

Western Australian Auditor General's Report



Audit Results Report - Annual 2016-17 Financial Audits



Report 21: November 2017

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WESTERN AUSTRALIAN AUDITOR GENERAL'S REPORT

Audit Results Report - Annual 2016-17 Financial Audits



**THE PRESIDENT
LEGISLATIVE COUNCIL**

**THE SPEAKER
LEGISLATIVE ASSEMBLY**

AUDIT RESULTS REPORT – ANNUAL 2016-17 FINANCIAL AUDITS

This report under section 24 of the *Auditor General Act 2006* (AG Act) covers 2016-17 financial audit activity to 1 November 2017 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 2017
- 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 2016-17 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.

COLIN MURPHY
AUDITOR GENERAL
7 November 2017

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Auditor General's overview

This report summarises the results of the annual audits of agencies, for the year ending 30 June 2017.

It is pleasing to note that the timeliness of agency reporting processes continues to improve and the vast majority of agencies received clear audit opinions across all 3 aspects of their financial statements, controls and key performance indicators (KPIs). Unfortunately, this year there was a slight increase in the number of agencies receiving qualified audit opinions, from 7 in 2016 to 9 this year. We also reported slightly more financial control weaknesses to management for corrective action, a reversal of the improving trend in recent years.

We also reported 43 KPI issues, up from 31 the previous year. Several agencies again experienced difficulty collecting reliable data for measuring their performance, and for this reason 3 agencies decided not to report some of the KPIs they were required to report.

The report also includes commentary on a number of accounting and auditing changes that were implemented this year. Most agencies were required for the first time to disclose any material transactions with related parties in the financial report. Related parties in a public sector context include key management personnel of the agency, Ministers, and their close family members. We have recommended that Treasury assist agencies to improve data collection processes for this purpose.

We have also reported on the generally successful first audits of the new metropolitan health services.

To improve the communication value of auditor's reports we have included Key Audit Matters in our auditor's reports of 15 agencies listed in this report. These matters provide greater transparency about the audit that was performed.

In looking forward, the report also includes a summary of changes to accounting standards that are not yet applicable, but will impact many agencies in the near future. It is pleasing to note that Treasury has commenced assisting agencies to prepare for these changes.

Consistent with recent practice, we have included brief details of selected significant agency transactions that we noted during our audits as well as selected key financial ratios and information commonly used for assessing financial health and performance. We have also supplemented the information contained in the Annual Report on State Finances with other high level information that some readers might find useful.

I have also highlighted my view, expressed in several previous reports to Parliament, that there are benefits and savings in reducing the reporting burden on the 60 smaller agencies that account for only 1% of total government operating expenditure.



Executive Summary

This Audit Results Report contains the findings primarily from the annual financial audits of agencies with a 30 June 2017 reporting date.

At 1 November 2017, we had completed audits and issued audit opinions for 49 departments, 83 statutory authorities, 13 corporations and 13 other audits.

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 materially 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 8 and Appendix 1, page 42)

- We issued audit opinions for 158 agencies by 1 November 2017 relating to the 2016-17 financial year, and 184 certification opinions.
- We issued qualified audit opinions to 9 agencies for reasons of inaccuracies or deficiencies in their financial statements or KPIs or due to control weaknesses. These agencies were: (Page 9)
 - Animal Resources Authority
 - Child and Adolescent Health Service (CAHS)
 - Department of Corrective Services
 - Department of Environment Regulation
 - Department of Fire and Emergency Services
 - Department of Lands
 - Fire and Emergency Services Superannuation Board
 - Health Support Services
 - Western Australian Greyhound Racing Association.
- Matter of Significance paragraphs were included with the audit opinions of the Department of Agriculture and Food, the 4 metropolitan health services 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 19)

- Processes for managing related party disclosures require improvement to reduce reporting and auditing costs. (Page 19)
- Our first annual audits of the new health section agencies found that key financial reporting and control aspects of the transition were satisfactorily implemented. (Page 21)
- Tabling of annual Statements of Corporate Intent (SCI) long after the commencement of the financial year to which they relate continues. Although the delay this year was

due in part to a later State budget, it remains a concern that currently, nearly 2 months after the budget, 19 SCIs for 2017-18 are yet to be tabled and one SCI for 2016-17 remains outstanding and therefore not available for scrutiny by the Parliament.

(Page 23)

- We continue to support reducing financial reporting requirements for over 60 small agencies that together spend just 1% of State funds. (Page 26)

Annual Report on State Finances

(Page 28)

- The Treasurer released the Annual Report on State Finances (ARSF) on 22 September 2017. In this Audit Results Report, we have supplemented the information contained in the ARSF with related information that some readers may find useful.

- Public sector annual and long service leave liability decreased again this year.

(Page 32)

Selected significant financial transactions and financial ratios

(Page 33)

- We have summarised 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 13)

- We identified 453 financial management control weaknesses and reported them to agencies in 2016-17, up from 414 in the previous year. The number of significant issues decreased from 43 to 36 and the proportion of unresolved issues also decreased slightly from 31% to 29%. (Page 14)

- We identified 425 information system control weaknesses and reported them to agencies in 2016-17, of which 35% 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 17)

- We reported 43 KPI weaknesses to agencies in 2016-17, a higher number than last year. Data collection processes and data integrity were the main areas for improvement identified during our KPI audits. (Page 18)

Quality and timeliness of reporting

(Page 39)

- Most agencies prepared satisfactory quality financial statements and KPIs for 2016-17, however some still need to significantly reduce the number of errors in their statements. (Page 39)
- We have acknowledged the top 40 'best practice' agencies for timeliness in their financial reporting, good financial controls and reporting practices. (Page 40)

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 17)
2. All agencies should periodically review their KPIs to ensure they remain relevant, appropriate and fairly present performance against realistic targets.

(Page 18)
3. To minimise the risks of non-disclosure and the costs of financial statement preparation and audit, Treasury should continue to assist agencies in identifying and disclosing related party transactions, including consideration of a process for Ministers' declarations.

(Page 20)
4. Treasury should continue 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)
5. 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 26)
6. Agencies should make timely preparations for implementation of the accounting standards changes announced by the Australian Accounting Standards Board.

(Page 27)
7. 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 32)

Audit opinions

- We issued audit opinions for 158 agencies by 1 November 2017 relating to the 2016-17 financial year, and 184 certification opinions.
- Nine agencies received qualified audit opinions and 6 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 2017, we had issued audit opinions for 158 agencies, primarily with financial periods ending on 30 June 2017. Appendix 1, commencing on page 42, is a table of all the audit opinions issued since 1 May 2017.

Audit opinion issued on	Type of agency	Number
Financial statements, controls and KPIs	Departments	49
	Statutory authorities	83
Financial statements only	Annual Report on State Finances	1
	Corporatised entities	13
	Subsidiary entities	10
	Cemetery boards	0
	Request audits	2
TOTAL NUMBER OF AUDIT OPINIONS ISSUED		158

Table 1: Number and type of audit opinions issued between 1 May 2017 and 1 November 2017

Agencies subject to the FM Act are required to table their annual reports, including our audit opinions, by 28 September each year, being within 90 days of financial year end. This year however, annual reports needed to be tabled by 14 September, the last tabling date before an earlier than usual parliamentary recess. Working with agencies, we issued 113 audit opinions for FM Act agencies by 12 September, compared to 100 by the same date last year, thereby helping them to meet the tighter tabling deadline.

For agencies unable to achieve the earlier tabling deadline, the Treasurer informed the Parliament that the FM Act did not accommodate tabling of annual reports during parliamentary recess, and that those annual reports would be tabled after Parliament resumed in October. To minimise similar tabling delays in future, Treasury is considering recommending amendment of the FM Act to enable deemed tabling of annual reports when Parliament is not sitting.

Other audit services

In addition to agency opinions, we also issued 184 certifications.

Appendix 2 (page 48) 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. The certifications for 165 Royalties for Regions program grants issued up to 1 November 2017 are listed in Appendix 3 (page 50).

An agreed upon procedures engagement for the regulatory financial statements of the Electricity Networks Corporation (Western Power) for the year ended 30 June 2017 was also completed. This report was prepared for submission to the Economic Regulation Authority.

Qualified opinions – agencies

We 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.

Nine agencies received qualified opinions:

Animal Resources Authority Qualified opinion on controls

We issued the Authority with a qualified opinion as controls over employee salary payments were not adequate. Supervisors approving timesheets could modify the employee's pay by changing the hours worked, or the rates to apply. In addition, there was no independent review of these changes and no other monitoring procedures were performed by the Authority's management.

Child and Adolescent Health Service (CAHS) Qualified opinion on controls

Controls over billing for medical practitioners' treatment of private and overseas patients were deficient. This meant that CAHS 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 Support Services, to enable the invoicing of private patients.

Department of Corrective Services Qualified opinion on KPIs

We issued the Department with a qualified opinion on its key effectiveness indicator 'Average Out of Cell Hours – Adult'. Most of the Department's correctional facilities did not record the actual time spent by prisoners outside their cell. Instead, the KPI was based on the standard out of cell hours at these facilities, with no adjustments made for instances where there were restrictions on out of cell hours. We were therefore unable to obtain sufficient appropriate audit evidence to support the hours used to calculate the KPI.

Department of Environment Regulation

Qualified opinion on KPIs

The opinion on KPIs was qualified, as effectiveness measures for the outcome 'Emissions, discharges and clearing of native vegetation are effectively regulated to avoid unacceptable risks to public health and the environment' did not adequately measure the extent to which the outcome was achieved.

Department of Fire and Emergency Services

Qualified opinion on KPIs

We issued the Department with a qualified opinion on its KPIs as it did not comply with the requirement to report results for all KPIs approved by the Under Treasurer.

The Department's approved key efficiency indicator 'Average cost per Fire and Emergency Service Response Guides reviewed' was not reported as the Department is still developing a system to accurately and completely capture the time spent reviewing guides at all sites.

Department of Lands

Qualified opinions on controls and KPIs

We issued the Department with two qualified opinions.

The opinion on controls was qualified because controls over expenditure payments were inadequate as payee and payment details could be modified without detection. Further, there was no segregation of duties between officers processing and approving payments, and changes to supplier details in the finance system were not monitored. Consequently, some staff could incur and certify payments as well as amend supplier details. In addition, the Department did not update its incurring and certifying officer register when it rolled out of a shared service arrangement. This meant that between July 2016 and May 2017 many payments were either incurred or certified by officers who did not have management approved delegation.

The qualified opinion on KPIs related to two issues. The Department's key effectiveness indicator 'Sale Price of Crown Land Sold' for Outcome 2 'Optimise the Value of the State's Lands Assets' is not relevant and it does not adequately measure the extent to which the outcome was achieved.

The KPI opinion was also qualified because the key efficiency indicator 'State-owned Land Sold Against the Cost of Sale Preparation' was not reported. The Department was unable to reliably measure this performance and elected not to report the KPI for 2016-17.

Fire and Emergency Services Superannuation Board

Compliance with relevant legislation

We issued a qualified opinion on the Fire and Emergency Services Superannuation Fund's compliance with section 1017DA(3) of the *Corporations Act 2001* and Regulation 7.9.37 of the Corporations Regulations 2001 because the Fund did not comply with the requirement to disclose the following information to members annually:

- a description of the Fund's reserves management strategy
- details of movements in the Fund's reserves for the past 3 years.

Health Support Services (HSS)

Qualified opinion on controls

We issued a qualified opinion to HSS because there were weaknesses in their general computer controls which could result in inappropriate and unauthorised access to HSS's financial systems.

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

In 2016-17 the Association reported grants from Racing and Wagering Western Australia totalling \$884,058 for the building of a new race track, as Non-Current Liabilities – Payable. In prior years, grants totalling \$13,436,898 were also reported as Non-Current Liabilities – Payable. This was 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 2016-17 were understated by \$884,058, while Payables were overstated and Retained Earnings understated by \$14,320,956. 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'. We therefore issued a qualified opinion as the Association did not report results for all KPIs approved by the Under Treasurer.

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>
Child and Adolescent Health Service, East Metropolitan Health Service, North Metropolitan Health Service, South Metropolitan Health Service and WA Country Health Service	<p>Our audit opinions highlighted that the 4 metropolitan health services and WA Country Health Service have approval to not report emergency waiting times as an audited KPI for the following reason:</p> <p>The Under Treasurer granted approval to not report as an audited KPI 'Percentage of Emergency Department patients seen within recommended time'. 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>

Table 2: Matter of Significance comments included with audit opinions

Prior year qualified opinions removed in 2016-17

The following qualifications were removed:

Department of Corrective Services – qualified opinions on controls

Our audit work identified significant improvements in the process for identifying and recording assets. This included recording balances for inventory and biological assets, and performing asset stocktakes. We considered controls were generally adequate and it was not necessary to continue the qualification of controls over assets.

Similarly, the Department has significantly reduced the number and amount of goods purchased from suppliers other than those on government common use arrangements or from suppliers other than those approved by departmental management. Although we identified some instances where decisions to purchase from non-approved suppliers had not been justified, these were not considered material. The qualification of controls over purchasing of goods and services was therefore removed.

Housing Authority – opinion on controls

The Authority has resolved the control inadequacies relating to maintenance contractor payments for work orders and also implemented appropriate segregation of duties for the incurring and certifying of payments for these works. These improvements enabled the issuing of an unqualified opinion for 2016-17.

South West Development Commission – opinion on controls

The Commission used Royalties for Regions sub-project funds temporarily on another sub-project in 2015-16. No restricted funds were used for operational purposes in 2016-17, therefore an unqualified opinion was issued.

2016-17 financial statement audits not undertaken

Three agencies were not audited for the 2016-17 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 dispensed with the audits after consultation with the Treasurer.

Agency	Reason why audits were not undertaken
1. 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.
2. 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.
3. 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: 2016-17 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.

If these agencies are not abolished during 2017-18, we will perform an audit for 2017-18, as required by section 14(5) of the AG Act.

