is to fund the asset improvement program which includes the New Perth Stadium Project, Perth City Link Project and the Rail Infrastructure Program.
- **Metropolitan Redevelopment Authority** increased its borrowings by \$52.9 million (19.7%) mainly to fund projects in the central Perth redevelopment area, including the Perth City Link and Riverside projects, as well as projects in the Midland redevelopment area.
- **Department of Commerce's** administered liability for Home Indemnity Insurance claims arising from the death, insolvency or disappearance of a builder or building group decreased by \$10 million to \$33 million compared to the prior year. This was mainly due to the payout during 2015-16 of significant outstanding claims associated with the failure of a medium sized builder in 2014-15.
- **Western Power's** current provisions increased by \$37 million (41%) during 2015-16 and employee related expenses increased by \$47 million (19%). This was mainly for a package of termination benefits recognised as part of the business transformation project.
- Payables of the **Disability Services Commission** increased from \$7.7 million last year to \$68.9 million at 30 June 2016, mainly due to recognition of unspent funds for WA NDIS (National Disability Insurance Scheme) trial sites, which were returned to Treasury in 2016-17.

Commitments

- The **Western Australian Sports Centre Trust (VenuesWest)** financial statements disclosed a commitment of \$885 million which relates to their lease commitments for the New Perth Stadium.

- The **Department of Sport and Recreation's** capital commitments for the New Perth Stadium were \$325 million at 30 June 2016.
- Under the public private partnership arrangements for the New Perth Stadium, the State's capital contribution payments commenced once the project reached 20% completion in September 2015. Costs incurred by the State during 2015-16 totalled \$185 million.

Revenue

- **Commonwealth Government Grants and Subsidies** decreased by \$1 billion (11%) to \$8.3 billion. This included a \$377 million decline in GST grants.
- **Dividends received into the Consolidated Account** increased by \$229 million (19%), partially due to the re-timing of interim dividends.
- **Gold Corporation's** revenue and cost of sales both increased by \$2.4 billion (36%) due to fluctuations in average metal prices and increased refining volumes of 8% for gold and 44% for silver. As both sales and cost of sales were impacted, there was not a significant net effect on operating result for the year.
- **Synergy's** retail energy revenue decreased by \$44 million (2%), being \$17 million electricity revenue mainly due to a decrease in electricity consumption by customers, and \$27 million gas revenue due to lower average prices.
- **Western Power's** net gain on the sale of surplus property at Forrestfield increased income by \$28 million.
- **Bunbury Water Corporation** and **Busselton Water Corporation** both issued their first dividend since incorporation in November 2013. The amounts of \$1.2 million and \$1.4 million respectively were in accordance with Government policy.
- Landholder duty collected by the **Department of Finance** increased by \$318 million to \$419 million. This was mainly due to a number of large commercial transactions that occurred during 2015-16.
- **The Art Gallery of Western Australia's** revenue increased partially due to a \$0.5 million increase in donations of artworks, a \$0.5 million increase in philanthropic donations to purchase works of art, and a \$0.8 million increase in sponsorship.
- Sales income of the **Lotteries Commission** increased by \$63 million to \$889 million mainly due to the introduction of a new product, Set-for-Life, and an unusual number of jackpotting lotto events during the year. This resulted in a 7% increase in statutory distributions to the Health, Arts and Sports sectors.
- **LandCorp's** revenue decreased for land sales by \$58 million (17%) and for property rent by \$14.5 million (27%) mainly due to property market conditions.
- Developer contributions received by the **Water Corporation** reduced by \$105 million (25%) to \$310 million. This was because 6,941 less lots were developed during the financial year (16,404 compared to 23,345).
- The Landfill Levy collected by the **Department of Environment Regulation** increased by \$8.6 million (15%) due to significantly increased rates from 1 January 2015.
- **Department of Mines and Petroleum** royalties and rentals income collections reduced by \$481 million to \$4.2 billion as a result of a decrease in the iron ore price, partially offset by an increase in iron ore tonnes sold by Western Australian mining companies and the higher \$US to \$AUD exchange rate.

- **Main Roads'** Commonwealth grants and contributions increased by \$230 million to \$777 million as a result of funding for Mitchell Freeway (Burns Beach Road to Hester Avenue) and other major road network projects under the Commonwealth National Partnership Agreement.
- The **Mental Health Commission's** funding from State government increased by \$139 million (26%). Mental health service payments to hospitals increased by \$46 million (8%) and to non-government service providers by \$57 million (70%). This additional funding was partially for functions taken over when the Western Australian Alcohol and Drug Authority was abolished on 1 July 2015.
- **Department of Racing, Gaming and Liquor** reported casino tax collections of \$64.8 million, which was 41% lower than the previous year and \$16.5 million less than budget. This was due to the full year impact of replacing the payment of GST reimbursements to Crown Perth Casino with lower casino tax rates.
- Grants and contributions revenue of the **WA Country Health Service** increased mainly due to \$46.6 million in hospital activity payments received from the Commonwealth under the National Health Reform Agreement and \$12 million from Chevron Australia towards the cost of redevelopment of the Onslow Hospital.
- Service appropriations for the **Metropolitan Public Hospitals** increased by \$367 million (11%) to fund commencement of operations of St John of God Midland Public Hospital and the first full year of operation of the Fiona Stanley Hospital. Donations revenue increased by \$25.4 million for construction of the Sarich Neuroscience Research Institute at the Queen Elizabeth II Medical Centre.
- Revenue of the **Chemistry Centre** increased by 11% to \$15.9 million, primarily due to additional revenue from the **Police Service** for the provision of forensic services.

Key financial ratios of public sector agencies

In this section we present selected key financial ratios and information commonly used for assessing financial performance or analysing the financial health of agencies:

- liquidity (current) ratio
- summarised financial results for all agencies
- borrowings to assets ratio.

Liquidity (current) ratio for all agencies – 4 year trend

The liquidity or current ratio is a traditional method of assessing an entity's ability to meet its debts as and when they fall due. It is calculated by dividing current assets by current liabilities. A ratio of more than one is generally accepted to show a low risk.

Eighteen percent of agencies at 30 June 2016 had a current ratio below 1.0, down from 19% in the previous year.

Liquidity Ratio	Percentage of agencies	Percentage of agencies	Percentage of agencies	Percentage of agencies	Trendline
	30 June 2013	30 June 2014	30 June 2015	30 June 2016	
Greater than or equal to 1 (Low Risk)	80	79	81	82	
Less than 1	20	21	19	18	

Source: Audited statements in tabled annual reports

Table 7: Liquidity ratios of agencies – 4 year trend

Financial result for all agencies – 4 year trend

A number of factors can determine whether an agency achieves a surplus financial result. However, a surplus is generally an indicator that an entity is adequately funded and/or has sound financial management including good budgeting.

Fewer agencies reported a surplus for 2015-16. The following table is a summary of the financial results of agencies over the past 4 years:

Financial Result	Percentage of agencies 2012-13	Percentage of agencies 2013-14	Percentage of agencies 2014-15	Percentage of agencies 2015-16	Trendline
Surplus	61	69	65	60	
Deficit	39	31	35	40	

Source: Audited statements in tabled annual reports

Table 8: Financial results of agencies – 4 year trend

Borrowings to assets ratio

While a relatively small number of agencies have a borrowings liability, their borrowings are significant in value. The borrowings to assets ratio is an indicator of the extent to which an agency's borrowings are covered by assets.

However, caution is needed when interpreting the results as the indicator does not differentiate between current and non-current assets and borrowings. It is a high level indicator of the extent that an agency has debt obligations.

