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## Record number of qualifications on State government financial audits

The Auditor General today tabled in Parliament the [Audit Results Report – Annual 2020-21 Financial Audits of State Government Entities](#).

Auditor General Ms Caroline Spencer said of great concern in this year's results is the number of entities with serious deficiencies requiring a qualified opinion on financial statements, controls or key performance indicators.

'Seventeen State government entities received qualified audit opinions on 31 separate matters, an increase from 7 entities and 11 matters last year. This is the most audit qualifications ever issued by this office.

'This is a very concerning and significant upward trend in audit qualifications particularly in controls around expenditure, payroll and information systems, most likely reflecting a public sector that is resource constrained in some areas, and COVID-19 fatigued and diverted,' Ms Spencer said.

The audits also identified 427 financial management and 403 information system control weaknesses.

While these figures are comparable with 2019-20, of concern is the number of issues that are unresolved from last year: 28% of the financial management and 49% of the information system weaknesses. The proportion of unresolved financial management weaknesses has increased from 20% 2 years ago.

'It is not uncommon to see a breakdown in some controls during times of increased tempo and uncertainty, but an effective control environment is essential for enabling an entity to achieve its objectives and to help prevent and detect fraud. It is also essential to ensure continued delivery of quality services to the community,' Ms Spencer said.

This year's report also contains our reporting of important issues and trends identified from our audit of the Annual Report on State Finances, with the general government sector realising a record operating surplus of \$5.8 billion in 2020-21.

Ms Spencer said entities must ensure the highest standard of financial management and public administration so that this money can deliver the best possible economic and social outcomes for the community.

### Report resources

- [PDF version](#)