Management issues

- We identified 453 financial management control weaknesses and reported them to agencies in 2016-17, up from 414 in the previous year. The number of significant issues decreased from 43 to 36 and the proportion of unresolved issues also decreased slightly from 31% to 29%.
- We identified 425 information system control weaknesses and reported them to agencies in 2016-17 of which 35% 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 43 KPI weaknesses to agencies in 2016-17, a higher number than last year. Data collection processes and data integrity 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.

Risk category	Impact
	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. At the completion of each audit, we send a copy of our management letter to the responsible Minister along with the audit opinion.

When management responds to control weaknesses we report to them, we request them to set a time frame for remedial action to be completed. Most agencies set themselves challenging timeframes for remedial action, and generally meet those timeframes. It is however disappointing that some agencies do not remedy control weaknesses in a timely manner – this year, 29% of our financial control findings and 35% of information system control findings were unresolved findings from the previous year.

While our 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 2016-17.

Financial and management controls

During 2016-17, 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 453 control weaknesses to management at agencies. This was higher than the 414 reported in the previous year. The number of issues we rated as significant decreased from 43 to 36, which is the lowest number in 5 years. (Figure 1).

However, it was disappointing to note that 132 control weaknesses (29%) at 29 agencies were unresolved from the prior year.

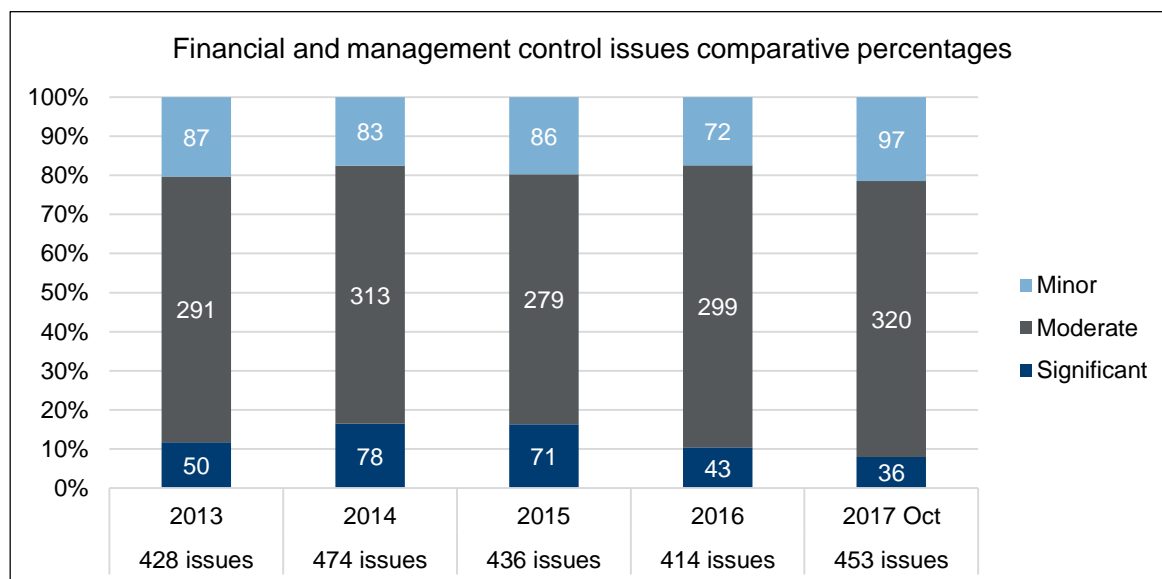


Figure 1: Ratings of financial and management control weaknesses reported to agencies – by number and percentage

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

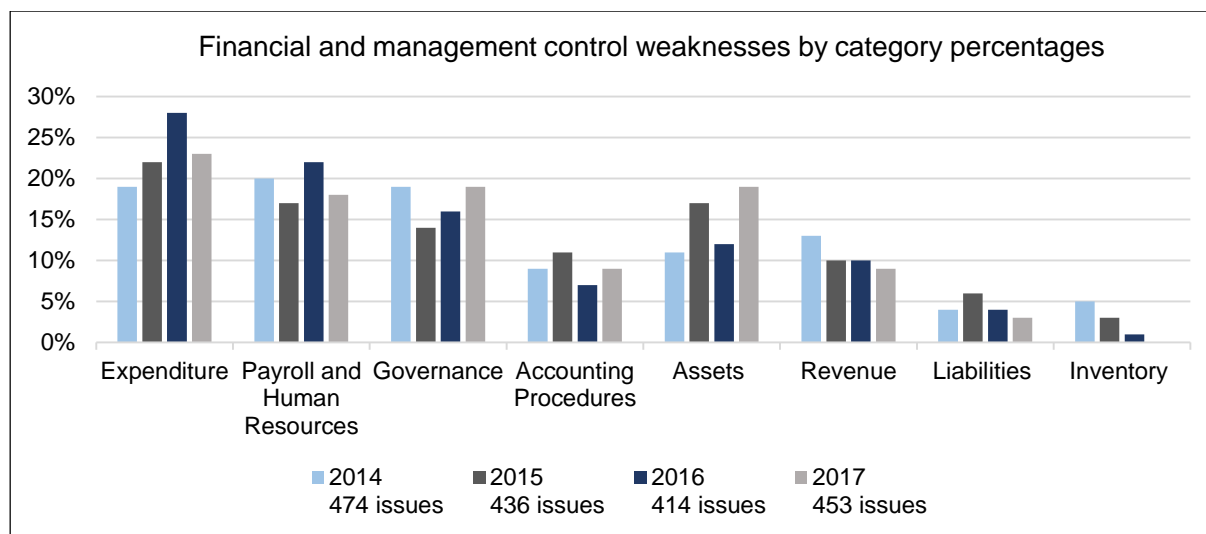


Figure 2: Financial and management control weaknesses for last 4 years

The four main areas of control weaknesses are expenditure, assets, payroll and human resources, and governance.

Following are examples of control weaknesses:

Expenditure

We reported 104 expenditure control weaknesses to 34 agencies in 2016-17. Sixteen were rated as significant and 38 weaknesses were unresolved from the prior year.

Findings related to purchasing cards included:

- payment acquittal procedures not completed in a timely manner. Delays resulted from late submitting of support for all transactions. In addition, reviewers authorised payments without checking that the expenditure was for business purposes or within the officer's authorised limit.
- purchasing cards were sometimes not collected from staff prior to them leaving the agency, and cards were not cancelled promptly with the bank. In some instances, this may have been avoided if the agency procedures included completing a termination checklist prior to each employee ceasing employment. Some agencies also did not prepare purchasing card usage reports for management to review the volume and value of transactions, or for assessing compliance with transaction approval limits.
- specific policies and procedures were not documented or, where documented, not clearly understood by staff such as use of purchasing cards for transactions through PayPal, for personal use and hospitality.

Other types of expenditure weaknesses we identified included:

- Contract registers did not always record full and accurate information of the contracts signed by the agency or the details recorded were not up to date.
- Nine agencies were not complying with various incurring and certifying requirements of the Treasurer's Instructions when approving payments. These included registers of incurring and certifying officers not kept up to date, officers incurring or certifying expenses beyond their approved limits or approving 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.

Assets

We reported 88 asset management weaknesses to 26 agencies. Six rated as significant and 17 were unresolved from the previous year. These included:

- fixed asset or portable and attractive asset registers at 18 agencies were not up to date or did not contain complete and accurate information. In some agencies the assets did not have asset identification tags.
- stocktakes were not regularly conducted or were not finalised to confirm the existence of the assets.

Payroll and Human Resources

Eighty-two payroll and human resource control weaknesses were reported to 40 agencies. Five rated as significant and 37, over 45%, 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:

- Terminations at 13 agencies did not routinely include completing termination checklists. Advice of new starters and their employment contracts as well as the finishing dates of terminated employees were also not promptly sent to payroll processing staff. Routine use of a termination checklists ensures that outgoing employees return all agency property, attractive assets, purchasing cards and security passes.
- Employee leave applications were not promptly approved and submitted for recording on each employee's personal records at 13 agencies. Prompt review and action is needed to ensure that staff only take leave to which they are entitled. At 13 agencies we reported that timesheets were not being prepared, signed or approved. Reconciliation of leave taken as recorded on approved timesheets with approved leave forms assists in maintaining accurate leave records for each staff members. This helps ensure correct leave entitlements for financial reporting purposes, or when an employee's employment ceases.
- Cost centre managers' review and sign off of their business unit's payroll report at 11 agencies were not timely or was not evidenced. While these managers are not expected to identify every detailed error in the payroll, they are better 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.

Governance

We reported 85 governance and legal compliance issues to 43 agencies. Eighteen were unresolved from the previous year.

- Thirteen agencies did not have up to date policies and procedures relating to agency operations. Documentation of the agency's current policies, processes and procedures provides continuity for staff employed in the business operations as well as formal guidance to management and staff of business risks and priorities, and their related responsibilities.
- Internal audit weaknesses were reported to 13 agencies. Issues included there being no assessment of internal audit's performance, and their recommendations not being reviewed by management or actioned by business units in a timely manner.

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. management periodically reviewing reports prepared by the internal audit team on aspects of agency compliance and operations
- e. set realistic time targets for addressing control weaknesses brought to their attention by our audits.

Information systems controls

Information systems 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 2016-17, 425 weaknesses across 37 agencies were identified. Last year, we reported 337 findings at 34 agencies. Three percent of the issues were rated as significant and 66% were rated as moderate requiring action as soon as possible. The other 31% were rated as minor.

Figure 3 shows the percentage of total findings made against our six categories of control risk. Eighty-one per cent of the weaknesses we identified related to IT operations (52%) and information security (29%). These two categories accounted for 72% of the findings last year. IT Operations findings increased this year by 5% while there was a 3% reduction in business continuity and 2% decrease in change management findings. The distribution of findings in the other control categories was similar to last year. We continue to find that many of these weaknesses are relatively simple to fix, and if not resolved they leave agencies potentially vulnerable to significant disruption and costs.

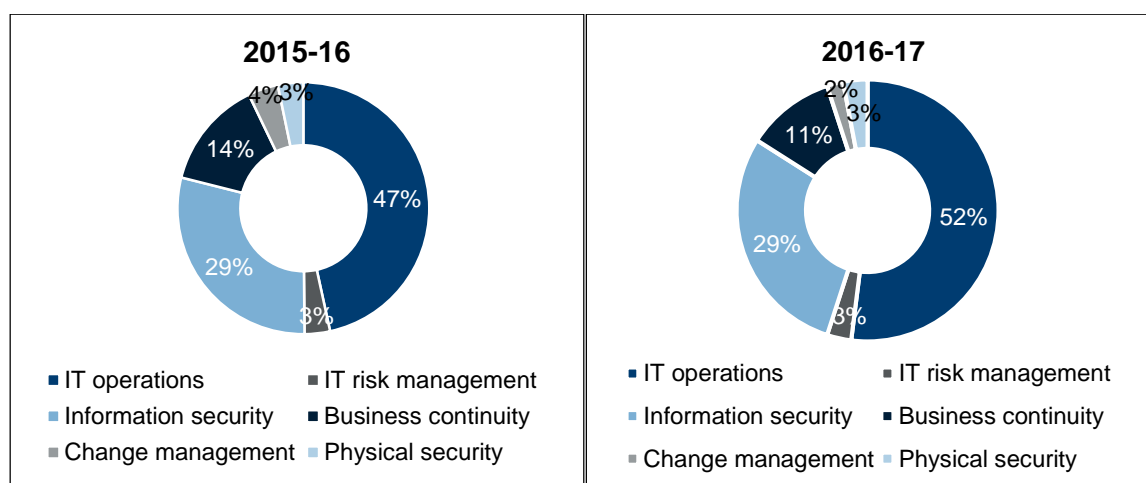


Figure 3: IS control issues by category for last two years

A more detailed report on the results of our information system audits is planned for the second quarter of 2018. The report will consolidate the results of audits of agencies with a 30 June 2017 reporting date and upcoming work on agencies with a 31 December 2017 reporting date.

Key performance indicators

As shown in Table 5, in 2016-17 we reported significantly more KPI weaknesses to management. There was also an increase in the number of qualified audit opinions.

Almost all of the 43 weaknesses needed prompt or urgent attention by agencies.

KPI shortcomings and qualifications	2013-14	2014-15	2015-16	2016-17
Number of agencies with KPI weaknesses	29	24	20	20
Number of KPI weaknesses reported	38	32	31	43
Number of KPI weaknesses rated as significant	10	12	15	20
Number of agencies with qualified KPI opinions	3	1	2	5

Table 5: Summary of KPI weaknesses reported to agencies

Figure 4 shows that data collection and integrity are the key areas needing improvement.

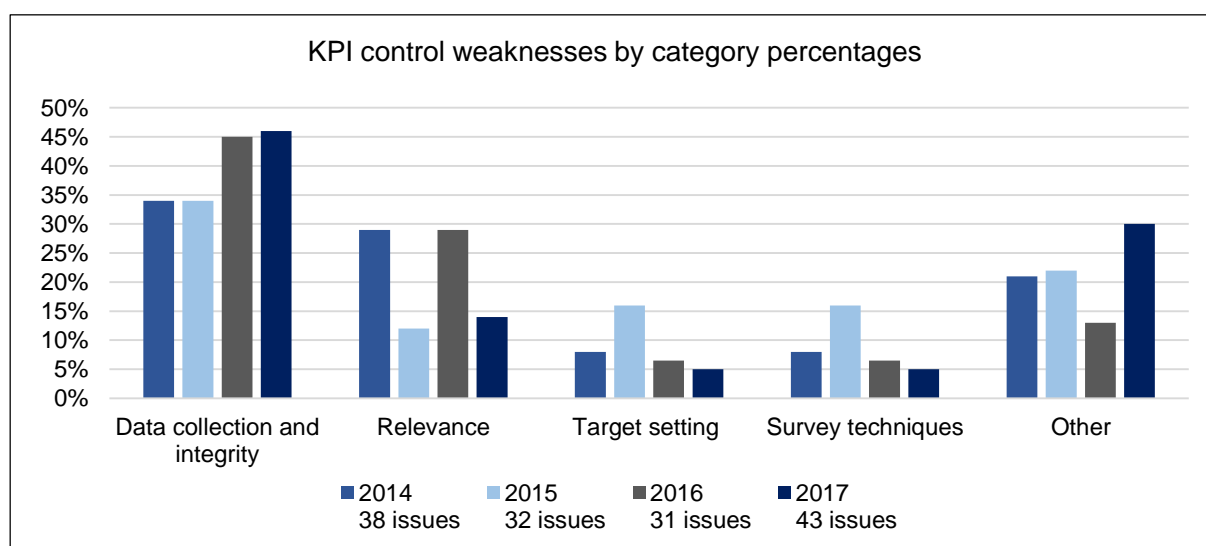


Figure 4: KPI control weaknesses for last 4 years

We reported 20 control weaknesses relating to data collection and integrity to 11 agencies. Seven rated as significant. The weaknesses included:

- incomplete records
- data used for calculating KPIs was inconsistent with supporting records
- some data was not accurate or not easily auditable, especially where collected by third parties.