Agency name	Borrowings to Assets Ratio				Trendline
	2012-13	2013-14	2014-15	2015-16	
Corporatised entities					
Fremantle Port Authority	45%	43%	41%	38%	
Horizon Power (Regional Power Corporation)	39%	41%	44%	43%	
Kimberley Ports Authority	n/a	34%	29%	21%	
Mid West Ports Authority	n/a	50%	51%	10%	
Pilbara Ports Authority	n/a	31%	27%	24%	
Southern Ports Authority	n/a	n/a	19%	15%	
Synergy (Electricity Generation and Retail Corporation)	n/a	18%	10%	9%	
Water Corporation	33%	34%	34%	34%	
Western Australian Land Authority	16%	13%	10%	12%	
Western Power (Electricity Networks Corporation)	76%	75%	74%	72%	
Statutory authorities					
Country High School Hostels Authority	19%	16%	14%	12%	
Country Housing Authority	64%	64%	65%	63%	
Gold Corporation	2%	11%	21%	23%	
Housing Authority	24%	24%	25%	27%	
Metropolitan Redevelopment Authority	46%	50%	45%	51%	
Public Transport Authority of Western Australia	23%	26%	25%	26%	
Western Australian Treasury Corporation	95%	90%	92%	93%	
Departments					
Department of the Attorney General	28%	25%	25%	24%	
Department of Education Services	109%	105%	107%	107%	
Department of Finance	9%	7%	9%	8%	
Department of Fire and Emergency Services	20%	16%	14%	11%	
Department of Fisheries	28%	25%	24%	23%	
Department of Regional Development	n/a	20%	16%	12%	

Source: Audited statements in tabled annual reports

Table 9: Borrowings to Assets ratio of agencies – 4 year trend

* *Department of Education Services' high borrowings to assets ratio is mainly because it lends funds to schools at a lower (subsidised) interest rate than the rate applied to its borrowings from the Western Australian Treasury Corporation.*

Note: Agencies with a low percentage borrowing (ratio below 5%) have been omitted.

Quality and timeliness of reporting

- Overall there was a slight decline in the number of errors in financial statements submitted for audit compared to the previous year. However the need for improvement continues, and it is of concern that many agencies make late changes to their financial statements
- Sixty-four percent of agencies demonstrated efficiency in their year end processes by being audit ready within 20 days of year end. This was an improvement on 59% reported last year.
- We have acknowledged the top 40 'Best Practice' agencies across 2 categories for timeliness in their financial reporting, good financial controls and reporting practices.

Quality and accuracy

The number of errors identified and corrected during the 2015-16 audit process was lower than the previous year.

To ensure timely and accurate financial reports it is important that management in each reporting entity keeps proper accounts and records. Management should undertake various best practice initiatives throughout the financial year and after year end to improve the quality of their financial reporting.

At the beginning of the financial year, agencies should confirm the accounting policies to be applied for the ensuing year.

Before year end, agencies need to:

- prepare a project plan of human and financial resources, assign responsibilities for tasks and set time frames for financial reporting
- avoid receiving asset valuations late in the financial year or after year end and ensure that management reviews the valuations before they are included in the financial statements
- identify and review changes to accounting standards and reporting requirements and confirm the approach to any changes with the auditors
- determine the form and content of their KPIs and obtain necessary approvals from Treasury
- prepare pro-forma financial reports, including all comparative information that can be reviewed by the auditors well in advance of the final audit visit.

After year end:

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

Timeliness

Sixty-four percent of the agencies were 'Audit Ready' within 20 days of their financial year end.

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

The date when each agency was 'Audit Ready' is reported in Appendix 1 (commencing on page 41) while Figure 11 summarises timeliness over the last 8 years.

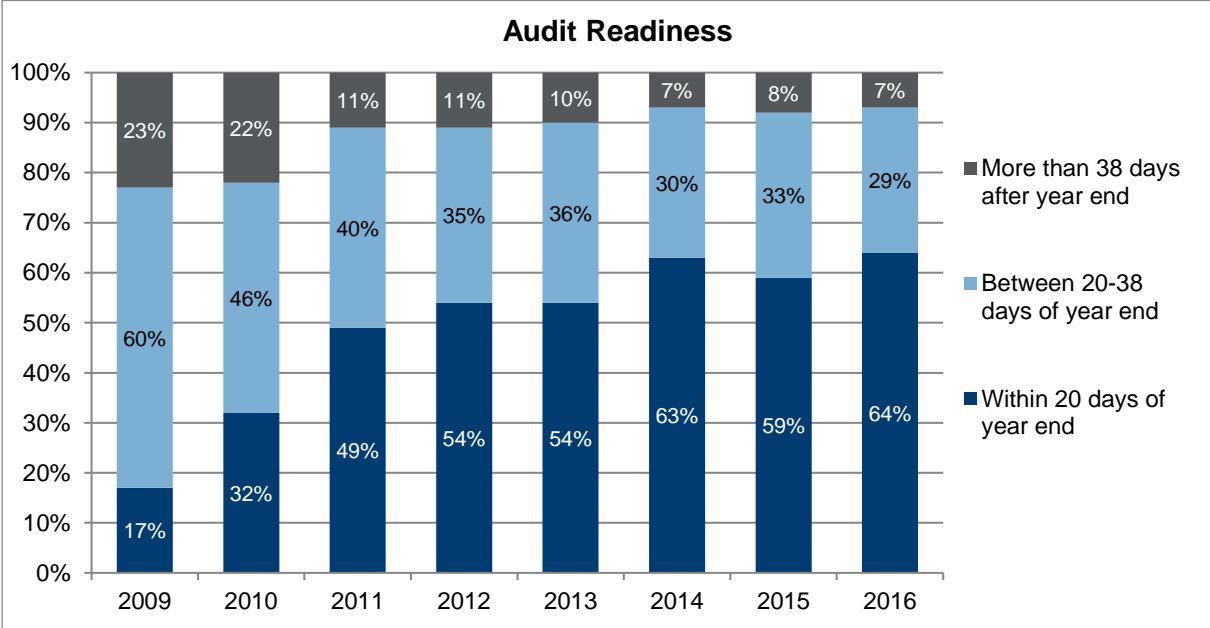


Figure 11: Percentage of agencies 'Audit Ready' within 3 time brackets for last 8 years

Best practice agencies

Each year we rate agencies on their financial reporting and financial controls and recognise the top 20 large and top 20 small 'best practice' agencies (Table 10). We congratulate the agencies we rated as the top achievers for 2015-16.

Our assessment criteria include:

- clear opinion on financial statements, controls and key performance indicators
- the number and significance of control weaknesses raised in management letters
- audit ready early, ideally no later than 20 days after financial year end
- good quality financial statements and key performance indicators, supported by reliable working papers and submitted for audit within the agreed timeframe
- management resolution of accounting standards and presentation issues
- key staff available during the audit process.

Best Practice Top 20 Large Agencies	Best Practice Top 20 Small Agencies
<p>Commissioner of Main Roads Construction Industry Long Service Leave Payments Board Department for Child Protection and Family Support Department of Agriculture and Food Department of Mines and Petroleum Department of Training and Workforce Development Fremantle Port Authority Gold Corporation Insurance Commission of Western Australia Legal Aid Commission of Western Australia Lotteries Commission Metropolitan Redevelopment Authority Southern Ports Authority Water Corporation Western Australian Land Authority Western Australian Land Information Authority Western Australian Sports Centre Trust Western Australian Tourism Commission Western Australian Treasury Corporation Western Power – Electricity Networks Corporation</p>	<p>Art Gallery of Western Australia, The Board of the Botanic Gardens and Parks Authority Busselton Water Corporation Corruption and Crime Commission Department of State Development Department of the Registrar, Western Australian Industrial Relations Commission Economic Regulation Authority Gascoyne Development Commission Kimberley Development Commission Kimberley Ports Authority Metropolitan Cemeteries Board Parliamentary Commissioner for Administrative Investigations Perth Theatre Trust Public Sector Commission Small Business Development Corporation Western Australian Electoral Commission Western Australian Museum Wheatbelt Development Commission WorkCover Western Australia Authority Zoological Parks Authority</p>

Table 10: Top 20 best practice agencies in 2 expenditure categories for 2015-16

Appendix 1: Agencies audited

Audit opinions issued for 167 audits completed between 1 May 2016 and 1 November 2016 are listed below. These agencies primarily had reporting dates of 30 June or 31 July 2016. The audit opinion is issued to the responsible Minister for each government agency and is printed in full in the agency's annual report. The annual report is tabled in Parliament by the Minister and also normally posted on the agency's website.

The table lists each agency audited and the 'Audit Ready' date when their financial statements were submitted for the audit to commence.

Rating codes for timeliness / audit readiness used in Appendix 1		
Agency's submission date	Rating	Colour coding
On or before 19 July 2016	Good	Green
By Tuesday 5 August 2016	Satisfactory	Yellow
After 5 August 2016	Needs improvement	Red

Ratings are not reported for the Annual Report on State Finances, subsidiaries, request audits, cemetery boards and final audits of abolished agencies. These are marked as 'n/a' in the 'Audit Ready' column.

