



Report 12: 2022-23 | 22 December 2022

FINANCIAL AUDIT RESULTS

State Government 2021-22



Office of the Auditor General Western Australia

Audit team:

Grant Robinson
Jordan Langford-Smith
Lyndsay Fairclough
Financial Audit teams
Information System audit team

National Relay Service TTY: 133 677
(to assist people with hearing and voice impairment)

We can deliver this report in an alternative format for those with visual impairment.

© 2022 Office of the Auditor General Western Australia.
All rights reserved. This material may be reproduced in whole or in part provided the source is acknowledged.

ISSN: 2200-1913 (print)
ISSN: 2200-1921 (online)

The Office of the Auditor General acknowledges the traditional custodians throughout Western Australia and their continuing connection to the land, waters and community. We pay our respects to all members of the Aboriginal communities and their cultures, and to Elders both past and present.

WESTERN AUSTRALIAN AUDITOR GENERAL'S REPORT

Financial Audit Results - State Government 2021-22

Report 12: 2022-23
22 December 2022

This page is intentionally left blank



**THE PRESIDENT
LEGISLATIVE COUNCIL**

**THE SPEAKER
LEGISLATIVE ASSEMBLY**

FINANCIAL AUDIT RESULTS - STATE GOVERNMENT 2021-22

This report under section 24 of the *Auditor General Act 2006* covers 2021-22 financial audit activity to 30 November 2022 and includes:

- opinions and results of audits on the financial statements, controls and key performance indicators of departments and statutory authorities with reporting dates primarily on 30 June 2022
- opinions and results of annual financial statement audits of corporatised bodies reporting under their enabling legislation, subsidiary bodies and other entities as requested by the Treasurer
- audit certification of financial and statistical information produced by entities to discharge conditions of Commonwealth Government funding, grants, Royalties for Regions funding agreements and other legislation
- recent changes to accounting and auditing standards that impact on government financial reporting and accountability.

A separate report on the insights gained during our 2021-22 financial audit season on the COVID-19 impacts on the sector (financial and performance) will be issued.

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

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

CAROLINE SPENCER
AUDITOR GENERAL
22 December 2022

Contents

Auditor General's overview.....	7
2022 Mid-year reporting cycle at a glance	9
Executive summary	11
Introduction	11
Audit qualifications continue to rise.....	11
Shortage of skilled audit professionals	11
Not all entities were audit ready.....	12
Some entities made good improvements.....	12
A number of audits remain outstanding	12
Thoughts on the way forward to address sector financial management and reporting capacity and capability issues.....	13
Recommendations.....	14
Audit opinions	15
Summary of audit opinions	15
Thirty-five qualifications for 2021-22	16
Four entities had their prior year qualified opinions removed	17
Three entities received matters of significance paragraphs.....	17
Twenty-one entities received emphasis of matter paragraphs.....	18
Material uncertainty related to going concern	18
We issued 16 audit certifications	18
Quality and timeliness of reporting	19
Planning for the 2021-22 audit season	19
Audits dispensed or deferred	21
Audit readiness and timeliness	22
Adjusted and unadjusted audit differences	23
Late tabling of some 2021-22 annual reports.....	25
Best practice entities	26
Recommendations	27
Control weaknesses	28
Control environment.....	28
Financial and management controls	29

Recommendation	38
Information system controls	39
Key performance indicators	40
Recommendations	42
Financial reporting, accountability and audit matters	43
Impact of cloud computing arrangement costs	43
Combustible building cladding	44
Managing climate change related risk	45
Assurance reports on service organisation controls	47
Recommendations	48
Tabling of 2022-23 Statements of Corporate Intent	49
Entity requirements	49
Why SCIs are important	49
Timeliness of the tabling of SCIs has improved	49
Current status of Treasury's reform program	51
Recommendation	51
Accounting standards changes for 2021-22	52
Implementation of AASB 1060	52
Future impact of changes to accounting standards	52
Recommendation	52
Audit of the Annual Report of State Finances	53
WA's finances – selected key indicators	54
Further selected significant financial transactions and financial ratios	60
Selected significant financial transactions	60
Key financial ratios of public sector entities	64
Liquidity (current) ratio for all entities – four-year trend	64
Financial result for all entities – four-year trend	64
Borrowings to assets ratio	65
Dividends paid by public corporations to general government	66