All data recorded by agencies needs to be accurate, reliable and verifiable in order to measure and report the agency's achievement of their outcomes.

Recommendation

Agencies should periodically review their KPIs to ensure that they are calculated from reliable and complete data and remain relevant, appropriate and fairly present performance against realistic targets.

Other financial reporting, accountability and audit issues

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

- related party disclosures
- reporting key audit matters in auditor's reports
- new metropolitan health service entities – first year financial and KPI reporting
- creation, amalgamation and dissolution of agencies
- continued late tabling of Statements of Corporate Intent
- reducing the cost of financial reporting for small agencies
- impact of the new superannuation standard
- future impact of changes to accounting standards.

Related party disclosures

Processes for managing related party disclosures require improvement to reduce reporting and auditing costs

From 2016-17, Australian Accounting Standard AASB 124 *Related Party Disclosures* requires not-for-profit public sector entities to disclose material transactions with related parties in the notes to the financial statements. The objective of the standard is to draw attention to the possibility that the financial position and profit or loss may have been affected by related party transactions, or by outstanding balances with related parties.

Related parties in a public sector context include other government entities, key management personnel (KMPs) of the reporting agency and Ministers, their close family members, and entities controlled or jointly controlled by any of them.

Citizen transactions, where KMPs or their close family members or their related entities are interacting with a public sector entity under the same terms and conditions as a public citizen, are not required to be disclosed. Examples include motor vehicle registration, electricity or water charges.

For FM Act agencies, Treasurer's Instruction 924 *Related Party Disclosures* requires senior officers of the agency to complete a data collection form. This is a declaration to agency management, of any business transactions above \$50,000, or other sensitive transactions between the officer or their close family members or their related entities, and the agency. These declarations assisted chief finance officers (CFOs) when preparing the financial statements.

However, similar declarations were not obtained for Ministers for 2016-17. CFOs were able to obtain some information from the Register of Members' Financial Interests that is available on Parliament's website. However, as the register was not established to address the requirements of AASB 124, agencies and our audit teams performed additional testing to gain assurance that related party transactions, if any, were identified and if material, were disclosed. The risk remains however that despite agencies' best efforts, these may be insufficient to trace all related parties and transactions.

Recommendation

To minimise the risks of non-disclosure and the costs of financial statement preparation and audit, Treasury should continue to assist agencies in identifying and disclosing related party transactions, including consideration of a process for Ministers' declarations.

Reporting Key Audit Matters in auditor's reports

Australian Auditing Standard ASA 701 – *Communicating Key Audit Matters in the Independent Auditor's Report* aims to improve the communication value of auditor's reports by providing greater transparency about the audit that was performed. Key audit matters are those matters that, in the auditor's professional judgement, were of most significance in the audit of the financial statements.

Although the new standard is only mandatory for audits of listed entities, the Australian Auditing and Assurance Standards Board has indicated it may, in its post implementation review, consider extension to non-listed entities, which could include the public sector.

After trial reporting of key audit matters in unpublished auditor's reports for a sample of entities in 2016, we have reported a small number of key audit matters in our auditor's reports for the following entities for the year ended 30 June 2017:

- Commissioner of Main Roads
- Department for Child Protection and Family Support
- Department of Commerce
- Department of Education
- Department of Local Government and Communities
- Department of Parks and Wildlife
- Department of Transport
- Department of Treasury
- Fremantle Port Authority
- Housing Authority
- Public Trustee
- Racing and Wagering Western Australia
- Western Australian Land Information Authority (Landgate)
- Western Australian Planning Commission
- Western Australian Treasury Corporation

It is important to note that by reporting these key audit matters, we do not provide a separate opinion on them.

New metropolitan health service entities – first year financial and KPI reporting

Following proclamation of the *Health Services Act 2016*, the Metropolitan Health Service was replaced by the following 5 agencies from 1 July 2016:

- Child and Adolescent Health Service
- East Metropolitan Health Service
- North Metropolitan Health Service (NMHS)
- South Metropolitan Health Service
- Health Support Services (HSS).

There were numerous challenges associated with the restructure for agency management and for our audits. The following were the key audit risk areas that required our specific attention during the first annual audits of the new agencies:

- Complete and accurate disaggregation of financial balances of the former Metropolitan Health Service and take-up by the new agencies at 1 July 2016
- Appropriate accounting policies
- Confirmation that key controls were operating effectively
- Appropriate management approved delegations.

In addition, the 'Elective Surgery Waiting Times' KPI was reported for 2016-17 following implementation of a national definition for this indicator. As an audited KPI for elective surgery waiting times had not been reported by WA health agencies for several years, we assessed the risk that relevant systems may not provide reliable data.

Overall our first annual audits of the new agencies found that these risks had been adequately addressed, and that other key financial reporting and control aspects of the transition had been satisfactorily implemented.

However, the following 2 issues that we identified during our audits will require action for 2017-18:

- As mentioned on page 10, we issued a qualified opinion on controls at Health Support Services as there were weaknesses in general computer controls which could result in inappropriate or unauthorised access to HSS's financial systems. HSS has advised that these weaknesses are being addressed. It is important that HSS keeps the health services informed of progress.
- PathWest is part of North Metropolitan Health Service and provides services to the other health services, who pay PathWest for some of the pathology testing services. However other services totalling \$88 million were provided free of charge in 2016-17. Although provided free of charge, the cost of these services is required to be reported in the financial statements of NMHS and the agencies that receive the services.
- Agreements between NMHS and the other health services did not adequately specify the method for determining the value of these services. As a consequence, when financial statements were prepared after year end, disagreements arose between NMHS and the other health services regarding the values to be reported. This situation made it difficult to confirm the reliability of the amounts reported in the financial statements, however we concluded that they were not materially misstated.

NMHS has advised that formal agreements are now being negotiated with the other health services to ensure reliable measurement and recording in 2017-18 of resources received and provided free of charge.

Creation, amalgamation and dissolution of agencies

The 2017 Machinery of Government changes gazetted on 28 June 2017 resulted in numerous departments being abolished as separate agencies under the FM Act and amalgamated into newly formed departments on 1 July 2017. It was also announced that staff resources of several statutory authorities would be transferred to these new departments. At November 2017, these statutory authorities continue as operational entities under their existing legislation and as reporting agencies under the FM Act.

We performed final audits at 30 June 2017 for the departments marked † in the table below. The other agencies remain in operation, and as separate reporting entities under the FM Act, but have been aligned with the new departments as shown:

New agencies from 1 July 2017	Agency names at 30 June 2017
Department of Biodiversity, Conservation and Attractions	Department of Parks and Wildlife † Botanic Gardens and Parks Authority Rottnest Island Authority Zoological Parks Authority
Department of Communities	Department for Child Protection and Family Support † Department of Housing † Department of Local Government and Communities † Disability Services Commission Housing Authority
Department of Education	Department of Education † Department of Education Services † School Curriculum and Standards Authority
Department of Jobs, Tourism, Science and Innovation	Department of Commerce † Department of State Development † Western Australian Tourism Commission
Department of Justice	Department of the Attorney General † Department of Corrective Services †
Department of Local Government, Sport and Cultural Industries	Department of Culture and the Arts † Department of Local Government and Communities † Department for Racing, Gaming and Liquor † Department for Sport and Recreation †
Department of Mines, Industry Regulation and Safety	Department of Commerce † Department of Mines and Petroleum †
Department of Primary Industries and Regional Development	Department of Agriculture and Food † Department of Fisheries † Department of Regional Development † Nine Regional Development Commissions
Department of Planning, Lands and Heritage	Department of Aboriginal Affairs † Department of Lands † Department of Planning † Department of the State Heritage Office †
Department of Water and Environmental Regulations	Department of Environment Regulation † Department of Water † Office of the Environmental Protection Authority †
Police Service	Police Service Road Safety Commission †

Source: Government Gazette

Table 6: 2017 Machinery of Government changes to departments and statutory authorities

Looking forward, our 2017-18 audits of the new departments will include assessment of the relevance of their KPIs, testing of the completeness and accuracy of transfer of assets, liabilities, and contracts, and review of the new financial control processes.

Unless legislative changes are made during 2017-18 for the statutory authorities, we anticipate performing statutory annual audits for the year ending 30 June 2018.

Other agency structure changes

ScreenWest Inc was removed from Schedule 1 of the FM Act to become a non-government entity on 17 July 2017.

Continued late tabling of Statements of Corporate Intent

Relevant entities are continuing to table their annual Statements of Corporate Intent (SCI) after the beginning of the financial year to which they relate. This year the delay in tabling these important budgetary documents was mainly due to the later State budget. The delay allowed entities and Treasury to ensure SCIs were consistent with the forward estimates and budget deliberations.

However, it remains a concern that currently, nearly 2 months after the budget, 19 SCIs for 2017-18 are yet to be tabled and are therefore not available for scrutiny by the Parliament. The 2016-17 SCI for Racing and Wagering Western Australia also remains outstanding.

There are 21 state entities that operate at arm's length from Government and prepare an SCI which must be tabled by their Minister at the beginning of the financial year. This year none were tabled in September and 2 in October 2017 following the State budget tabling on 7 September. At 31 October, 19 SCIs were still not tabled.

Why are SCIs important?

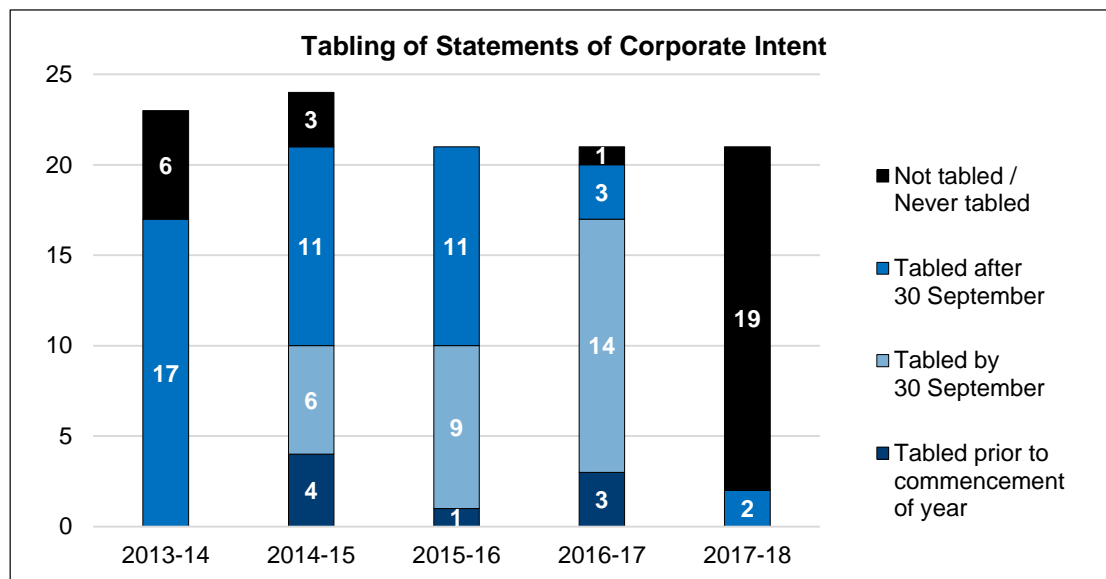
SCIs are a form of annual agreement between the entities listed in Table 7 and the Government, and are therefore an important governance and accountability mechanism. These 'self-funded' entities operate outside of the budget process and at arm's length from Government. Until their SCIs are tabled, key information about their future budgets, planning and direction is not available for parliamentary or public scrutiny.

SCI information varies with entity 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 18 years. Figure 5 shows the tabling achievements for the last 5 years.



Source: Data collated from Parliament – Tabled Papers

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

Table 7 shows the SCI tabling dates for the various entities for the last 2 years.

	2016-17 SCI tabled	2017-18 SCI tabled
Corporatised entities		
Bunbury Water Corporation	28/06/2016	Not tabled
Busselton Water Corporation	21/09/2016	Not tabled
Horizon Power – Regional Power Corporation	28/07/2016 *	Not tabled
Synergy – Electricity Generation and Retail Corporation	29/09/2016 *	Not tabled
Water Corporation	09/11/2016	Not tabled
Western Australian Land Authority (Landcorp)	17/11/2016	Not tabled
Western Power – Electricity Networks Corporation	25/08/2016	Not tabled
Statutory authorities		
Chemistry Centre (WA)	21/07/2016 *	Not tabled
Forest Products Commission	11/10/2016	Not tabled
Gold Corporation	21/07/2016 *	19/10/2017
Government Employees Superannuation Board	14/06/2016	Not tabled
Insurance Commission of Western Australia	21/06/2016	Not tabled
Lotteries Commission	22/09/2016	31/10/2017
Racing and Wagering Western Australia	Not tabled	Not tabled
Western Australian Land Information Authority (Landgate)	11/07/2016 *	Not tabled
Western Australian Treasury Corporation	29/09/2016 *	Not tabled

	2016-17 SCI tabled	2017-18 SCI tabled
Port authorities		
Fremantle Port Authority	26/08/2016 *	Not tabled
Kimberley Ports Authority	26/08/2016 *	Not tabled
Mid West Ports Authority	26/08/2016 *	Not tabled
Pilbara Ports Authority	26/08/2016 *	Not tabled
Southern Ports Authority	26/08/2016 *	Not tabled

* Deemed tabled – Date the SCI was received by the Clerk of the Parliament when Parliament was not sitting. Highlighting represents SCIs that were tabled before commencement of the year

Source: Parliament – Tabled Papers

Table 7: Statements of Corporate Intent tabled in Parliament

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 entity, 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.