Audit opinions were issued on financial statements, controls and KPIs unless a '❖' follows the agency name. This denotes that the opinion was on financial statements only. Qualified opinions or any other notes appear against the agency's name.

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

Audit Ready	Agency	Opinion issued
27/07/2016	Aboriginal Affairs Planning Authority, The	02/09/2016
02/07/2016	Agricultural Produce Commission	20/07/2016
13/07/2016	Animal Resources Authority	05/08/2016
n/a	Annual Report on State Finances ❖	16/09/2016
n/a	Anzac Day Trust, The (for year ended 31/12/2015) (Qualified opinion on financial statements. Details on page 10. Matter of Significance paragraph in opinion. Details on page 12.)	05/08/2016
15/07/2016	Board of the Art Gallery of Western Australia, The	06/09/2016
14/07/2016	Botanic Gardens and Parks Authority	09/09/2016
25/07/2016	Building and Construction Industry Training Board	18/08/2016
08/08/2016	Bunbury Water Corporation	30/08/2016
18/07/2016	Burswood Park Board, The	12/08/2016
15/07/2016	Busselton Water Corporation	30/08/2016
15/07/2016	Chemistry Centre (WA)	14/09/2016
18/07/2016	Coal Miners' Welfare Board of Western Australia, The	25/08/2016
15/07/2016	Combat Sports Commission	09/09/2016
12/08/2016	Commissioner for Children and Young People	07/09/2016
27/07/2016	Commissioner for Equal Opportunity	15/09/2016
15/07/2016	Commissioner of Main Roads	25/08/2016

❖ Opinion relates to financial statements only

Audit Ready	Agency	Opinion issued
15/07/2016	Construction Industry Long Service Leave Payments Board	19/08/2016
14/07/2016	Corruption and Crime Commission	16/09/2016
10/08/2016	Country High School Hostels Authority	16/09/2016
15/07/2016	Country Housing Authority	31/08/2016
16/07/2016	Department for Child Protection and Family Support	12/08/2016
27/07/2016	Department of Aboriginal Affairs	02/09/2016
08/07/2016	Department of Agriculture and Food (Matter of Significance paragraph in opinion. Details on page 11.)	09/08/2016
15/07/2016	Department of Commerce	16/09/2016
19/08/2016	Department of Corrective Services (Qualified opinion on controls. Details on page 9.)	19/09/2016
29/07/2016	Department of Culture and the Arts	16/09/2016
15/07/2016	Department of Education	19/09/2016
05/08/2016	Department of Education Services	02/09/2016
05/08/2016	Department of Environment Regulation (Qualified opinion on KPIs. Details on page 10.)	20/09/2016
15/07/2016	Department of Finance	26/08/2016
21/07/2016	Department of Fire and Emergency Services	30/08/2016
02/09/2016	Department of Fisheries	20/09/2016
29/07/2016	Department of Health	21/09/2016
n/a	Department of Housing (2016 audit dispensed with – s14 of AG Act. Details page 14.)	No opinion
02/08/2016	Department of Lands	21/09/2016
22/07/2016	Department of Local Government and Communities	26/08/2016
15/07/2016	Department of Mines and Petroleum	29/08/2016
19/07/2016	Department of Parks and Wildlife	19/09/2016
29/07/2016	Department of Planning	21/09/2016
29/07/2016	Department of Racing, Gaming and Liquor	15/09/2016
15/07/2016	Department of Regional Development	14/09/2016
15/07/2016	Department of Sport and Recreation	23/08/2016
13/07/2016	Department of State Development	14/09/2016
15/07/2016	Department of the Attorney General	24/08/2016
05/08/2016	Department of the Legislative Assembly	14/09/2016
04/08/2016	Department of the Legislative Council	14/09/2016
16/07/2016	Department of the Premier and Cabinet	29/07/2016
14/07/2016	Department of the Registrar, Western Australian Industrial Relations Commission	29/07/2016
18/07/2016	Department of the State Heritage Office	17/08/2016
15/07/2016	Department of Training and Workforce Development	07/09/2016

Audit Ready	Agency	Opinion issued
08/08/2016	Department of Transport	09/09/2016
15/07/2016	Department of Treasury	09/09/2016
15/07/2016	Department of Water	15/09/2016
18/07/2016	Disability Services Commission	06/09/2016
15/07/2016	Economic Regulation Authority	03/08/2016
18/07/2016	Electricity Generation and Retail Corporation – Synergy ❖	23/08/2016
n/a	Subsidiaries: Vinalco Energy Trust ❖ Vinalco Energy Pty Ltd ❖	30/08/2016 30/08/2016
15/07/2016	Electricity Networks Corporation – Western Power ❖	30/08/2016
07/08/2016	Fire and Emergency Services Superannuation Board	15/09/2016
20/07/2016	Forest Products Commission	14/09/2016
14/07/2016	Fremantle Port Authority ❖	30/08/2016
29/07/2016	Gaming and Wagering Commission of Western Australia	15/09/2016
14/07/2016	Gascoyne Development Commission	29/08/2016
15/07/2016	Gold Corporation	16/09/2016
15/07/2016	Goldfields-Esperance Development Commission	29/08/2016
29/07/2016	Government Employees Superannuation Board	08/09/2016
14/07/2016	Governor's Establishment	23/08/2016
14/07/2016	Great Southern Development Commission	31/08/2016
18/07/2016	Health and Disability Services Complaints Office	12/08/2016
08/07/2016	Heritage Council of Western Australia	17/08/2016
20/07/2016	Housing Authority (Qualified opinion on controls. Details page 10.)	09/09/2016
n/a	Subsidiaries: Goldmaster Enterprises Pty Ltd ❖ Homeswest Loan Scheme Trust ❖ Keystart Bonds Limited ❖ Keystart Housing Scheme Trust ❖ Keystart Loans Limited ❖ Keystart Support Trust ❖	26/08/2016 31/08/2016 31/08/2016 31/08/2016 31/08/2016 31/08/2016
	Independent Market Operator ❖	Audit in progress
15/07/2016	Insurance Commission of Western Australia	14/09/2016
05/08/2016	Keep Australia Beautiful Council (W.A.)	13/09/2016
15/07/2016	Kimberley Development Commission	12/09/2016
16/07/2016	Kimberley Ports Authority	08/09/2016
n/a	Landcare Trust (2016 audit dispensed with – s14 of AG Act. Details page 14.)	No opinion
28/07/2016	Law Reform Commission of Western Australia	02/09/2016
15/07/2016	Legal Aid Commission of Western Australia	09/09/2016
28/07/2016	Legal Contribution Trust (01/01/2016 – 30/06/2016)	14/09/2016
15/07/2016	Legal Costs Committee	31/08/2016

❖ Opinion relates to financial statements only

Audit Ready	Agency	Opinion issued
15/07/2016	Library Board of Western Australia, The	08/09/2016
06/07/2016	Local Health Authorities Analytical Committee	04/08/2016
15/07/2016	Lotteries Commission	26/08/2016
22/07/2016	Mental Health Commission	19/09/2016
12/07/2016	Metropolitan Cemeteries Board	22/08/2016
18/07/2016	Metropolitan Redevelopment Authority	26/08/2016
22/07/2016	Mid West Development Commission	19/09/2016
14/07/2016	Mid West Ports Authority	31/08/2016
15/07/2016	Minerals Research Institute of Western Australia	09/08/2016
29/07/2016	Minister for Health in his capacity as the Deemed Board of the Metropolitan Public Hospitals, The (Qualified opinion on controls and a Matter of Significance paragraph in opinion. Details pages 10 and 11.)	21/09/2016
29/07/2016	National Trust of Australia (W.A.), The	26/08/2016
05/08/2016	Office of the Director of Public Prosecutions	16/09/2016
13/07/2016	Office of the Environmental Protection Authority	24/08/2016
15/07/2016	Office of the Government Chief Information Officer	25/08/2016
18/07/2016	Office of the Information Commissioner	31/08/2016
27/07/2016	Office of the Inspector of Custodial Services	15/08/2016
15/07/2016	Parliamentary Commissioner for Administrative Investigations	28/07/2016
15/07/2016	Parliamentary Inspector of the Corruption and Crime Commission	09/09/2016
08/08/2016	Parliamentary Services Department	14/09/2016
15/07/2016	Peel Development Commission	09/09/2016
13/07/2016	Perth Market Authority (Final audit to 30/06/2016, KPIs to 31/03/2016) (Details page 13.)	22/08/2016
15/07/2016	Perth Theatre Trust	31/08/2016
15/07/2016	Pilbara Development Commission	26/08/2016
15/07/2016	Pilbara Ports Authority	30/08/2016
18/07/2016	Police Service	22/08/2016
29/07/2016	Potato Marketing Corporation of Western Australia	07/09/2016
15/07/2016	Professional Standards Council	13/09/2016
15/07/2016	Public Sector Commission	19/08/2016
04/08/2016	Public Transport Authority of Western Australia	07/09/2016
05/08/2016	Public Trustee	14/09/2016
16/07/2016	Quadriplegic Centre Board	07/09/2016
03/08/2016	Queen Elizabeth II Medical Centre Trust, The	01/09/2016
31/08/2016	Racing and Wagering Western Australia (01/08/2015 – 31/07/2016)	17/10/2016
29/07/2016	Racing Penalties Appeal Tribunal of Western Australia	15/09/2016