Appendix 1: Status and timeliness of audits	68
Appendix 2: Outstanding audits at 30 November 2022	74
Appendix 3: Qualified opinions	76
Appendix 4: Prior year qualified opinions removed in 2021-22.....	82
Appendix 5: Matters of significance included in auditor's reports	83
Appendix 6: Emphasis of matter paragraphs included in auditor's reports	84
Appendix 7: Audit certifications.....	87
Appendix 8: Royalties for Regions certifications.....	88
Appendix 9: Local government entities audited	89
Appendix 10: Local government certifications	90

Auditor General's overview

This report summarises the results of our annual audits of 123 of 132 State government entities for the year ended 30 June 2022, along with the results of a number of other audits and assurance activities. As this report reveals, 2021-22 has been another challenging year for the West Australian State sector.



While aspects of life and business stabilised as we emerged from the intense focus on COVID-19 pandemic responses, it is fair to say that things have clearly not returned to normal across the public sector. Regrettably, fatigue and a lack of attention to some of the core foundations of public financial management remain prevalent. While we understand that entities deal with many important matters, improving financial management control and external reporting processes is now an urgent priority for large parts of the State sector.

The 2021-22 financial year saw new records being set – on the one hand, a favourable economic result with a State surplus of \$6 billion, and on the other, and very disappointingly, another record number of audit qualifications for our State entities.

The number of entities with serious deficiencies requiring a qualified opinion on financial statements and/or controls, increased from 17 last year to 21 entities this year. There were 35 separate qualification matters, an increase from the 31 matters reported in 2020-21 (Figure 1). Of concern is that we expect that there will be further qualifications in the nine State audits yet to be completed. We anticipate that the final audit outcome, subject to entity actions and OAG deliberations, will be 41 qualification matters across 24 State entities.

The increase in audit qualifications appears to be a consequence of diverted attention in agencies in recent years, compounded by a current shortage of skilled finance and IT professionals available to address audit findings. Concerningly, the percentage of audit findings remaining unresolved from the prior year increased to 38% (Figure 6), and a fifth of entities were very late with their audit preparedness (Figure 3). We also found a concerning drop in the quality of information provided for audit purposes, with supporting evidence or key reconciliations incomplete or absent in too many entities, and errors in financial statements. Accountable authorities need to ensure that their finance teams are appropriately resourced to ensure that they are audit ready within agreed timeframes. It was evident that in some entities the finance teams are under-resourced and inexperienced, reflecting a skills gap in the foundations of sound financial management for our sector. This increases audit timeframes and costs, as well as frustration for both my auditors and entity finance staff due to additional audit requests, procedures and deliberations. It was particularly concerning to see an increase in payroll weaknesses in 2021-22. In periods where the workforce is less centralised, with some people still working from home, strong payroll controls are more important than ever to ensure accurate payments are made to current staff and leave transactions are properly recorded.

While we acknowledge that staff illness and vacancies provided challenges for this year's reporting season, this alone does not fully explain the decline in financial control and reporting performance for the sector. To rectify the adverse trends we have identified, there will need to be determined commitment across the sector, and an understanding that sloppiness around key controls within our public sector financial framework is not acceptable in the administration of public finances. After all, in the public sector it is all other people's money; requiring a higher standard of diligence and accountability than we may individually choose to adopt in our personal finances, or which may be acceptable in a private entity. To that end, this report includes some of our thoughts on the way forward around building foundational financial management capacity and capability across the sector.

Of course, the news from our latest audit season is not all bad. There were a number of impressive results and improvements, demonstrating that even in challenging operating conditions, good financial administration remains possible. Our top 20 large and small best practice entities (Table 4) are to be commended for their timeliness and quality of financial reporting, and minimal adverse audit findings. I would particularly like to acknowledge the finance team at the Department of Education – who on some measures are responsible for the largest single reporting entity in the State – for delivering high quality statements and supports for audit earlier than ever. It was a notably smooth and efficient audit process for an entity with such broad operations, reflecting the skill, dedication and experience of the finance team. A number of entities also responded positively to prior year findings, with four entities having their qualifications removed in 2021-22 (page 17). Some entities, such as the Department of Local Government, Sports and Cultural Industries made good progress towards rectifying control weaknesses, even if removal of qualifications was not possible for the 2022 year. Additionally, an improvement in timeliness of tabling Statements of Corporate Intent (page 49) was pleasing.