Reforms in 2016

Treasury advised it considers the improved compliance, rigour, quality and timeliness of the 2016-17 SCIs tabled last year, were due to reforms that were introduced in 2016, including requirements that:

- government trading enterprises (GTE) submit ministerially endorsed pre-budget SCIs and Strategic Development Plans (SDP) with their budget submissions
- the pre-budget SCI and SDP reflect the GTE's strategic direction and the content of their budget submission
- GTEs update their SCI and SDP post-budget to reflect the outcome of the budget process as well as detail any risks of budget decisions.

However, Treasury acknowledged that, despite the improvement, 'the majority of SCIs are still not being tabled within the prescribed legislative timeframe'. Treasury also advised that timely tabling of SCIs 'needs to be weighed against the importance of ensuring the documents meet their purpose and exhibit sufficient quality and rigour.'

In the medium to longer term, Treasury continues to seek a more seamless approval process through implementation of overarching governance legislation for GTEs.

Recommendation

Treasury should continue 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

The requirement for all agencies to prepare a general purpose financial report complying with Australian Accounting Standards, including all disclosure requirements, places an avoidable reporting burden on small to medium sized agencies.

Most of the State's public sector agencies are small to medium in size – over 60 agencies account for only 1% of total government operating expenditure. Yet they are required to prepare a general purpose financial report complying with International Financial Reporting Standards (IFRS), with the same voluminous disclosure requirements as Australia's largest not-for-profit government agencies and listed companies.

I have previously expressed 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 can reduce the reporting burden on small agencies.

Impact of the new superannuation standard

The Government Employees Superannuation Board and the Fire and Emergency Services Superannuation Board adopted the new Australian Accounting Standard AASB 1056 – *Superannuation Entities* for the 2016-17 financial year. The standard makes significant changes to the presentation, measurement and disclosure in the financial statements. The more significant impacts to the Statement of Financial Position at 30 June 2017 for the 2 entities included:

- Government Employees Superannuation Board
 - funded member benefits of \$24.3 billion are now recognised as liabilities, whereas they were previously included in equity
 - unfunded member benefits of \$4.3 billion are recognised as liabilities for the first time
 - an employer sponsor receivable of \$4.3 billion has been recognised as an asset for the first time.
- Fire and Emergency Services Superannuation Board's member benefits of \$588 million are now recognised as liabilities, whereas they were previously included in equity.

Future impact of changes to accounting standards

The following new and revised standards issued by the Australian Accounting Standards Board (AASB) are expected to require close attention by agency CFOs and our audit staff:

- *AASB 9 – Financial Instruments* – This standard changes the classification and measurement of financial assets. Another change is a new approach for earlier recognition of provisions for bad/doubtful debts based on expected credit losses.
- *AASB 15 – Revenue from Contracts with Customers* – This standard requires revenue to be recognised by entities on the fulfilment of the performance obligations of an

enforceable contract at a point in time or over time, as applicable. An example for government entities is receiving grant moneys. Entities need to allocate the grant amount to each performance obligation in the contract and recognise the revenue only when the related performance obligations are satisfied. This standard applies from 1 January 2018 reporting for for-profit entities, and from 1 January 2019 reporting for not-for-profit entities.

- *AASB 1058 – Income of Not-for-profit Entities* – This standard, in combination with AASB 15, establishes new principles for income recognition for not-for-profit entities from 1 January 2019 reporting. AASB 1058 applies to transactions where assets are acquired at significantly less than fair value, including peppercorn leases. It is anticipated that the implementation of these two standards will result in more delayed income recognition.
- *AASB 16 – Leases* – For lessees, this standard removes the distinction between operating leases and finance leases, and requires all leases (except short-term leases and leases of low-value assets) to be recognised as lease assets and lease liabilities on the balance sheet. This will result in the grossing-up of the balance sheet and higher expense in the early years of the lease term.
- *AASB 1059 – Service Concession Arrangements: Grantor* – This standard is applicable to public sector entities (grantors) that enter into service concession arrangements with private sector operators. It requires grantors to recognise a service concession asset and, where applicable, a service concession liability on the balance sheet. The initial balance sheet accounting, as well as the ongoing income statement impacts, will have implications for grantors and for whole-of-government reporting. AASB 1059 will apply for years beginning 1 January 2019.

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

Recommendation

Agencies should make timely preparations for implementation of the accounting standards changes announced by the Australian Accounting Standards Board.

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*.

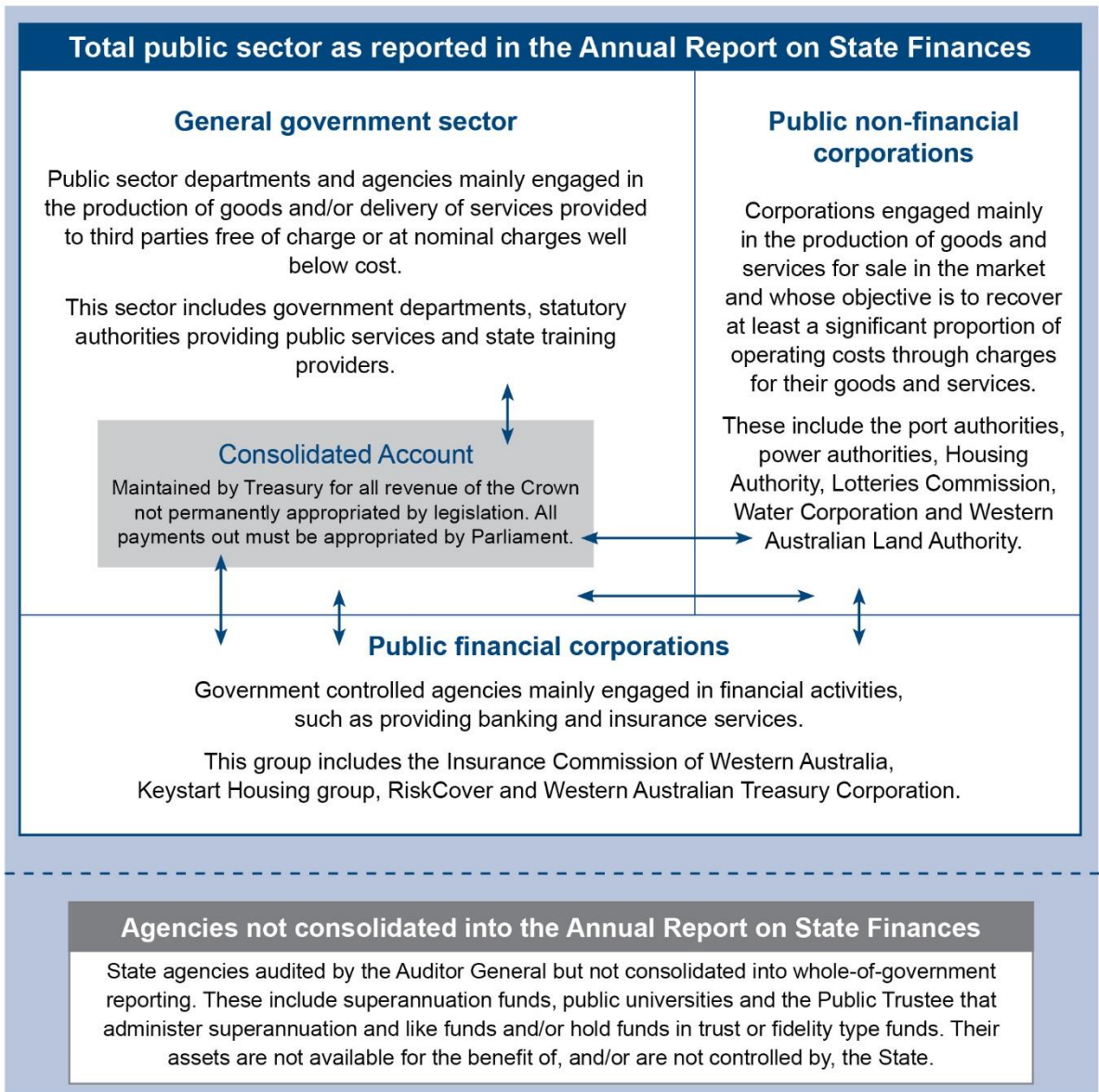


Figure 6: Financial relationships between sectors of Western Australian government

Timeliness

We issued a clear (unqualified) audit opinion to the Treasurer on 21 September 2017. The audited ARSF was released by the Treasurer on 22 September 2017, meeting the statutory reporting deadline of 28 September 2017, 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 26 agencies submitted June actual financial data to Treasury after their deadline of 24 July, though this was an improvement on the 40 late submitters last year. Late submissions reduce the time for Treasury to review agencies' balances and increases the risk of undetected errors.

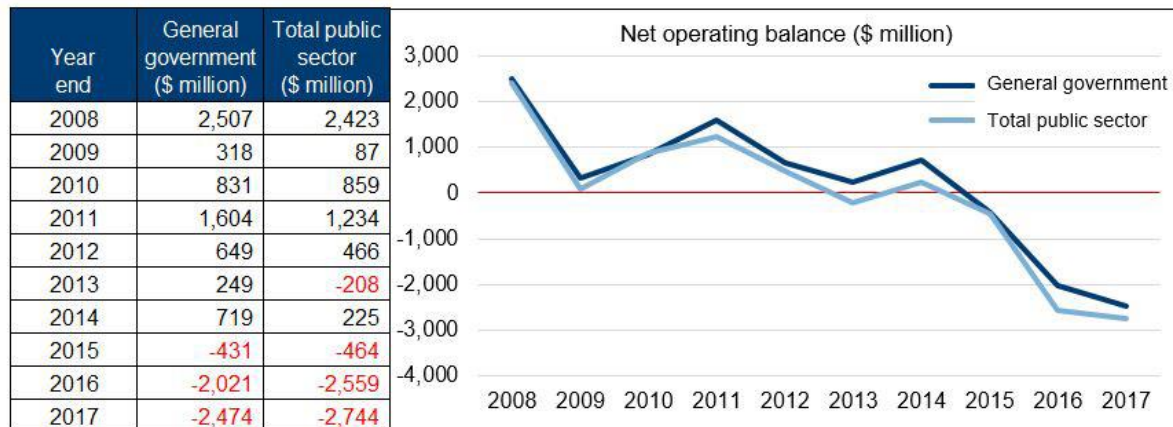
Western Australia's finances – selected key indicators

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

- net operating balance for General Government and for the Total Public Sector
- infrastructure renewal ratio
- borrowings and unfunded superannuation
- debt sustainability
- total borrowings and expense commitments
- current trend in leave liability balances.

Net operating balance

Figure 7 shows the net operating balance for the General Government Sector and the Total Public Sector. A large number of factors affect the result, including economic circumstances, the performance of the State's main industries, interest rates, Commonwealth funding and legislation. However, a surplus is generally an indicator of sound financial management and/or good budgeting.



Source: Tabled Annual Reports on State Finances

Figure 7: Net operating balance from 2007-08 to 2016-17

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.

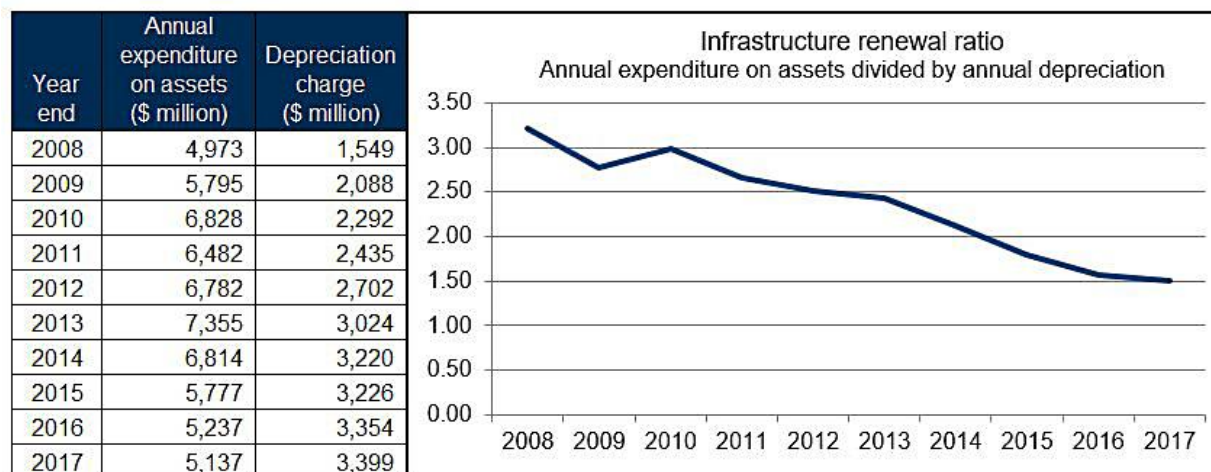
The infrastructure renewal ratio is an indicator of the rate at which existing infrastructure is being replaced and increased compared with the rate at which it is being used up. The ratio compares the annual expenditure on assets with the annual depreciation charge on assets. A ratio higher than 1.00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

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 2016-17 the value of non-financial assets for the total public sector decreased

slightly, from \$159.7 billion to \$158.2 billion, mainly due to reduced value of land and land under roads.

Figure 8 indicates that although infrastructure renewal is slowing, it remains 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.