Audit Ready	Agency	Opinion issued
05/08/2016	Regional Power Corporation – Horizon Power ❖	09/09/2016
15/07/2016	Road Safety Commission	16/09/2016
27/07/2016	Rottneest Island Authority	19/09/2016
06/07/2016	Rural Business Development Corporation	12/08/2016
21/07/2016	School Curriculum and Standards Authority	24/08/2016
14/07/2016	ScreenWest Inc	08/09/2016
22/07/2016	Small Business Development Corporation	24/08/2016
15/07/2016	Southern Ports Authority ❖	29/08/2016
18/07/2016	South West Development Commission (Qualified opinion on controls. Details page 10.)	17/08/2016
20/07/2016	State Emergency Management Committee Secretariat	26/08/2016
n/a	State Supply Commission (2016 audit dispensed with – s14 of AG Act. Details page 14.)	No opinion
15/07/2016	Swan Bells Foundation Incorporated	08/09/2016
05/08/2016	Trustees of the Public Education Endowment Trust	16/09/2016
n/a	UWA Sport Pty Ltd (UWA subsidiary)	05/05/2016
01/08/2016	WA Country Health Service (Matter of Significance paragraph in opinion. Details page 11.)	21/09/2016
12/07/2016	Water Corporation ❖	26/08/2016
n/a	Western Australian Building Management Authority ❖ (2016 audit dispensed with – s14 of AG Act. Details page 14.)	No opinion
18/08/2016	Western Australian Coastal Shipping Commission	06/09/2016
14/07/2016	Western Australian Electoral Commission	06/09/2016
15/07/2016	Western Australian Energy Disputes Arbitrator	03/08/2016
08/09/2016	Western Australian Greyhound Racing Association (01/08/2015 - 31/07/2016) (Qualified opinion on financial statements and KPIs. Details page 11.)	20/10/2016
19/07/2016	Western Australian Health Promotion Foundation	03/08/2016
20/07/2016	Western Australian Institute of Sport	07/09/2016
15/07/2016	Western Australian Land Authority ❖ Subsidiary: Advara Ltd ❖	01/09/2016 13/10/2016
15/07/2016	Western Australian Land Information Authority	08/09/2016
04/08/2016	Western Australian Meat Industry Authority	21/09/2016
15/07/2016	Western Australian Museum, The	26/08/2016
05/08/2016	Western Australian Planning Commission	16/09/2016
15/07/2016	Western Australian Sports Centre Trust	12/09/2016
15/07/2016	Western Australian Tourism Commission	09/09/2016
15/07/2016	Western Australian Treasury Corporation	23/08/2016
	Wheatbelt Development Commission	14/09/2016

❖ Opinion relates to financial statements only

Audit Ready	Agency	Opinion issued
14/07/2016	WorkCover Western Australia Authority	26/08/2016
15/07/2016	Zoological Parks Authority	31/08/2016

Final Financial Statement Audits – State training providers for period 01/01/2016 – 10/04/2016. These were amalgamated into 5 new TAFE colleges that commenced on 11/04/2016

n/a	C Y O'Connor Institute ❖	15/06/2016
n/a	Central Institute of Technology ❖	15/06/2016
n/a	Challenger Institute of Technology ❖	23/06/2016
n/a	Durack Institute of Technology ❖	22/06/2016
n/a	Goldfields Institute of Technology ❖	22/06/2016
n/a	Great Southern Institute of Technology ❖	21/06/2016
n/a	Kimberley Training Institute ❖	22/06/2016
n/a	Pilbara Institute ❖	17/06/2016
n/a	Polytechnic West ❖	17/06/2016
n/a	South West Institute of Technology ❖	17/06/2016
n/a	West Coast Institute of Training ❖	15/06/2016

Request Audit – Audits requested by the Treasurer under the Auditor General Act 2006 do not have a statutory date for submitted financial statements

n/a	The Delegate of the Queen Elizabeth II Medical Centre Trust ❖	01/09/2016
n/a	Tertiary Institutions Service Centre (Inc) ❖	27/09/2016

Cemetery Board Audits – Cemetery Boards audited under the *Cemeteries Act 1986* do not have a statutory date for submitting financial statements

n/a	Geraldton Cemetery Board ❖	31/10/2016
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❖ Opinion relates to financial statements only

Appendix 2: Audit certifications

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

In addition, the Auditor General issued certifications for projects funded under the Royalties for Regions program. The list of these projects is in a separate table of this appendix, commencing on page 49.

The following certifications were completed between 1 May 2016 and 1 November 2016. Unless stated, the certifications were for the year ended 30 June 2016.

Client	Certification relates to	Date Issued
Curtin University of Technology	Higher Education Funding Act 1988: Higher Education Research Data Collection for year ended 31/12/2015.	23/06/2016
Department of Health	National Health Funding Pool Act 2012: Western Australian State Pool Account	20/09/2016
Department of the Premier and Cabinet	Indian Ocean Territories – Service Delivery Arrangements	07/10/2016
Department of Training and Workforce Development	Australian Vocational Education and Training Management Information Statistical Standard (AVETMISS) for year ended 31/12/2015.	27/05/2016
Department of Transport	Enhanced Speed Enforcement Administration Costs	14/10/2016
	Repeat Drink Driving Strategy Implementation	14/10/2016
Department of Transport and Commonwealth Department of Infrastructure and Transport	National Building Program (National Land Transport) Act 2009: Portlink Inland Freight Corridor Concept Plan	14/10/2016
Edith Cowan University	Higher Education Funding Act 1988: Higher Education Research Data Collection for year ended 31/12/2015.	29/06/2016
Electricity Generation and Retail Corporation – Synergy	Compliance with Electricity Corporations (Electricity Generation and Retail Corporation) Regulations 2013 and the Electricity (Standard Products) Wholesale Arrangements 2014	01/11/2016
	Compliance with Segregation and Transfer Pricing Guidelines 2013 and Electricity Corporations (Electricity Generation and Retail Corporation) Regulations 2013 (Segment Reporting)	28/10/2016
Family Court of Western Australia	Family Law Act 1975: Commonwealth-State Agreement for the year ended 30/06/2015.	13/05/2016
Fire and Emergency Services Superannuation Board	Australian Prudential Regulation Authority (APRA): Reasonable assurance opinion on APRA reporting forms and compliance with various legislative requirements.	19/09/2016
	APRA: Limited assurance conclusion on APRA reporting forms; design of systems, procedures and controls to ensure compliance with prudential requirements and provision of reliable data to APRA;	19/09/2016

Client	Certification relates to	Date Issued
	and compliance with the Risk Management Framework and the Operational Risk Financial Requirement strategy.	
	Australian Securities and Investments Commission: Auditor's report on Australian Financial Services licensee (Form FS71) under the <i>Corporations Act 2001</i> .	19/09/2016
	Trustee entity's financial statements	15/09/2016
Murdoch University	Higher Education Funding Act 1988: Higher Education Research Data Collection for year ended 31/12/2015.	27/06/2016
Quadriplegic Centre Board	Department of Health: Board's Home Visiting Service.	07/09/2016
The University of Western Australia	Higher Education Funding Act 1988: Higher Education Research Data Collection for year ended 31/12/2015.	28/06/2016
Western Australian Electoral Commission	Electoral Distribution Act 1907: Electoral Distribution Commissioners' Expenses for the period 01/07/2015 – 30/06/2016.	01/07/2016

Appendix 3: Royalties for Regions certifications

Clear certification opinions were issued to 46 State government agencies for their Statements of Receipts and Payments under the Royalties for Regions program, primarily for the 2015-16 financial year.

