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Annual audit results and focus area audits show room for improvement

The Auditor General tabled the annual Audit Results Report in Parliament today as well as a report focused on 4 areas of common business practice and related controls.

Auditor General Colin Murphy said the *Audit Results Report – Annual 2016-17 Financial Audits* provides a summary of 158 audits completed for the 2016-17 financial year.

Mr Murphy said it was pleasing that the vast majority of agencies received clear audit opinions on their financial statements, controls and key performance indicators.

‘Unfortunately there were increases in agencies receiving qualified audit opinions (9 up from 7 last year), reported key performance issues (43 up from 31 last year) and financial management control weaknesses (453 up from 414 last year).

‘The increase in financial control weaknesses is a reversal of the downward trend we had seen in recent years and disappointingly 29% of the weaknesses at 29 agencies were unresolved from previous years.

‘On a positive note the number of weaknesses rated as significant has dropped to the lowest number in 5 years,’ Mr Murphy said.

The report also includes information and ratios relating to State finances as well as a brief description of some of the more significant financial transactions that occurred in 2016-17.

Mr Murphy again urged the government to consider reducing the reporting burden on the more than 60 smaller agencies that account for only 1% of total government operating expenditure.

‘Changes could be made to simplify financial reporting by these small agencies that would not in any way compromise the reporting of useful information,’ Mr Murphy said.

The *Financial Controls – Focus Area Audits 2016-17* is an extension of our 2016-17 annual financial audits and looked at contract registers, internal audit, financial delegations and portable and attractive assets, covering 57 agencies.

Mr Murphy said there is room for improvement in all 4 areas, especially ensuring the required key information is in contract registers and is correct, staff approving accounting journal entries have the correct delegated authority and controls over recording and tracking portable and attractive assets.

The report provides recommendations which will assist agencies with improving policies and practices and is an insight to good practice for all agencies, not just those audited, so they can consider their own performance.

The 2 reports are available on the Office of the Auditor General website at www.audit.wa.gov.au

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