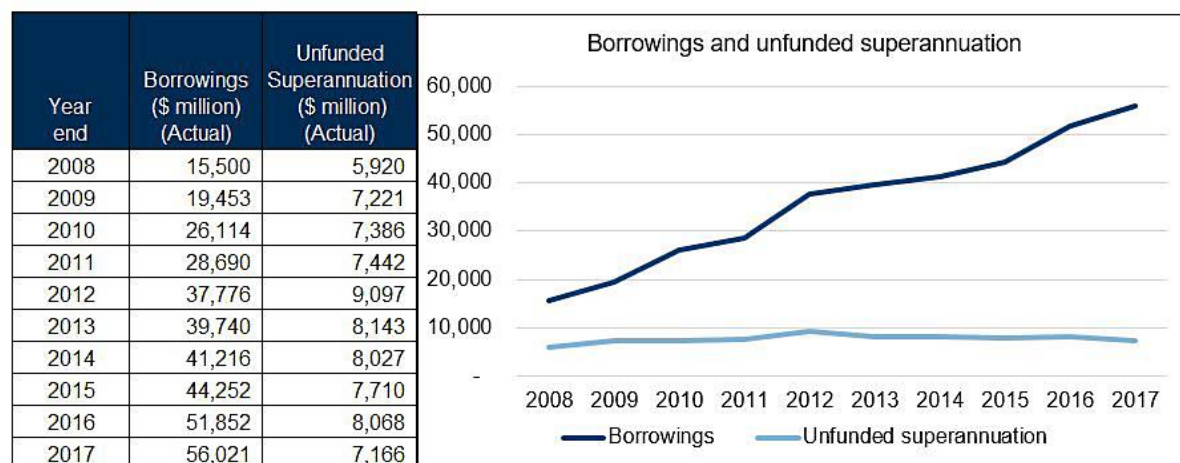


Source: Tabled Annual Reports on State Finances

Figure 8: Infrastructure renewal ratios from 2007-08 to 2016-17

Borrowings and unfunded superannuation

Information on the State's debt is contained in the ARSF. Borrowings and the State's unfunded superannuation are significant components of this debt. While the superannuation liability is relatively stable and decreased slightly in 2016-17, borrowings continue to increase, as shown in Figure 9.



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

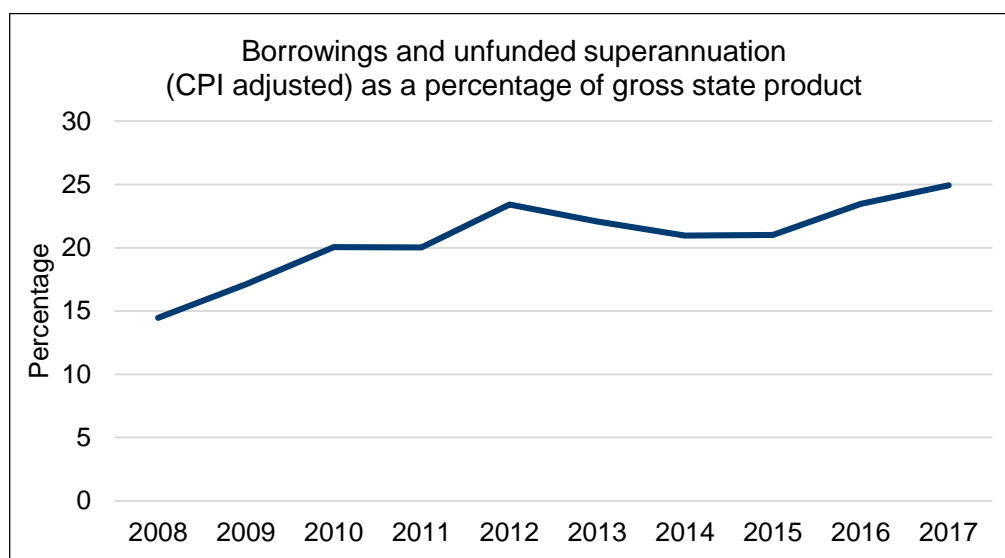
Figure 9: Borrowings and unfunded superannuation from 2007-08 to 2016-17

Debt sustainability

The ARSF contains important information on the State's net debt. In Figure 10, 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).

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.



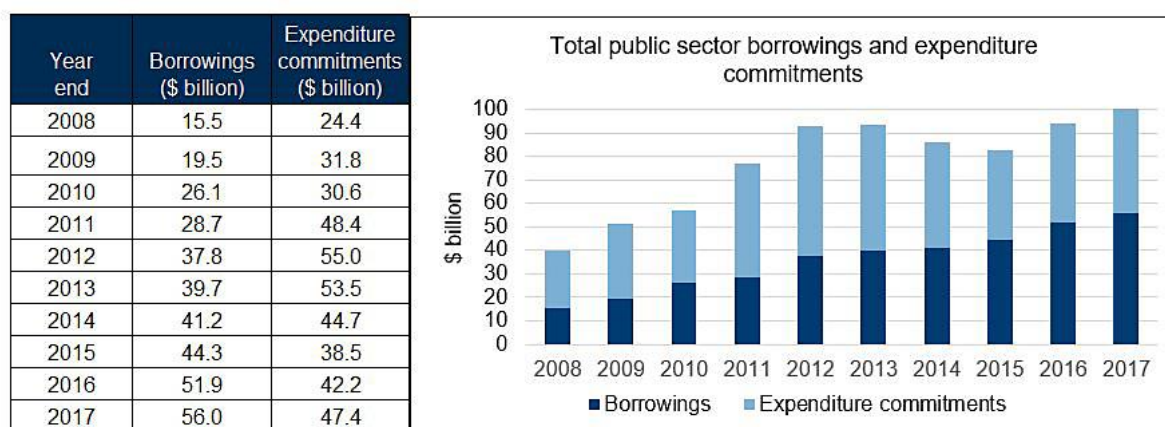
Source: Tabled Annual Reports on State Finances and Australian Bureau of Statistics

Figure 10: Borrowings and unfunded superannuation as a percentage of GSP

Note: As ABS data for 2016-17 is not yet available, 2016-17 is based on a Treasury estimate of GSP.

Total borrowings and expense commitments

Figure 11 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 an increase in commitments compared to the previous year.



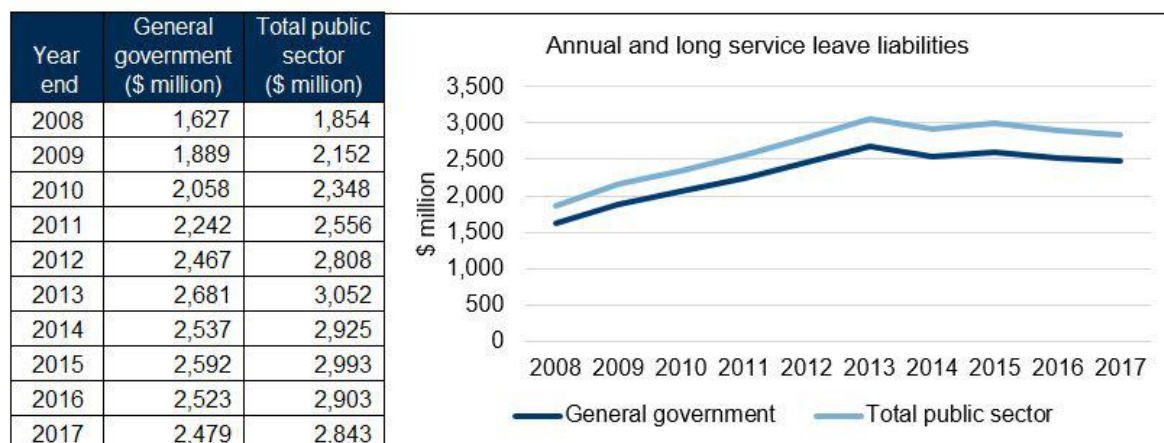
Source: Tabled Annual Reports on State Finances

Figure 11: Total public sector borrowings and commitments 2007-08 to 2016-17

Expenditure commitments at 30 June 2017 include \$38.2 billion for private sector contractors for long term contracts providing health services, and rail and bus operations. Capital expenditure commitments account for \$5 billion including road infrastructure, health campuses, schools, housing, land development, waste and waste water projects as well as information technology.

Current trend in leave liability balances

The total public sector annual and long service leave liability owing to employees decreased by \$35 million to \$2.8 billion during 2016-17. 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 12: WA public sector annual and long service leave liabilities 2007-08 to 2016-17

Management at agencies need to proactively manage their leave liabilities. 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.

Recommendation

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 on selected significant financial transactions made in 2016-17 that we noted during our audits. It also includes selected key financial ratios and information commonly used for assessing financial performance or analysing the financial health of agencies. We report this information to provide insight to important issues considered during the audits.

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

Assets

- **Water Corporation's** capital additions totalled \$806 million, with major spending focused on drinking water business \$422 million, wastewater \$203 million and the remainder on irrigation, drainage, property and facilities.
- **WA Country Health Services (WACHS)** assets under construction totalled \$194 million – including \$64 million for the Karratha Health Campus development and a further \$79 million capital commitment.
- **Main Roads** reported \$1.5 billion (3%) and \$1.9 billion (6%) reduction in their valuation of infrastructure assets and reserves respectively. Termination of the Perth Freight Link project resulted in a \$87 million write off of infrastructure work in progress.
- **Public Transport Authority's** net increase in infrastructure, property plant, equipment and vehicles was \$351 million, mainly due to progress of works on the Forrestfield Airport Link, the Stadium Station and other infrastructure projects, and the acquisition of new railcars and replacement buses.
- Property, Plant and equipment at the **Department of Water** increased by \$68 million (26%) mainly due to revaluation of the bore network.
- At 30 June 2017, **Rottnest Island Authority** reported \$5 million assets under construction in respect of a significant renewable energy project. The Australian Renewable Energy Agency (ARENA) contributed \$3.7 million to the project that is estimated to cost \$5.6 million.
- **Department of Sport and Recreation** recorded asset increases of \$237 million to bring to account the construction phase of the New Perth Stadium.

Liabilities

- **Western Australian Treasury Corporation** increased its domestic borrowings by \$5.5 billion (13%) and decreased its overseas borrowings by \$0.4 billion (50%). Total borrowings were \$48.8 billion at year end. Overall the loans to authorities (state and local government entities) increased by \$4.2 billion (10%). This comprised a \$5 billion increase in Department of Treasury's borrowings, offset by overall reduced borrowings by other authorities.

- **Department of Education** increased its borrowings by \$76 million to \$106 million due to finance lease arrangements for 4 new schools constructed under Public Private Partnership arrangements.
- Borrowings of the **Housing Authority** decreased to \$4.5 billion, due largely to the sale of \$1.3 billion of Keystart's loan portfolio to the Bendigo and Adelaide Bank Limited during the year.
- Borrowings of the **Department of Corrective Services** increased by \$213 million due to the commencement of the Public Private Partnership finance lease for the new Eastern Goldfields Regional Prison.

Expenditure

- Expenditure of \$279.2 million by the **Public Transport Authority** on the Forrestfield Airport Link project was paid from a Special Purpose Account, to which the Commonwealth Government has contributed \$490 million.
- Royalties for Regions grants for regional infrastructure and headworks capital projects decreased significantly. During 2016-17 the **Department of Regional Development** distributed \$21.8 million from this fund, compared to \$181.8 million the previous year.
- **Lotteries Commission** lottery operation costs increased by \$11.9 million (24%) which included costs to progress the delivery of the Retail Transformation Project, increased staffing and recruitment and moving head office from Osborne Park to Subiaco. Sales and cost of sales decreased by 7%, which Lotterywest attributed to less high value jackpots, loss of market share to emerging private entities and a decline in the State's adult population.
- **Mental Health Commission** paid \$670 million, 4% more than the previous year, to health service providers for specialised mental health services to public patients and the community.
- Employee benefits expenses of the **Department of the Attorney General** reduced by \$68.2 million (23%) to \$227.8 million, largely due to a \$70 million lower actuarial assessment of the Judges Pension liability in 2017.
- Grants and subsidies expenditure of the **Department of Transport** increased by \$23 million (26%) mainly due to the hardship assistance paid to taxi owners impacted by reform of the on-demand transport industry.
- The **Department for Child Protection and Family Support's** grants and subsidies payments increased by \$15 million (13%) to \$131 million, mainly due to a significant increase from 19,986 to 39,012 in approved grant payments made under the Hardship Utility Grant Scheme (HUGS) for gas, water and electricity accounts.
- Total expenditure of the **Office of the Government Chief Information Officer** increased from \$4.4 million to \$9.4 million. This resulted from the Office taking over administration of the government's innovation function from the Department of Commerce, and increased activity for the delivery of new initiative such as the GovNext ICT and MyWA projects.
- Supplies and services expenditure of the **Department of the Premier and Cabinet** increased by \$18.3 million (53%) mainly due to the Yarloop bushfire clean-up project.
- **Department of Training and Workforce Development's** grants and subsidies expenditure reduced by \$54 million (10%) mainly due to a decline in the levels of training demand at TAFE colleges and Private Training Providers and lower international student numbers.

- The downturn in the construction industry has led to a greater number of workers claiming their leave entitlements from the **Construction Industry Long Service Leave Payments Board** resulting in \$47.4 million of leave being paid, up by 20% on the previous year.
- Expenditure for the **Electricity Generation and Retail Corporation (Synergy)** group includes \$68 million of accelerated depreciation, and impairment of \$43.3 million for the Muja AB assets. The decision was made in October 2016 to decommission Muja AB by September 2018.

Revenue

- Developer contributions to the **Water Corporation** decreased by \$107 million or 35% as lot development activity declined from 16,404 lots last year to 12,066 this year. **Bunbury Water Corporation** and **Busselton Water Corporation** also reported reductions in their developer contributions, of 9% and 30% respectively.
- Operating revenue of the **Western Australian Land Authority (Landcorp)**, decreased this year by \$161.3 million (36%), mainly due to a \$120 million reduction in land sales due to prevailing economic conditions, and \$46 million less grant income received from government as several projects reached completion.
- Sales revenue of **Gold Corporation** was \$8.1 billion (10%) lower than the previous year, due primarily to decreased average precious metal prices, partially offset by increased precious metal volumes throughout the period. The \$85 million decrease in gross profit was mainly due to cyclical deterioration of the bullion coin market.
- The **Insurance Commission of Western Australia** collected \$687 million in premium revenue, up 24% from last year. To fund the new Motor Vehicle (Catastrophe Injuries) Fund, from 1 July 2016 a maximum increase of \$99 per vehicle was levied in motor injury insurance premiums. There was also an increase in the number of vehicles registered. Claims expenses increased from \$520 million to \$707 million.
- Investment income of the **Insurance Commission of Western Australia** increased by \$398 million mainly due to strong equity markets performance. As a result, investments (including property) held at year end increased by \$473 million (10.7%) to \$4.9 billion.
- The **Government Employees Superannuation Board** reported an increase in investment revenue of \$1.4 billion compared to the prior year largely due to strong returns from Australian and international share markets and the change in market value of the derivatives portfolio over the year.
- The **Fire and Emergency Services Superannuation Board** also reported an increase in superannuation activities revenue of \$41.7 million compared to the prior year mainly due to the improved performance of investment markets.
- **Police Service** received an additional \$10 million of state grants from the Road Trauma Trust Account, for funding drug testing and speed enforcement projects.
- The 50% shareholding in the Mumbida Wind Farm held by the **Electricity Generation and Retail Corporation (Synergy)** was sold during the year, with a \$47.4 million gain on the sale.
- **Regional Power Corporation (Horizon Power)** recorded \$268 million in sales of electricity, a 7% decrease on the prior year, due to reduced consumption across residential, business and large enterprises.