The Department of Regional Development administers this program. Agencies that receive funding sign a memorandum of understanding (MOU) with the Department that requires quarterly unaudited reporting to the Department and an audited Statement of Receipts and Payments for each financial year.

The audit opinions for each recipient agency reported that the Statement of Receipts and Payments of the Royalties for Regions Funding was prepared, in all material respects, in accordance with the terms and conditions of the signed MOU.

Certification opinions were issued on the Statements of Receipts and Payments for 219 approved projects at the following agencies. These Royalties for Regions program payments totalled \$854 million.

Delivering Agency	Royalties for Regions approved projects	Date Certification Issued
Country Local Government Fund		
Department of Local Government and Communities	Local Government Capacity Building 2015-16, 2016-17 and 2017-18	23/09/2016
	Local Government Reform	23/09/2016
Department of Regional Development	Administration of Country Local Government Fund	28/10/2016
	Local Infrastructure Asset Renewal and New Assets	28/10/2016
	Regional Groupings of Local Governments	30/09/2016
Western Australian Land Authority	Regional Centres Development Plan – Phase 2 (Regional Cities) Stage 1 Delivery	26/10/2016
Regional Community Services Fund		
Commissioner of Main Roads	Caravan and Camping – Main Roads Western Australia	10/10/2016
Department for Child Protection and Family Support	Indigenous Visitor Hostels – Derby Aboriginal Short Stay Accommodation Project	09/09/2016
Department of Agriculture and Food	Agriculture Science Research and Development Fund	29/07/2016
	Asian Market Success	29/07/2016
	Boosting Grains Research and Development	29/07/2016
	Boosting Western Biosecurity Defences	29/07/2016
	E-Connected Grainbelt	29/07/2016
	Food Industry Innovation	29/07/2016
	Northern Beef Futures	20/09/2016
	Regional Men's Health Initiative	29/07/2016
	Royal Agricultural Society (RAS) Show Concessions – Free Entry for Children	01/07/2016

	Sheep Industry Business Innovation	20/09/2016
	Wild Dogs Management Program	29/07/2016
Department of Commerce	Regional Buy Local Initiatives – Stage 2	30/9/2016
Department of Corrective Services	Regional Youth Justice Strategy – Kimberley and Pilbara Expansion	26/10/2016
	Regional Youth Justice Strategy – Kimberley and Pilbara Regions	26/10/2016
Department of Culture and the Arts	Creative Regions Program	28/09/2016
	Performing Arts Regional Tours Boost	28/09/2016
Department of Fisheries	Great Kimberley Marine Park – Fisheries	29/09/2016
	Marine Parks Management – Ngari Capes Marine Park	29/09/2016
	South Coast Aquaculture Development Zone	29/09/2016
	South West Recreational Fishing Enhancement Structure Pilot Project	29/09/2016
Department of Local Government and Communities	Caravan and Camping in Western Australia	23/09/2016
	Regional Community Child Care Development Fund	23/09/2016
Department of Regional Development	Aboriginal Community Critical Response Fund	28/10/2016
	Aboriginal Governance and Leadership Development Program	30/09/2016
	Caravan and Camping in Western Australia	06/10/2016
	Community Resource Centres	28/10/2016
	Regional Services Reform Unit	28/10/2016
	Regional Workers Incentives – Regional Price Index 2014-15 and 2016-17	30/09/2016
	Seizing the Opportunity Agriculture – Infrastructure Audit and Infrastructure Investment Fund	28/10/2016
Department of Sport and Recreation	Community Pool Revitalisation	30/09/2016
	Hay Park South Regional Multi Sports Pavilion Facility	30/09/2016
	Regional Talent Development Network	30/09/2016
	Supporting Community Sport Initiative – Athlete Travel Subsidy Scheme	30/09/2016
	Supporting Community Sport Initiative – Community Sporting Club Equipment Subsidy Scheme	30/09/2016
Department of the Attorney General	Enhanced Driver Training and Education for Regional and Remote Communities	27/09/2016
	Enhanced Services for Victims of Crime Within Regional and Remote Communities	27/09/2016
Department of the Premier and Cabinet	Dirk Hartog 400 th Anniversary Commemorations	28/09/2016
	Great Kimberley Marine Park	28/09/2016
	Science and Agribusiness Connect Program	28/09/2016

Department of Training and Workforce Development	Seizing the Opportunity Agriculture Initiative – Muresk Institute Agriculture Degree	06/10/2016
	Seizing the Opportunity Agriculture Initiative – Muresk Institute Agriculture Skills Development Pathway	06/10/2016
Department of Transport	Country Age Pension Fuel Card Scheme 2013-14 to 2016-17	29/09/2016
	Country Age Pension Fuel Card Scheme – 2008-09 to 2012-13 for the period 06/04/2009 – 23/06/2016	13/10/2016
Department of Water	Water for Food Part II	14/10/2016
	Water for Food – West Kimberley	14/10/2016
Goldfields-Esperance Development Commission	Development of the Goldfields-Esperance Regional Investment Blueprint and Related Planning and Business Case Development 2012/13 – 2013/14	07/10/2016
	Regional Grants Scheme and Community Chest Funding 2015-16	07/10/2016
Great Southern Development Commission	Breath Film Production	17/10/2016
	Regional Grants Scheme and Community Chest Fund 2014-15	17/10/2016
	Regional Grants Scheme and Community Chest Fund 2016 and 2017	17/10/2016
Housing Authority	Hamilton Precinct Stage 1 South Hedland	13/10/2016
	Indigenous Visitor Hostels – Derby Aboriginal Short Stay Accommodation Project	21/09/2016
	Improving Water Quality in Remote Aboriginal Communities (Final Acquittal 24/11/2011 – 31/12/2015)	08/06/2016
	Jigalong Essential Services Pilot (Final acquittal 03/07/2013 – 16/05/2016)	21/06/2016
	Government Regional Officers' Housing (GROH) Boost (03/07/2014 – 30/06/2015)	14/07/2016
Library Board of Western Australia	Better Beginnings Family Literacy 2014-2017	06/10/2016
Mental Health Commission	North West Drug and Alcohol Support Program – Carnarvon Dual Purpose Centre	30/09/2016
	North West Drug and Alcohol Support Program – Expansion of Alcohol and other Drug Support Services in the Kimberley and Pilbara	30/09/2016
Mid West Development Commission	Development of the Mid West Regional Investment Blueprint and Related Planning and Business Case Development 2012/13 – 2013/14	18/10/2016
	Regional Grants Scheme – MidWest	18/10/2016
	Regional Grants Scheme and Community Chest Funding 2014-15	18/10/2016
	Regional Grants Scheme and Community Chest Funding 2016 and 2017	18/10/2016
	Yellow Tail Kingfish Grow-out Trial #2	18/10/2016

Peel Development Commission	Development of the Peel Regional Investment Blueprint and Related Planning and Business Case Development 2012/13 – 2013/14	30/09/2016
	Regional Grants Scheme 2008-2013 – Final report 01/07/2008-07/10/2015 – Peel	06/10/2016
	Regional Grants Scheme and Community Chest Funding 2015-16	30/09/2016
	Regional Grants Scheme and Community Chest Funding 2016 and 2017	06/10/2016
Perth Theatre Trust	Albany Entertainment Centre	30/09/2016
Pilbara Development Commission	Development of the Pilbara Regional Investment Blueprint and Related Planning and Business Case Development 2012/13 – 2013/14	29/09/2016
	Regional Grants Scheme – Pilbara	29/09/2016
	Regional Grants Scheme and Community Chest Fund 2015-16	29/09/2016
	Regional Grants Scheme and Community Chest Fund 2016 and 2017	29/09/2016
Police Service	WA Police Regional Incentive Scheme	28/09/2016
Public Sector Commission - Implementing Public Sector Regional Leadership	Element 1: Strategic Direction	11/08/2016
	Element 6: Indigenous Employment	11/08/2016
Racing and Wagering Western Australia	Support for Racecourse Infrastructure Grants Program	23/09/2016
Small Business Development Corporation	Regional Buy Local Initiative Stage 2	30/09/2016
	Western Australian Regional Small Business Awards	30/09/2016
South West Development Commission	Development of South West Regional Investment Blueprint and Related Planning and Business Case Development 2012/13 – 2013/14	30/09/2016
	Regional Grant Scheme and Community Chest Fund 2015-16	30/09/2016
WA Country Health Service	Ambulance Services in Country Western Australia	04/10/2016
	Ambulance Services in Country Western Australia 2015-16	04/10/2016
	Better Health for Fitzroy Kids	30/09/2016
	Improving Ear, Eye and Oral Health of Children in Aboriginal Rural and Remote Communities	30/09/2016
	Patient Assisted Travel Scheme 2015-16 – 2017-18	30/09/2016
	Remote Indigenous Health Clinics	30/09/2016
	Royal Flying Doctor Service 2015-16 Interhospital Patient Transport Services	30/09/2016
	Royal Flying Doctor Service (Western Operations) Expansion of Capacity	30/09/2016