- **Department of Mines and Petroleum** royalties and rentals income collections increased by \$1.1 billion (27%) due to an increase in the average iron ore price from \$US51 per tonne in 2016 to \$US69 in 2017. Iron ore production volumes and the exchange rate remained relatively constant.
- **North Metropolitan Health Service** provided \$88 million of pathology services to other Health Service Providers. These costs were recognised by other Health entities as a service received free of charge.
- Ports generally reported reduced activity in 2016-17 with **Fremantle Port Authority** recording a \$9.3 million (4%) revenue reduction due largely to lower tonnages through the Outer Harbour facilities. **Kimberley Ports Authority** revenue also decreased by \$6.6 million (27%) due to a reduction in trade across most sectors including the oil and gas industry. By contrast, at **Pilbara Ports Authority**, Port Hedland tonnages increased by 8.8% while Dampier had a small 3.1% tonnage decrease. Overall revenue increased \$15.7 million compared to the prior year.
- Court fees collected by the **Department of the Attorney General** increased by \$6.9 million (11%) due to increased activity at the Courts.
- Fees raised from estates and trusts by the **Public Trustee** increased by \$1.1 million (7%) due to an increase in the number of files managed and increased tariffs.
- **Building and Construction Industry Training Board** levy receipts was \$3 million (10.8%) higher than the previous year, due to several major capital works projects commencing, including the Forrestfield Airport Link and NorthLink Stage 2.
- **Gaming and Wagering Commission** collected an additional \$5.2 million in racing bet levy. The Commission attributes the increase to overall turnover from all wagering operators and an increase in the premium turnover as a result of more premium race meetings being held in 2016-17.
- **Chemistry Centre's** revenue from services increased by \$1.9 million (12%) due to additional revenue from the new Perth Children's hospital and WA Police.
- **Metropolitan Redevelopment Authority** recorded \$106 million in sales revenue compared to \$35 million the previous year – \$80.1 million was for Elizabeth Quay lot sales. Other lot sales related mainly to the Midland area.

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 result 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.

Eighty-one percent of agencies at 30 June 2017 had a current ratio above 1.0, a similar result to the previous years.

Liquidity ratio	Percentage of agencies	Percentage of agencies	Percentage of agencies	Percentage of agencies	Trendline
	30 June 2014	30 June 2015	30 June 2016	30 June 2017	
Greater than or equal to 1 (Low Risk)	79	81	82	81	
Less than 1	21	19	18	19	



Source: Audited statements in tabled annual reports

Table 8: 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.

One hundred and three agencies (72%) reported a surplus for 2016-17. The following table is a summary of the financial results of agencies over the past 4 years.

Financial result	Percentage of agencies 2013-14	Percentage of agencies 2014-15	Percentage of agencies 2015-16	Percentage of agencies 2016-17	Trendline
Surplus	69	65	60	72	
Deficit	31	35	40	28	

Source: Audited statements in tabled annual reports

Table 9: 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
	2013-14	2014-15	2015-16	2016-17	
Corporatised entities					
Fremantle Port Authority	43%	41%	38%	34%	
Horizon Power (Regional Power Corporation)	41%	44%	43%	43%	
Kimberley Ports Authority	34%	29%	21%	23%	
Mid West Ports Authority	50%	51%	10%	8%	
Pilbara Ports Authority	31%	27%	24%	9%	
Southern Ports Authority		19%	15%	12%	
Synergy (Electricity Generation and Retail Corporation)	18%	10%	9%	7%	
Water Corporation	34%	34%	34%	34%	
Western Australian Land Authority	13%	10%	12%	15%	
Western Power (Electricity Networks Corporation)	75%	74%	72%	69%	
Statutory authorities					
Country High School Hostels Authority	16%	14%	12%	12%	
Country Housing Authority	64%	65%	63%	59%	
Gold Corporation	11%	21%	23%	18%	
Housing Authority	24%	25%	27%	25%	
Metropolitan Redevelopment Authority	50%	45%	50%	54%	
Public Transport Authority of Western Australia	26%	25%	26%	25%	
South Metropolitan Health Service				8%	
Western Australian Treasury Corporation	90%	92%	93%	93%	
Departments					
Department of the Attorney General	25%	25%	24%	24%	
Department of Corrective Services	0.1%	0.1%	0.0%	11%	
Department of Education Services *	105%	107%	107%	105%	
Department of Finance	7%	9%	8%	7%	
Department of Fire and Emergency Services	16%	14%	11%	10%	
Department of Fisheries	25%	24%	21%	19%	
Department of Regional Development	20%	16%	12%	10%	

Source: Audited statements in tabled annual reports

Table 10: 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

- **Most agencies prepared satisfactory quality financial statements and KPIs for 2016-17, however some still need to significantly reduce the number of errors in their statements.**
- **Seventy 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 64% 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 2016-17 audit process was lower than the previous year. However too many agencies continue to make key decisions about their financial reporting late in the financial year, or after year end, resulting in rushed transactions and adjustments and consequent errors.

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

Seventy 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 42) while Figure 13 summarises timeliness over the last 9 years.

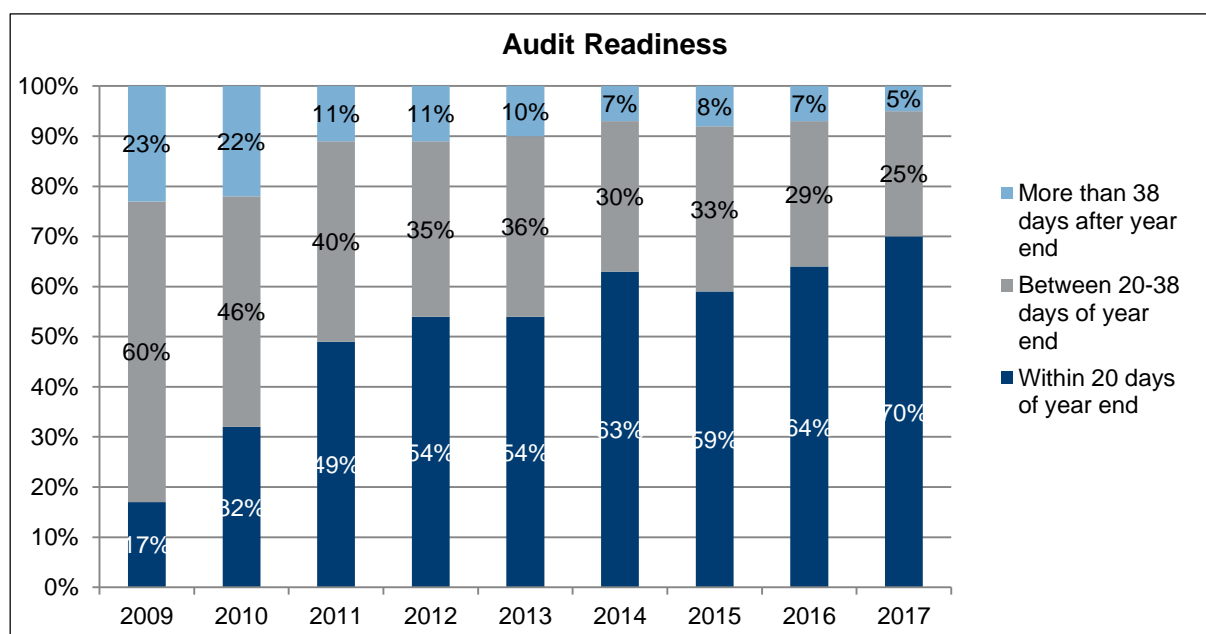


Figure 13: Percentage of agencies 'Audit Ready' within 3 time brackets for last 9 years

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 11). We congratulate the agencies we rated as the top achievers for 2016-17.

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
Construction Industry Long Service Leave Payments Board	Botanic Gardens and Parks Authority
Department for Child Protection and Family Support	Bunbury Water Corporation
Department of Mines and Petroleum	Busselton Water Corporation
Department of Training and Workforce Development	Country Housing Authority
Department of Transport	Department of Racing, Gaming and Liquor
Department of Treasury	Department of State Development
Fremantle Port Authority	Department of the Registrar, Western Australian Industrial Relations Commission
Gold Corporation	Department of the State Heritage Office
Government Employees Superannuation Board	Goldfields-Esperance Development Commission
Insurance Commission of Western Australia	Great Southern Development Commission
Legal Aid Commission of Western Australia	Kimberley Development Commission
Lotteries Commission	Metropolitan Cemeteries Board
Metropolitan Redevelopment Authority	Mid West Development Commission
Mid West Ports Authority	Parliamentary Commissioner for Administrative Investigations
Southern Ports Authority	Peel Development Commission
Water Corporation	Public Sector Commission
Western Australian Land Authority	South West Development Commission
Western Australian Tourism Commission	Western Australian Electoral Commission
Western Australian Treasury Corporation	WorkCover Western Australia Authority
Western Power – Electricity Networks Corporation	Zoological Parks Authority

Table 11: Top 20 best practice agencies in 2 expenditure categories for 2016-17

Appendix 1: Agencies audited

Audit opinions issued for 158 audits completed between 1 May 2017 and 1 November 2017 are listed below. Qualified opinions and other notes appear against the agency's name.

The agencies primarily had reporting dates of 30 June or 31 July 2017. 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 Wednesday 19 July 2017	Good	Green
By 5 August 2017	Satisfactory	Yellow
After 5 August 2017	Needs improvement	Red

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

In the following table the names of agencies are as audited for 2016-17. The Machinery of Government restructure, effective from 1 July 2017, required final audits of departments that were amalgamated or abolished. Please refer to page 22 for details.

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

Audit Ready	Agency	Opinion issued
19/07/2017	Aboriginal Affairs Planning Authority, The	31/08/2017
16/07/2017	Agricultural Produce Commission	16/08/2017
06/07/2017	Animal Resources Authority (Qualified opinion on controls. Details on page 9.)	31/07/2017
n/a	Annual Report on State Finances	21/09/2017
14/07/2017	Board of the Art Gallery of Western Australia, The	11/09/2017
14/07/2017	Botanic Gardens and Parks Authority	30/08/2017
24/07/2017	Building and Construction Industry Training Board	29/08/2017
16/07/2017	Bunbury Water Corporation	09/08/2017
16/07/2017	Burswood Park Board, The	08/09/2017
13/07/2017	Busselton Water Corporation	17/08/2017
14/07/2017	Chemistry Centre (WA)	30/08/2017
24/07/2017	Child and Adolescent Health Service (Qualified opinion on controls. Details on page 9 and Matter of Significance paragraph in opinion. Details page 11.)	27/09/2017
21/07/2017	Coal Miners' Welfare Board of Western Australia, The	16/08/2017
18/07/2017	Combat Sports Commission	23/08/2017
20/07/2017	Commissioner for Children and Young People	29/08/2017
04/08/2017	Commissioner for Equal Opportunity	11/09/2017
15/07/2017	Commissioner of Main Roads	21/08/2017

Audit Ready	Agency	Opinion issued
14/07/2017	Construction Industry Long Service Leave Payments Board	22/08/2017
14/07/2017	Corruption and Crime Commission	13/09/2017
01/08/2017	Country High School Hostels Authority	30/08/2017
14/07/2017	Country Housing Authority	31/08/2017
16/07/2017	Department for Child Protection and Family Support	16/08/2017
19/07/2017	Department of Aboriginal Affairs	31/08/2017
14/07/2017	Department of Agriculture and Food (Matter of Significance paragraph in opinion. Details on page 11.)	23/08/2017
19/07/2017	Department of Commerce	14/09/2017
04/08/2017	Department of Corrective Services (Qualified opinion on KPIs. Details on page 9.)	14/09/2017
10/08/2017	Department of Culture and the Arts	21/09/2017
14/07/2017	Department of Education	08/09/2017
04/08/2017	Department of Education Services	07/09/2017
19/07/2017	Department of Environment Regulation (Qualified opinion on KPIs. Details on page 10.)	17/10/2017
14/07/2017	Department of Finance	25/08/2017
16/07/2017	Department of Fire and Emergency Services Qualified opinion on KPIs. Details on page 10.)	06/09/2017
31/07/2017	Department of Fisheries	11/09/2017
02/08/2017	Department of Health	28/09/2017
25/07/2017	Department of Housing	02/08/2017
17/07/2017	Department of Lands (Qualified opinions on controls and KPIs. Details on page 10.)	19/09/2017
14/07/2017	Department of Local Government and Communities	31/08/2017
15/07/2017	Department of Mines and Petroleum	30/08/2017
19/07/2017	Department of Parks and Wildlife	22/09/2017
19/07/2017	Department of Planning	21/09/2017
17/07/2017	Department of Racing, Gaming and Liquor	07/09/2017
17/07/2017	Department of Regional Development	08/09/2017
14/07/2017	Department of Sport and Recreation	30/08/2017
13/07/2017	Department of State Development	31/08/2017
29/07/2017	Department of the Attorney General	24/08/2017
11/08/2017	Department of the Legislative Assembly	08/09/2017
16/08/2017	Department of the Legislative Council	08/09/2017
04/08/2017	Department of the Premier and Cabinet	12/09/2017
14/07/2017	Department of the Registrar, Western Australian Industrial Relations Commission	26/07/2017
14/07/2017	Department of the State Heritage Office	15/08/2017
14/07/2017	Department of Training and Workforce Development	25/08/2017

Audit Ready	Agency	Opinion issued
16/07/2017	Department of Transport	31/08/2017
14/07/2017	Department of Treasury	07/09/2017
14/07/2017	Department of Water	10/08/2017
14/07/2017	Disability Services Commission	08/09/2017
19/07/2017	East Metropolitan Health Service (Matter of Significance paragraph in opinion. Details page 11.)	27/09/2017
15/07/2017	Economic Regulation Authority	27/07/2017
28/07/2017	Electricity Generation and Retail Corporation – Synergy	30/08/2017
n/a	Subsidiaries: Vinalco Energy Trust Vinalco Energy Pty Ltd	01/09/2017 01/09/2017
15/07/2017	Electricity Networks Corporation	09/08/2017
15/08/2017	Fire and Emergency Services Superannuation Board	20/09/2017
18/07/2017	Forest Products Commission	08/09/2017
14/07/2017	Fremantle Port Authority	31/08/2017
17/07/2017	Gaming and Wagering Commission of Western Australia	06/09/2017
14/07/2017	Gascoyne Development Commission	25/08/2017
14/07/2017	Gold Corporation	15/09/2017
18/07/2017	Goldfields-Esperance Development Commission	22/08/2017
26/07/2017	Government Employees Superannuation Board	07/09/2017
21/07/2017	Governor's Establishment	31/08/2017
12/07/2017	Great Southern Development Commission	21/08/2017
14/07/2017	Health and Disability Services Complaints Office	30/08/2017
25/07/2017	Health Support Services (Qualified opinion on controls. Details on page 10.)	19/09/2017
11/07/2017	Heritage Council of Western Australia	15/08/2017
24/07/2017	Housing Authority	07/09/2017
n/a	Subsidiaries: Goldmaster Enterprises Pty Ltd Homeswest Loan Scheme Trust Keystart Bonds Limited Keystart Housing Scheme Trust Keystart Loans Limited Keystart Support Trust	15/08/2017 01/09/2017 01/09/2017 01/09/2017 01/09/2017 01/09/2017
21/07/2017	Independent Market Operator	19/10/2017
14/07/2017	Insurance Commission of Western Australia	07/09/2017
19/07/2017	Keep Australia Beautiful Council (W.A.)	07/09/2017
18/07/2017	Kimberley Development Commission	01/09/2017
31/07/2017	Kimberley Ports Authority	14/09/2017
n/a	Landcare Trust (2017 audit dispensed with – s14 of AG Act. Details page 12.)	No opinion
14/07/2017	Law Reform Commission of Western Australia	29/08/2017
14/07/2017	Legal Aid Commission of Western Australia	30/08/2017

Audit Ready	Agency	Opinion issued
04/08/2017	Legal Contribution Trust (01/01/2017 – 30/06/2017)	28/08/2017
14/07/2017	Legal Costs Committee	29/08/2017
17/07/2017	Library Board of Western Australia, The	06/09/2017
01/09/2017	Local Health Authorities Analytical Committee	22/09/2017
14/07/2017	Lotteries Commission	01/09/2017
26/07/2017	Mental Health Commission	07/09/2017
11/07/2017	Metropolitan Cemeteries Board	22/08/2017
16/07/2017	Metropolitan Redevelopment Authority	25/08/2017
14/07/2017	Mid West Development Commission	29/08/2017
13/07/2017	Mid West Ports Authority	28/08/2017
13/07/2017	Minerals Research Institute of Western Australia	08/08/2017
01/08/2017	National Trust of Australia (W.A.), The	01/09/2017
25/07/2017	North Metropolitan Health Service (Matter of Significance paragraph in opinion. Details page 11.)	27/09/2017
26/07/2017	Office of Emergency Management (from 1 December 2016), formerly State Emergency Management Committee Secretariat	31/08/2017
04/08/2017	Office of the Director of Public Prosecutions	27/09/2017
19/07/2017	Office of the Environmental Protection Authority	15/09/2017
14/07/2017	Office of the Government Chief Information Officer	11/08/2017
25/07/2017	Office of the Information Commissioner	31/08/2017
31/07/2017	Office of the Inspector of Custodial Services	17/08/2017
14/07/2017	Parliamentary Commissioner for Administrative Investigations	02/08/2017
20/07/2017	Parliamentary Inspector of the Corruption and Crime Commission	07/08/2017
11/08/2017	Parliamentary Services Department	08/09/2017
17/07/2017	Peel Development Commission	24/08/2017
14/07/2017	Perth Theatre Trust	12/09/2017
18/07/2017	Pilbara Development Commission	24/08/2017
16/07/2017	Pilbara Ports Authority	28/08/2017
17/07/2017	Police Service	11/08/2017
04/08/2017	Professional Standards Council	14/09/2017
16/07/2017	Public Sector Commission	11/08/2017
04/08/2017	Public Transport Authority of Western Australia	07/09/2017
04/08/2017	Public Trustee	07/09/2017
15/07/2017	Quadriplegic Centre	07/09/2017
02/08/2017	Queen Elizabeth II Medical Centre Trust, The	30/08/2017
16/08/2017	Racing and Wagering Western Australia (01/08/2016 – 31/07/2017)	16/10/2017
17/07/2017	Racing Penalties Appeal Tribunal of Western Australia	06/09/2017
03/08/2017	Regional Power Corporation – Horizon Power	07/09/2017
14/07/2017	Road Safety Commission	20/09/2017

Audit Ready	Agency	Opinion issued
17/07/2017	Rottneest Island Authority	12/09/2017
13/07/2017	Rural Business Development Corporation	31/08/2017
23/07/2017	School Curriculum and Standards Authority	28/08/2017
14/07/2017	ScreenWest Inc	30/08/2017
	Final audit 01/07/2017 – 17/07/2017	10/10/2017
27/07/2017	Small Business Development Corporation	31/08/2017
14/07/2017	Southern Ports Authority	30/08/2017
19/07/2017	South Metropolitan Health Service (Matter of Significance paragraph in opinion. Details page 11.)	22/09/2017
18/07/2017	South West Development Commission	31/08/2017
n/a	State Supply Commission (2017 audit dispensed with – s14 of AG Act. Details page 12.)	No opinion
14/07/2017	Swan Bells Foundation Incorporated	01/09/2017
14/07/2017	Trustees of the Public Education Endowment Trust There are insufficient trustees to form a quorum, due to expiry of terms of appointment. Once new appointments are made, it is expected the trustees will certify the financial statements and KPIs. This is a pre-requisite for the issuing of our audit opinion.	Audit work completed
n/a	UWA Sport Pty Ltd 01/01/2016 – 31/12/2016 (UWA subsidiary)	08/05/2017
31/07/2017	WA Country Health Service (Matter of Significance paragraph in opinion. Details page 11.)	20/09/2017
10/07/2017	Water Corporation	24/08/2017
n/a	Western Australian Building Management Authority (2017 audit dispensed with – s14 of AG Act. Details page 12.)	No opinion
16/07/2017	Western Australian Coastal Shipping Commission	21/08/2017
11/07/2017	Western Australian Electoral Commission	02/08/2017
14/07/2017	Western Australian Energy Disputes Arbitrator	26/07/2017
11/09/2017	Western Australian Greyhound Racing Association (01/08/2016 - 31/07/2017) (Qualified opinion on financial statements and KPIs. Details page 11.)	20/10/2017
20/07/2017	Western Australian Health Promotion Foundation	11/08/2017
17/07/2017	Western Australian Institute of Sport	05/09/2017
14/07/2017	Western Australian Land Authority Subsidiary: Advara Ltd	31/08/2017 04/10/2017
01/08/2017	Western Australian Land Information Authority	22/09/2017
04/08/2017	Western Australian Meat Industry Authority	04/10/2017
14/07/2017	Western Australian Museum, The	11/09/2017
18/07/2017	Western Australian Planning Commission	20/09/2017
16/07/2017	Western Australian Sports Centre Trust	09/10/2017
14/07/2017	Western Australian Tourism Commission	01/09/2017
14/07/2017	Western Australian Treasury Corporation	22/08/2017
11/07/2017	Wheatbelt Development Commission	28/09/2017

Audit Ready	Agency	Opinion issued
14/07/2017	WorkCover Western Australia Authority	24/08/2017
14/07/2017	Zoological Parks Authority	23/08/2017

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	30/08/2017
n/a	Tertiary Institutions Service Centre (Inc)	04/10/2017

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 to the 19 certifications listed below, we also issued 165 certifications for projects funded under the Royalties for Regions program. They are listed in Appendix 3, commencing on page 50.

The following certifications were completed between 1 May 2017 and 1 November 2017. Unless stated, the certifications were for the year ended 30 June 2017.

Client	Certification relates to	Date Issued
Curtin University of Technology	Higher Education Funding Act 1988: Higher Education Research Data Collection for year ended 31/12/2016.	13/07/2017
Department of Health	National Health Funding Pool Act 2012 (WA): Western Australian State Pool Account	19/09/2017
Department of Local Government	Local Government (Financial Assistance) Act 1995: Commonwealth funding to local government authorities	26/10/2017
Department of the Premier and Cabinet	Indian Ocean Territories – Service Delivery Arrangements	17/10/2017
Department of Training and Workforce Development	Australian Vocational Education and Training Management Information Statistical Standard (AVETMISS) for year ended 31/12/2016.	09/06/2017
Department of Transport	Enhanced Speed Enforcement Administration Costs	24/10/2017
	Repeat Drink Driving Strategy Implementation	24/10/2017
Edith Cowan University	Higher Education Funding Act 1988: Higher Education Research Data Collection for year ended 31/12/2016.	29/06/2017
Electricity Generation and Retail Corporation	Compliance with Electricity Corporations (Electricity Generation and Retail Corporation) Regulations 2013 and the Electricity (Standard Products) Wholesale Arrangements 2014	27/10/2017
	Compliance with Segregation and Transfer Pricing Guidelines 2013 and Electricity Corporations (Electricity Generation and Retail Corporation) Regulations 2013 (Segment Reporting)	14/09/2017
Family Court of Western Australia	Family Law Act 1975: Commonwealth-State Agreement for the year ended 30/06/2016.	31/05/2017
Fire and Emergency Services Superannuation Board	Australian Prudential Regulation Authority (APRA): Reasonable assurance opinion on APRA reporting forms and compliance with various legislative requirements.	20/09/2017
	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; and compliance with the Risk Management Framework and the Operational Risk Financial Requirement strategy.	20/09/2017

Client	Certification relates to	Date Issued
	Australian Securities and Investments Commission: Auditor's report on Australian Financial Services licensee (Form FS71) under the <i>Corporations Act 2001</i> .	20/09/2017
	Trustee entity's financial statements	20/09/2017
Metropolitan Redevelopment Authority	Scarborough Project Shared Development: Statement of Contributions and Expenditure for Scarborough Redevelopment Funding Agreement with the City of Stirling	22/08/2017
Murdoch University	Higher Education Funding Act 1988: Higher Education Research Data Collection for year ended 31/12/2016.	29/06/2017
Quadriplegic Centre	Department of Health: Board's Home Visiting Service.	07/09/2017
The University of Western Australia	Higher Education Funding Act 1988: Higher Education Research Data Collection for year ended 31/12/2015.	28/06/2017

Appendix 3: Royalties for Regions certifications

Clear certification opinions were issued to 36 State government agencies for their Statements of Receipts and Payments under the Royalties for Regions program, primarily for the 2016-17 financial year.

The Department of Regional Development, now the Department of Primary Industries and 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 165 approved projects at the following agencies. These Royalties for Regions program payments totalled \$748 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	27/09/2017
	Local Government Capacity Building and Regional Reform	27/09/2017
Department of Regional Development	Administration of Country Local Government Fund	24/10/2017
Western Australian Land Authority	Regional Centres Development Plan – Phase 2 (Regional Cities) Stage 1 Delivery	17/10/2017
Regional Community Services Fund		
Commissioner of Main Roads	Caravan and Camping – Main Roads Western Australia	13/10/2017
Department for Child Protection and Family Support	Derby Aboriginal Short Stay Accommodation – Operational Funding	13/09/2017
	Extension of Responsible Parenting Services	13/09/2017
	Indigenous Visitor Hostels – Derby Aboriginal Short Stay Accommodation Project	13/09/2017
Department of Commerce	Regional Buy Local Initiatives – Stage 3 – Review of the Effectiveness of the Buy Local Policy in Regional Western Australia	20/10/2017
	Regional Workers Incentives – District Allowance Administration (2014-15 to 2017-18)	20/10/2017
	Regional Workers – Project Officer Funding	20/10/2017
	State Agricultural Telecommunications Infrastructure Improvement Fund (Seizing the Opportunity Agriculture – Infrastructure Investment Fund)	20/10/2017
Department of Corrective Services	Regional Youth Justice Strategy – Kimberley and Pilbara Regions	02/10/2017
Department of Fisheries	Great Kimberley Marine Park – Fisheries	13/10/2017
	South Coast Aquaculture Development Zone	13/10/2017