	Rural Generalist Pathways in Western Australia 27/04/2011 – 30/06/2016	26/07/2016
	Rural Palliative Care Program	30/09/2016
	Wheatbelt Renal Dialysis	30/09/2016
	Women's Health Care Association Inc's Rural in Reach Program 30/06/2011 – 30/11/2015	15/09/2016
Western Australian Land Information Authority	Location Information Strategy for Western Australia	29/09/2016
	Location Information Strategy for Western Australia – Final 06/05/2013 – 14/10/2016	28/10/2016
Western Australian Tourism Commission	Aboriginal Tourism Development Program	30/09/2016
	Caravan and Camping – Tourism Western Australia	30/09/2016
	Regional Events Program Part 1 of 3 – Tourism, Staffing, Marketing and Event Leveraging Funding	30/09/2016
	Regional Events Program Part 2 of 3 – Regional Events Scheme	30/09/2016
	Regional Events Program Part 3 of 3 – Regional Events Funding for Larger Events	30/09/2016
	Regional Events Program 2015-16 to 2018-19	30/09/2016
	Regional Tourism Marketing Program	30/09/2016
	Regional Tourism Marketing Program 2015-16 and 2016-17	30/09/2016
	Regional Visitor Centre Grant Program	30/09/2016
Wheatbelt Development Commission	Central Coast Agri-Industry Processing Hub Stage 1 – Site Identification	30/09/2016
	Creating Age Friendly Communities in Small Towns	30/09/2016
	Development of the Wheatbelt Regional Investment Blueprint and Related Planning and Business Case Development 2012/13 – 2013/14	30/09/2016
	Regional Grants Scheme – Wheatbelt	30/09/2016
	Regional Grant Scheme and Community Chest Funding 2015-16	30/09/2016
Regional Infrastructure and Headworks		
Commissioner of Main Roads	Fortescue River Crossing	10/10/2016
	Margaret River Perimeter Road	10/10/2016
	New Road Alignment Study Dongara to Northampton	10/10/2016
Country High School Hostels Authority	Regional Residential College Upgrades – Esperance Residential College (Stage 2)	28/09/2016
	Regional Residential College Upgrades – Merredin Residential College (Stage 2)	28/09/2016
	Regional Residential College Upgrades – Narrogin Residential College	28/09/2016
	Regional Residential College Upgrades – Broome Residential College Student Accommodation Upgrades (Stage 2)	28/09/2016

Department of Agriculture and Food	Gascoyne Food Bowl Initiative	29/07/2016
	Managing Western Australia's Natural Resources: Supporting Community Involvement	29/07/2016
	Pilbara Hinterland Agriculture Development Initiative	29/07/2016
	Radar as an Enabling Technology Project	29/07/2016
	Regional Economic Development Water Opportunities	29/07/2016
	Regional Natural Resource Management – Carbon Farming	29/07/2016
	Regional Natural Resource Management – Storm Water Reuse	01/07/2016
	Regional Natural Resource Management – Water Efficiency	29/07/2016
	State Barrier Fence	29/07/2016
Department of Commerce	Pilbara Maritime Common Use Facility	30/09/2016
	Regional Telecommunications Project	30/09/2016
Department of Corrective Services	Community Safety Network – Corrective Services	26/10/2016
	Community Safety Network – Corrective Services WAPOL	26/10/2016
	Regional Work Camp Enhancement Program and Roebourne Work Camp	26/10/2016
Department of Finance	Karratha Government Office Co-location Project (The Quarter)	20/09/2016
Department of Lands	Outstanding Survey Actions Relating to the Land Related Benefits with the Ord Final Agreement – 30 June 2015	30/09/2016
	Outstanding Survey Actions Relating to the Land Related Benefits with the Ord Final Agreement – 30 June 2016	30/09/2016
Department of Planning	Northern Planning Program	28/09/2016
Department of Regional Development	Coral Bay Seasonal Staff Accommodation Management Agreement	30/09/2016
	Gascoyne Development Plan – Gascoyne Unit	28/10/2016
	Goldfields Esperance Revitalisation Fund – Project Development, Assessment and Management	30/09/2016
	Living Lakes (Feasibility and Planning)	30/09/2016
	Ord-East Kimberley Expansion Project	06/10/2016
	Southern Investment Initiative – Project Development, Assessment and Management	30/09/2016
Department of the Attorney General	Fitzroy Crossing Courthouse Replacement	27/09/2016
	Kununurra Justice Complex	27/09/2016
Department of Training and Workforce Development	Electrical/Instrumentation Centre of Specialisation	29/09/2016
	Goldfields Esperance Revitalisation – Goldfields Arts Centre	29/09/2016
	Health and Allied Services Training Centre	29/09/2016
	Midwest Investment Plan – Durack Interactive Student Hub	29/09/2016

	Muresk Institute Revitalisation – Stage One: Establishing the Muresk Institute	06/10/2016
	New Regional and Statewide Initiatives – Peel Workforce Development Centre	29/09/2016
Department of Training and Workforce Development Skills Training Initiatives	Aboriginal Youth Transitions Program	29/09/2016
	Challenger Institute of Technology – Health and Community Training Centre – Peel Campus	29/09/2016
	Challenger Institute of Technology – Health and Community Training Centre – Peel Campus – Final acquittal 19/02/2013-30/06/2016	20/10/2016
	Durack Institute of Technology – Centre for Health Industries Training and Workforce Development	29/09/2016
	Durack Institute of Technology – Centre for Health Industries Training and Workforce Development – Final acquittal 31/01/2013 – 30/06/2016	20/10/2016
	Durack Institute of Technology – Centre for Resources Sector Workforce Training – Purchase of Land in Geraldton	29/09/2016
	Durack Institute of Technology – Centre for Resources Sector Workforce Training – Purchase of Land in Geraldton - Final acquittal 18/06/2013 – 30/06/2016	20/10/2016
	Great Southern Institute of Technology – Albany Campus Community Services and Health Science Block	29/09/2016
	Great Southern Institute of Technology – Albany Campus Community Services and Health Science Block - Final acquittal 18/06/2012 – 13/09/2016	20/10/2016
	Pilbara Institute – South Hedland and Karratha Campuses Refurbishment	29/09/2016
Department of Transport	Denham Recreational Jetty	29/09/2016
	Exmouth Boat Harbour Upgrade	29/09/2016
	Portlink Planning Studies Phase 1	29/09/2016
	Recreational Boating Facilities Scheme – Rounds 16-19	29/09/2016
	Regional Airports Development Scheme	29/09/2016
Department of Water	Ord-East Kimberley Expansion Water Supply Project Phase 2	14/10/2016
	Regional Water Availability – Planning and Investigation	14/10/2016
	Water for Pilbara Cities – West Canning Basin	14/10/2016
Housing Authority	Broome Aboriginal Short Stay Accommodation (BASSAF)	21/09/2016
	Hedland 125 House Service Worker Intervention Package	13/10/2016
	Newman Service Worker Housing	13/10/2016
	West Kimberley Transitional Housing Program	30/09/2016
Mid West Development Commission	Transfer of Management and Royalties for Regions Operational Funding for the Mid West Unit	18/10/2016
Police Service	Community Safety Network – WAPOL	28/09/2016

Port Hedland Port Authority	Port Hedland Main Street Jetty Extension	30/09/2016
Public Transport Authority of Western Australia	AvonLink Enhancement Project	28/09/2016
	Replacement of TransWA Road Coach Fleet	28/09/2016
Regional Power Corporation (Horizon Power)	Murchison Radio-Astronomy Observation Power Station	30/09/2016
	Pilbara Underground Power Project Phase 2	30/09/2016
South West Development Commission	Bunbury Marine Facilities – Engineering, Environmental and Planning Studies	30/09/2016
	Ferguson Valley Tourist Route – Upgrade and Sealing of Mungalup Road	30/09/2016
	Margaret River Main Street Redevelopment	30/09/2016
	Transforming Bunbury's Waterfront – Stage 1 2015-16	30/09/2016
University of Western Australia	UWA Pilbara Feasibility year end 30/06/2015	07/10/2016
	UWA Pilbara Feasibility year end 30/06/2016	07/10/2016
WA Country Health Service	Busselton Hospital Redevelopment Project Information and Communications Technology Package	04/10/2016
	Carnarvon Health Campus Redevelopment	30/09/2016
	Derby Community Mental Health Refurbishment (Final acquittal 28/05/2012 – 30/06/2015)	23/05/2016
	Esperance Hospital Redevelopment (Construction Stage 1)	30/09/2016
	Exmouth Multipurpose Service Redevelopment	30/09/2016
	Karratha Health Campus	30/09/2016
	Pilbara Health Partnership – Enhancing Health Services for the Pilbara Region in a Joint Partnership with Industry	04/10/2016
	Regional Health Administrative Accommodation	30/09/2016
	Regional Hospitals – Kalgoorlie	30/09/2016
	Renal Dialysis Service Expansion	04/10/2016
	Southern Inland Health Initiative Capital Works Program (Streams 2A, 3 and 4)	30/09/2016
	Southern Inland Health Initiative – Stream 1, 2B, 5 and 6	30/09/2016
Western Australian Land Authority	Albany Middleton Beach Improvement Plan	26/10/2016
	Batavia Cost Marina Stage 2 Remediation	26/10/2016
	Boondarie Entrance Road Stage 1 Design	26/10/2016
	Broome Road Industrial Area	26/10/2016
	Karratha City Centre Infrastructure Works Project	26/10/2016
	Karratha City Centre Infrastructure Works Project Stage 2A & 2B	26/10/2016
	Karratha City of the North Project	26/10/2016

	Lot 601 – Marine Terrace, Geraldton	26/10/2016
	Newman Town Centre Revitalisation – Stage 3	26/10/2016
	Port Hedland Hospital Site Release for Redevelopment	26/10/2016
	South Hedland Town Centre Revitalisation Stage 2	26/10/2016
	SuperTowns Development Planning Fund – Landcorp for Katanning	26/10/2016
Wheatbelt Development Commission	Avon Water Reuse Project – Regional Natural Resource Management	30/09/2016
New Regional and Statewide Initiatives		
Department for Child Protection and Family Support	Responsible Parenting Services	09/09/2016
Department of Water	Regional Estuaries Initiative	14/10/2016
	Revitalising the Waterways of Geographe Bay	14/10/2016
Administration of the Royalties for Regions Fund		
Department of Treasury	Governance for Royalties for Regions Program	20/09/2016

Glossary

AASB	Australian Accounting Standards Board
Agency	Term used to describe clients audited by the Auditor General, including departments, statutory authorities, corporations, subsidiaries, request audits and cemetery boards.
AG Act	<i>Auditor General Act 2006</i>
ARSF	Annual Report on State Finances
Clear opinion (or unqualified opinion)	Auditor General's opinion expressed when an audit concludes that in all material respects the financial statements, controls and KPIs are presented fairly in accordance with the enabling legislation of the agency, Australian Accounting Standards (including Australian Accounting Interpretations) and the Treasurer's Instructions.
Contract audit	Audit of an agency undertaken by an appropriately qualified individual or firm, on behalf of the Auditor General, appointed under a contract.
Financial audit	Work performed to enable an opinion to be expressed regarding a report about financial or performance matters prepared by the party who is accountable for the financial transactions or the performance summary.
FM Act	<i>Financial Management Act 2006</i>
IS	Information systems, primarily computerised systems
KPI	Key performance indicator – information about critical or material aspects of service performance or outcome achievement.
Management letter	Letter to agency management that conveys significant audit findings and results of the audit. A copy is also sent to the responsible Minister.
Materiality	The characteristic based on the size and/or nature of an omission or misstatement of accounting, performance or compliance information that, in the light of context or circumstances, has the potential to adversely affect the economic decisions of users of the information or the discharge of accountability by senior management.
Matter of Significance	An item of concern in relation to an agency's financial statements or key performance indicators which does not warrant a qualified opinion.
Qualified opinion	Auditor General's opinion expressed when an audit identifies that the financial statements or KPIs are likely to be misleading to users, controls were inadequate, there was material conflict with applicable financial reporting frameworks or a limitation of scope on audit work.
SCI	Statement of Corporate Intent
Significance	Relative importance in the circumstances, in relation to audit objectives, of an item, event or information, or problem the auditor identifies.
TI	Treasurer's Instructions – prescribed requirements for financial administration at a minimum level that have the force of law and must be observed by public sector agencies under the FM Act.
Treasury	Department of Treasury

Index

- Aboriginal Affairs Planning Authority, 41
- Advara Ltd, 45
- Agricultural Produce Commission, 41
- Animal Resources Authority, 41
- Annual Report on State Finances, 33, 35, 41
- Anzac Day Trust, The, 5, 10, 12
- Art Gallery of Western Australia, The Board of the, 35, 40, 41
- Art Gallery of Western Australia, The Board of the, 12
- Botanic Gardens and Parks Authority, 40, 41
- Building and Construction Industry Training Board, 41
- Bunbury Water Corporation, 23, 35, 41
- Burswood Park Board, 41
- Busselton Water Corporation, 23, 35, 40, 41
- C Y O'Connor Institute, 46
- Central Institute of Technology, 46
- Challenger Institute of Technology, 46
- Chemistry Centre (WA), 23, 36, 41
- Child and Adolescent Health Service, 13
- Coal Miners' Welfare Board of Western Australia, 41
- Combat Sports Commission, 41
- Commissioner for Children and Young People, 41
- Commissioner for Equal Opportunity, 41
- Commissioner of Main Roads, 33, 36, 40, 41, 49, 53
- Commonwealth Department of Infrastructure and Transport, 47
- Commonwealth Department of Regional Australia, Local Government, Arts and Sport, 47
- Construction Industry Long Service Leave Payments Board, 40, 42
- Corruption and Crime Commission, 40, 42
- Country High School Hostels Authority, 42, 53
- Country Housing Authority, 42
- Curtin University of Technology, 47
- Delegate of the Queen Elizabeth II Medical Centre Trust, The, 46
- Department for Child Protection and Family Support, 40, 42, 49, 57
- Department of Aboriginal Affairs, 42
- Department of Agriculture and Food, 11, 40, 42, 49, 54
- Department of Commerce, 34, 42, 50, 54
- Department of Corrective Services, 5, 9, 12, 42, 50, 54
- Department of Culture and the Arts, 33, 42, 50
- Department of Education, 32, 42
- Department of Education Services, 42
- Department of Environment Regulation, 5, 10, 35, 42
- Department of Finance, 35, 42, 54
- Department of Fire and Emergency Services, 32, 42
- Department of Fisheries, 12, 42, 50
- Department of Health, 42, 47
- Department of Housing, 14, 42
- Department of Lands, 33, 42, 54
- Department of Local Government and Communities, 42, 49, 50
- Department of Mines and Petroleum, 35, 40, 42
- Department of Parks and Wildlife, 32, 42
- Department of Planning, 42, 54
- Department of Racing, Gaming and Liquor, 36, 42
- Department of Regional Development, 42, 49, 50, 54
- Department of Sport and Recreation, 35, 42, 50
- Department of State Development, 40, 42
- Department of the Attorney General, 32, 34, 42, 50, 54
- Department of the Legislative Assembly, 42
- Department of the Legislative Council, 42
- Department of the Premier and Cabinet, 42, 47, 50
- Department of the Registrar, Western Australian Industrial Relations Commission, 40, 42
- Department of the State Heritage Office, 42
- Department of Training and Workforce Development, 40, 42, 47, 51, 54, 55
- Department of Transport, 43, 47, 51, 55
- Department of Treasury, 27, 28, 43, 57
- Department of Water, 43, 51, 55, 57
- Disability Services Commission, 34, 43
- Durack Institute of Technology, 46
- East Metropolitan Health Service, 13
- Economic Regulation Authority, 9, 40, 43
- Edith Cowan University, 47
- Electricity Generation and Retail Corporation - Synergy, 23, 35, 43, 47
- Electricity Networks Corporation - Western Power, 23, 34, 35, 40, 43
- Electricity Networks Corporation - Western Power, 9
- Family Court of Western Australia, 47
- Fire and Emergency Services Superannuation Board, 43, 47
- Forest Products Commission, 23, 43
- Fremantle Port Authority, 24, 40, 43
- Gaming and Wagering Commission of Western Australia, 43
- Gascoyne Development Commission, 40, 43
- Geraldton Cemetery Board, 46
- Gold Corporation, 23, 34, 35, 40, 43
- Goldfields Institute of Technology, 46
- Goldfields-Esperance Development Commission, 43, 51
- Goldmaster Enterprises Pty Ltd, 43
- Government Employees Superannuation Board, 23, 33, 43
- Governor's Establishment, 43
- Great Southern Development Commission, 43, 51
- Great Southern Institute of Technology, 46
- Health and Disability Services Complaints Office, 43
- Health Support Services, 13
- Heritage Council of Western Australia, 43
- Homeswest Loan Scheme Trust, 43