	South West Recreational Fishing Enhancement Structure Pilot Project	13/10/2017
Department of Local Government and Communities	Regional Community Child Care Development Fund	27/09/2017
Department of Regional Development	Aboriginal Community Critical Response Fund	24/10/2017
	Aboriginal Governance and Leadership Development Program	04/10/2017
	Caravan and Camping in Western Australia	24/10/2017
	Community Resource Centres	04/10/2017
	Regional Services Reform Unit	24/10/2017
	Regional Workers Incentives – Regional Price Index 2014-15 and 2016-17	04/10/2017
	Seizing the Opportunity Agriculture – WA Open for Business	24/10/2017
Department of Sport and Recreation	Community Pool Revitalisation	27/09/2017
	Regional Talent Development Network	27/09/2017
	Supporting Community Sport Initiative – Athlete Travel Subsidy Scheme	27/09/2017
	Supporting Community Sport Initiative – Community Sporting Club Equipment Subsidy Scheme	27/09/2017
Department of the Attorney General	Enhanced Driver Training and Education for Regional and Remote Communities	17/10/2017
	Enhanced Services for Victims of Crime Within Regional and Remote Communities	17/10/2017
Department of the Premier and Cabinet	Dirk Hartog 400 th Anniversary Commemorations – Final acquittal 01/07/2015 – 09/02/2017	02/06/2017
	Great Kimberley Marine Park	12/09/2017
	Science and Agribusiness Connect Program	28/08/2017
Department of Training and Workforce Development	Seizing the Opportunity Agriculture Initiative – Muresk Institute Agriculture Degree – Final acquittal 17/06/2016 – 30/06/2017	29/09/2017
	Seizing the Opportunity Agriculture Initiative – Muresk Institute Agriculture Skills Development Pathway	29/09/2017
Department of Transport	Country Age Pension Fuel Card Scheme 2013-14 to 2016-17	20/09/2017
Department of Water	Regional Estuaries Initiative	29/09/2017
	Revitalising the Waterways of Geographe Bay	29/09/2017
	Water for Food Part II	29/09/2017
	Water for Food – West Kimberley	29/09/2017
	Watering Western Australia (Watering WA)	29/09/2017
Great Southern Development Commission	Local Projects Local Jobs Grant Program	03/10/2017
	Regional Grants Scheme and Community Chest Fund 2016 and 2017	03/10/2017
Housing Authority	Indigenous Visitors Hostels – Derby Aboriginal Short Stay Accommodation	06/10/2017
	Kalgoorlie Indigenous Visitors Accommodation Project Stage 2	06/10/2017
Library Board of Western Australia	Better Beginnings Family Literacy 2014-2017	02/10/2017

Mental Health Commission	Community Subacute and Non-acute Mental Health Services in Karratha and Bunbury	29/09/2017
	North West Drug and Alcohol Support Program – Carnarvon Dual Purpose Centre 2011-12 to 2016-17	29/09/2017
	North West Drug and Alcohol Support Program – Expansion of Alcohol and other Drug Support Services in the Kimberley and Pilbara	29/09/2017
Mid West Development Commission	Development of the Peel Regional Investment Blueprint and Related Planning and Business Case Development 2012/13 2013/14	04/10/2017
	Local Projects Local Jobs Grant Program – Mid West Development Commission	04/10/2017
	Regional Grants Scheme – Mid West	04/10/2017
	Regional Grants Scheme and Community Chest Funding 2014-15	04/10/2017
	Regional Grants Scheme and Community Chest Funding 2016 and 2017	04/10/2017
Peel Development Commission	Development of the Peel Regional Investment Blueprint and Related Planning and Business Case Development	29/09/2017
	Local Project Local Jobs Grant Program	29/09/2017
	Regional Grants Scheme and Community Chest Funding 2014-15	29/09/2017
	Regional Grants Scheme and Community Chest Funding 2016 and 2017	29/09/2017
Perth Theatre Trust	Albany Entertainment Centre	26/09/2017
Pilbara Development Commission	Local Projects Local Jobs Grants Program – Pilbara Development Commission	04/10/2017
	Regional Grants Scheme and Community Chest Fund 2016 and 2017	04/10/2017
Police Service Racing and Wagering Western Australia	WA Police Regional Incentive Scheme	27/09/2017
	Support for Racecourse Infrastructure Grants Program	26/09/2017
Small Business Development Corporation	Regional Buy Local Initiative Stage 2	
	Western Australian Regional Small Business Awards	26/09/2017
South West Development Commission	Local Project Local Jobs Grant Program – SWDC	13/10/2017
	Regional Grant Scheme and Community Chest Fund 2015-16	12/10/2017
WA Country Health Service	Ambulance Services in Country Western Australia for period 10/06/2014 – 30/06/2016	10/07/2017
	Better Health for Fitzroy Kids	04/10/2017
	Goldfields Emergency Telehealth Service (2015/16)	04/10/2017
	Goldfields Emergency Telehealth Service (2016/17)	04/10/2017
	Improving Ear, Eye and Oral Health of Children in Aboriginal Rural and Remote Communities	04/10/2017
	Patient Assisted Travel Scheme 2015-16 – 2017-18	04/10/2017
	Remote Indigenous Health Clinics	04/10/2017
	Royal Flying Doctor Service 2015-16 Interhospital Patient Transport Services – Final acquittal 01/07/2015-30/06/2017	17/05/2017
	Royal Flying Doctor Service (Western Operations) Expansion of Capacity	04/10/2017

	Rural Palliative Care Program	04/10/2017
	Wheatbelt Renal Dialysis	04/10/2017
Western Australian Land Authority	Transform Peel Phase 1: Peel Business Park, Nambeelup	29/09/2017
Western Australian Tourism Commission	Aboriginal Tourism Development Program	29/09/2017
	Caravan and Camping – Tourism Western Australia	29/09/2017
	Regional Events Program Part 1 of 3 – Tourism, Staffing, Marketing and Event Leveraging Funding – Final acquittal 01/07/2011 – 09/05/2017	24/05/2017
	Regional Events Program Part 2 of 3 – Regional Events Scheme – Final acquittal 01/07/2011 – 09/05/2017	24/05/2017
	Regional Events Program Part 3 of 3 – Regional Events Funding for Larger Events – Final acquittal 01/07/2011 – 09/05/2017	24/05/2017
	Regional Events Program 2015-16 to 2018-19	29/09/2017
	Regional Tourism Marketing Program 2015-16 and 2016-17	29/09/2017
	Regional Visitor Centre Grant Program	29/09/2017
Wheatbelt Development Commission	Creating Age Friendly Communities in Small Towns	04/10/2017
	Regional Grants Scheme – Wheatbelt	04/10/2017
	Regional Grant Scheme and Community Chest Funding 2016 and 2017 – Wheatbelt	04/10/2017
Regional Infrastructure and Headworks		
Commissioner of Main Roads	Fortescue River Crossing	13/10/2017
	Great Eastern Highway Passing Lanes	13/10/2017
	Margaret River Perimeter Road	13/10/2017
	New Road Alignment Study Dongara to Northampton	13/10/2017
Country High School Hostels Authority	Broome Residential College Student Accommodation Upgrades Stage 2	27/09/2017
Department of Commerce	Regional Telecommunications Project	20/10/2017
Department of Corrective Services	Community Safety Network – Corrective Services	02/10/2017
	Community Safety Network – Corrective Services WAPOL	02/10/2017
	Regional Work Camp Enhancement Program and Roebourne Work Camp	10/08/2017
Department of Finance	Karratha Government Office Co-location Project (The Quarter)	04/10/2017
Department of Planning	Northern Planning Program	26/09/2017
Department of Regional Development	Coral Bay Seasonal Staff Accommodation Management Agreement	04/10/2017
	Gascoyne Development Plan – Gascoyne Unit	24/10/2017
	Goldfields Esperance Revitalisation Fund – Project Development, Assessment and Management	04/10/2017
	Living Lakes (Feasibility and Planning)	04/10/2017
	Ord-East Kimberley Expansion Project	24/10/2017
	Southern Investment Initiative – Project Development, Assessment and Management	04/10/2017
	WA Community Resource Network 2016/17 - 2019-20	24/10/2017

Department of the Attorney General	Fitzroy Crossing Courthouse Replacement	17/10/2017
	Kununurra Courthouse	17/10/2017
Department of Training and Workforce Development	Health and Allied Services Training Centre	29/09/2017
	Midwest Investment Plan – Durack Interactive Student Hub	29/09/2017
	Muresk Institute Revitalisation – Stage One: Establishing the Muresk Institute	29/09/2017
	Peel Workforce Development Centre	29/09/2017
	Pilbara Institute – Electrical/Instrumentation Centre of Specialisation	29/09/2017
Department of Training and Workforce Development - Skills Training Initiatives	Aboriginal Youth Transitions Program	29/09/2017
	Goldfields Esperance Revitalisation – Goldfields Arts Centre – Final acquittal 16/07/2014 – 30/06/2017	29/09/2017
	Pilbara Institute – South Hedland and Karratha Campuses Refurbishment	29/09/2017
Department of Transport	Denham Recreational Jetty Final acquittal 07/10/2014 – 17/03/2017	14/09/2017
	Exmouth Boat Harbour Upgrade	20/09/2017
	Jurien to Cervantes Trail – Stage 2	20/09/2017
	Recreational Boating Facilities Scheme – Rounds 16-20	20/09/2017
	Regional Airports Development Scheme	20/09/2017
Department of Water	Ord-East Kimberley Expansion Water Supply Project Phase 2	28/08/2017
	Regional Water Availability – Planning and Investigation	29/09/2017
	Water for Pilbara Cities – West Canning Basin	29/09/2017
Housing Authority	Broome Aboriginal Short Stay Accommodation Facility (BASSAF)	28/09/2017
	Carnarvon Independent Living Units	06/10/2017
	Delivering Affordable Housing to Key Workers in the Avon Valley – Final Acquittal 20/06/2012 – 30/06/2016	27/09/2017
	Fairbridge Farm Evelyn Cottage Final acquittal 31/08/2014 – 30/06/2016	27/09/2017
	Government Regional Officers' Housing (GROH) Royalties for Regions Boost Project	31/10/2017
	Government Regional Officers' Housing (GROH) Royalties for Regions Boost Project Final acquittal 24/06/2015 – 30/06/2017	31/10/2017
	Newman Service Worker Housing Final acquittal 04/04/2013 – 30/06/2017	27/09/2017
	Osprey Key Worker Village, South Hedland Final acquittal 22/06/2012 – 30/06/2017	26/09/2017
	Social Housing Investment Program (SHIP) – Regional component for year end 30 June 2016	09/08/2017
	Social Housing Investment Program (SHIP)	31/10/2017
	West Kimberley Transitional Housing Program	10/10/2017
Mid West Development Commission	Transfer of Management and Royalties for Regions Operational Funding for the Mid West Unit	04/10/2017
Peel Development Commission	Transform Peel – Phase 1 – Food Zone and Water Initiative	19/10/2017

Pilbara Development Commission	Pilbara Aboriginal Town Based Reserves Project	04/10/2017
Police Service	Community Safety Network – WAPOL	27/09/2017
Public Transport Authority of Western Australia	AvonLink Enhancement Project	27/09/2017
	Replacement of TransWA Road Coach Fleet	27/09/2017
Regional Power Corporation (Horizon Power)	Murchison Radio-Astronomy Observation Power Station	29/09/2017
	Pilbara Underground Power Project Phase 2	29/09/2017
South West Development Commission	Ferguson Valley Tourist Route – Upgrade and Sealing of Mungilup Road – Final acquittal 20/03/2015 – 30/06/2017	12/10/2017
	Margaret River Perimeter Road – Agreement for works with Main Roads Western Australia	31/10/2017
	Transforming Bunbury's Waterfront – Stage 1 2015-16	13/10/2017
University of Western Australia	UWA Pilbara Feasibility year end 30/06/2016	05/10/2017
WA Country Health Service	Busselton Hospital Redevelopment Project Information and Communications Technology Package	04/10/2017
	Carnarvon Hospital	04/10/2017
	Esperance Hospital Redevelopment (Construction Stage 1)	04/10/2017
	Exmouth Multipurpose Service Redevelopment	04/10/2017
	Kalgoorlie Hospital	04/10/2017
	Karratha Health Campus	04/10/2017
	Pilbara Health Initiative Phase 2	10/10/2017
	Pilbara Health Partnership – Enhancing Health Services for the Pilbara Region in a Joint Partnership with Industry	04/10/2017
	Regional Health Administrative Accommodation Final acquittal 09/06/2011 – 30/06/2017	24/07/2017
	Renal Dialysis Service Expansion	04/10/2017
	Southern Inland Health Initiative Capital Works Program (Streams 2A, 3 and 4)	04/10/2017
	Southern Inland Health Initiative – Stream 1, 2B, 5 and 6	04/10/2017
Western Australian Land Authority	Albany Middleton Beach Improvement Plan	24/10/2017
	Batavia Cost Marina Stage 2 Remediation	29/09/2017
	Boondarie Entrance Road Stage 1 Design	17/10/2017
	Karratha City Centre Infrastructure Works Project Stage 1	29/09/2017
	Karratha City Centre Infrastructure Works Project Stage 2A & 2B	17/10/2017
	Karratha City of the North Project	29/09/2017
	Newman Town Centre Revitalisation – Stage 3	29/09/2017
	Port Hedland Hospital Demolition and Site Remediation	24/10/2017
	South Hedland Town Centre Revitalisation Stage 2	24/10/2017
Administration of the Royalties for Regions Fund		
Department of Treasury	Governance for Royalties for Regions Program	04/10/2017

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

Auditor General's Reports

Report number	2017 reports	Date tabled
20	Financial Controls – Focus Area Audits 2016-17	7 November 2017
19	Opinion on Ministerial Notification	1 November 2017
18	Diverting Young People Away From Court	1 November 2017
17	Management of Pastoral Lands in Western Australia	11 October 2017
16	Rich and Rare: Conservation of Threatened Species Follow-up Audit	6 September 2017
15	Opinion on Ministerial Notification	6 September 2017
14	Non-Clinical Services at Fiona Stanley Hospital	16 August 2017
13	Audit of Journal Entries and Property, Plant and Equipment Using Data Analytic Procedures	19 July 2017
12	Information Systems Audit Report	29 June 2017
11	Opinion on Ministerial Notification	29 June 2017
10	Timely Payment of Suppliers	21 June 2017
9	Opinion on Ministerial Notification	8 June 2017
8	Management of Medical Equipment	25 May 2017
7	Audit Results Report – Annual 2016 Financial Audits – Universities and TAFEs – Other audits completed since 1 November 2016	11 May 2017
6	Opinions on Ministerial Notifications	13 April 2017
5	Accuracy of WA Health's Activity Based Funding Data	11 April 2017
4	Controls Over Purchasing Cards	11 April 2017
3	Tender Processes and Contract Extensions	11 April 2017
2	Opinion on Ministerial Notification	6 April 2017
1	Opinion on Ministerial Notification	30 March 2017

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