Horizon Power - Regional Power Corporation, 23, 32, 45, 56
 Housing Authority, 5, 10, 14, 33, 34, 43, 51, 55
 Independent Market Operator, 13, 43
 Insurance Commission of Western Australia, 23, 33, 40, 43
 Keep Australia Beautiful Council (W.A.), 43
 Keystart Bonds Limited, 43
 Keystart Housing Scheme Trust, 43
 Keystart Loans Limited, 43
 Keystart Support Trust, 43
 Kimberley Development Commission, 40, 43
 Kimberley Ports Authority, 24, 33, 40, 43
 Kimberley Training Institute, 46
 Landcare Trust, 14, 43
 Law Reform Commission of Western Australia, 43
 Legal Aid Commission of Western Australia, 40, 43
 Legal Contribution Trust, 32, 43
 Legal Costs Committee, 43
 Legislative Assembly, Department of, 42
 Legislative Council, Department of, 42
 Library Board of Western Australia, 44, 51
 Local Health Authorities Analytical Committee, 44
 Lotteries Commission, 23, 35, 40, 44
 Mental Health Commission, 36, 44, 51
 Metropolitan Cemeteries Board, 40, 44
 Metropolitan Public Hospitals, Minister for Health, 10, 11, 13, 36, 44
 Metropolitan Redevelopment Authority, 34, 40, 44
 Mid West Development Commission, 44, 51, 55
 Mid West Ports Authority, 24, 44
 Minerals Research Institute of Western Australia, 44
 Minister for Health in his capacity as the Deemed Board of the Metropolitan Public Hospitals, 10, 11, 13, 36, 44
 Murdoch University, 48
 National Trust of Australia (W.A.), 44
 North Metropolitan Health Service, 13
 Office of the Director of Public Prosecutions, 44
 Office of the Environmental Protection Authority, 44
 Office of the Government Chief Information Officer, 13, 44
 Office of the Information Commissioner, 44
 Office of the Inspector of Custodial Services, 44
 Parliamentary Commissioner for Administrative Investigations, 40, 44
 Parliamentary Inspector of the Corruption and Crime Commission, 44
 Parliamentary Services Department, 44
 Peel Development Commission, 44, 52
 Perth Market Authority, 13, 44
 Perth Theatre Trust, 40, 44, 52
 Pilbara Development Commission, 44, 52
 Pilbara Institute, 46
 Pilbara Ports Authority, 24, 44
 Police Service, 32, 36, 44, 52, 55
 Polytechnic West, 46
 Port Hedland Port Authority, 56
 Potato Marketing Corporation of Western Australia, 33, 44
 Professional Standards Council, 44
 Public Education Endowment Trust, Trustees of the, 45
 Public Sector Commission, 40, 44, 52
 Public Transport Authority of Western Australia, 33, 34, 44, 56
 Public Trustee, 44
 Quadriplegic Centre Board, 44, 48
 Queen Elizabeth II Medical Centre Trust, 44
 Racing and Wagering Western Australia, 23, 32, 44, 52
 Racing Penalties Appeal Tribunal of Western Australia, 44
 Regional Power Corporation - Horizon Power, 23, 32, 45, 56
 Road Safety Commission, 45
 Rottneest Island Authority, 33, 45
 Rural Business Development Corporation, 45
 School Curriculum and Standards Authority, 45
 ScreenWest Inc, 45
 Small Business Development Corporation, 40, 45, 52
 South Metropolitan Health Service, 13
 South West Development Commission, 5, 10, 12, 45, 52, 56
 South West Institute of Technology, 46
 Southern Ports Authority, 24, 40, 45
 State Emergency Management Committee Secretariat, 45
 State Supply Commission, 14, 45
 Swan Bells Foundation Incorporated, 45
 Synergy - Electricity Generation and Retail Corporation, 23, 35, 43, 47
 Tertiary Institutions Service Centre (Inc), 46
 University of Western Australia, 48, 56
 UWA Sport Pty Ltd, 45
 Vinalco Energy Pty Ltd, 43
 Vinalco Energy Trust, 43
 WA Country Health Service, 11, 36, 45, 52, 56
 Water Corporation, 23, 33, 35, 40, 45
 West Coast Institute of Training, 46
 Western Australian Agriculture Authority, 11
 Western Australian Building Management Authority, 14, 45
 Western Australian Coastal Shipping Commission, 45
 Western Australian Electoral Commission, 40, 45, 48
 Western Australian Energy Disputes Arbitrator, 45
 Western Australian Greyhound Racing Association, 11, 45
 Western Australian Health Promotion Foundation, 45
 Western Australian Industrial Relations Commission, 42
 Western Australian Institute of Sport, 45
 Western Australian Land Authority, 23, 35, 40, 45, 49, 56
 Western Australian Land Information Authority, 23, 40, 45, 53
 Western Australian Meat Industry Authority, 45
 Western Australian Museum, 40, 45
 Western Australian Planning Commission, 45

Western Australian Sports Centre Trust, 34, 40, 45
Western Australian Tourism Commission, 40, 45, 53
Western Australian Treasury Corporation, 23, 34,
40, 45
Western Power - Electricity Networks Corporation,
9, 23, 34, 35, 40, 43
Wheatbelt Development Commission, 40, 45, 53, 57
WorkCover Western Australia Authority, 40, 46
Zoological Parks Authority, 40, 46

Auditor General's Reports

Report number	Reports	Date tabled
23	Western Australian Waste Strategy: Rethinking Waste	19 October 2016
22	Opinion on Ministerial Notification	13 October 2016
21	Opinion on Ministerial Notification	6 October 2016
20	Ord-East Kimberley Development	7 September 2016
19	Information and Communication Technology (ICT) in Education	17 August 2016
18	Opinions on Ministerial Notifications	11 August 2016
17	Financial and Performance Information in Annual Reports	21 July 2016
16	Grant Administration	7 July 2016
15	Management of Feedback from Public Trustee Represented Persons	30 June 2016
14	Management of Marine Parks and Reserves	30 June 2016
13	Maintaining the State Road Network – Follow-on Audit	29 June 2016
12	Regulation of Builders and Building Surveyors	22 June 2016
11	Information Systems Audit Report	22 June 2016
10	Opinions on Ministerial Notification	8 June 2016
9	Payment of Construction Subcontractors – Perth Children's Hospital	8 June 2016
8	Delivering Services Online	25 May 2016
7	Fitting and Maintaining Safety Devices in Public Housing – Follow-up	11 May 2016
6	Audit of Payroll and other Expenditure using Data Analytic Procedures	10 May 2016
5	Audit Results Report – Annual 2015 Financial Audits – Universities and state training providers – Other audits completed since 1 November 2015; and Opinion on Ministerial Notification	10 May 2016
4	Land Asset Sales Program	6 April 2016
3	Management of Government Concessions	16 March 2016
2	Consumable Stock Management in Hospitals	24 February 2016
1	Supplementary report Health Department's Procurement and Management of its Centralised Computing Services Contract	8 June 2016 17 February 2016

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