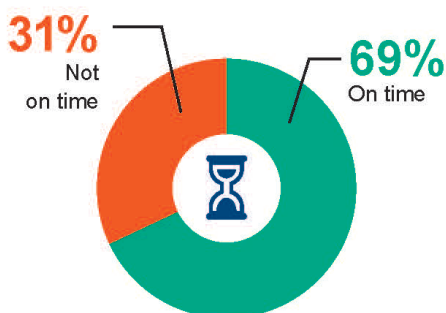
An audit skills shortage has impacted both my Office and our contract audit firms. Ours is a profession dependent on global mobility, and closed borders impacted the steady inflow of qualified auditors seeking permanent migration as well as peak season opportunities. This meant we had to carefully plan our resources to ensure that we were focused on auditing the Annual Report on State Finances and the largest entities that comprise the majority of the balances in that report. Accordingly, we needed to make the decision to dispense with and defer a number of smaller audits and redeploy resources within the Office to prioritise financial audits. I am proud that in such a challenged reporting season these measures, and the determined efforts of the Department of Treasury, resulted in the audit of Annual Report on State Finances being delivered within statutory timeframes.

I thank those public entities, of which there are many, who demonstrated the level of professionalism, commitment and quality in financial management that is the benchmark for others to aspire to. And for those finance professionals who have accepted the somewhat daunting challenge of driving rectification of financial controls.

Finally, and as always, I recognise and am thankful for the extreme professionalism and hard work of my staff and our contract audit firms, and their dedication in delivering this year's audit program.

2022 Mid-year reporting cycle at a glance

Auditing State government



Audits completed within the prescribed period (90 days from year end statutory deadline)



132 State government entities



123 audits finalised and the results included in this report



35 qualifications matters



across **21** entities for 2021-22

Highest number recorded by our Office



General government sector realised a **\$6 billion** surplus



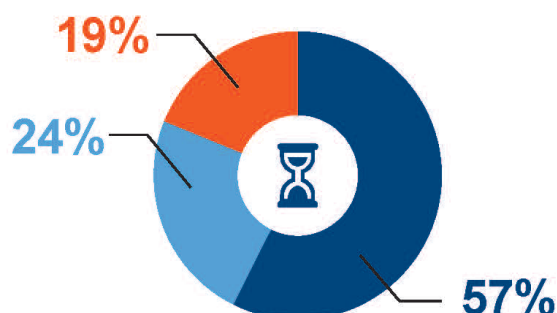
We audited **\$132 billion** of total public sector net assets

Timeliness of financial statements (page 22)

- On or before 20 days after year end
- 20-38 days after year end
- More than 38 days after year end



We congratulate the entities we rated as best practice for 2021-22 (page 26)



Audit results

35 qualified matters (page 16)

9 opinions outstanding (page 12)

385 management control issues (page 29)

4 prior year qualifications removed (page 17)

16 certifications (page 18)

431 information system control weaknesses (page 39)



\$1.2 billion adjusted errors



\$918 million unadjusted errors

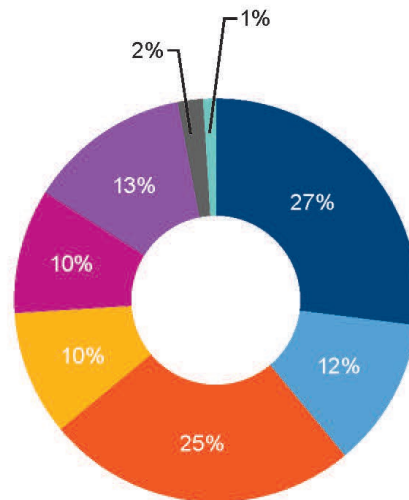


There were **42 entities** which had no audit errors

385 management control issues (page 29)

During 2021-22, we alerted 72 entities to control weaknesses that needed their attention: 91 were rated as significant, 201 moderate and 93 minor.

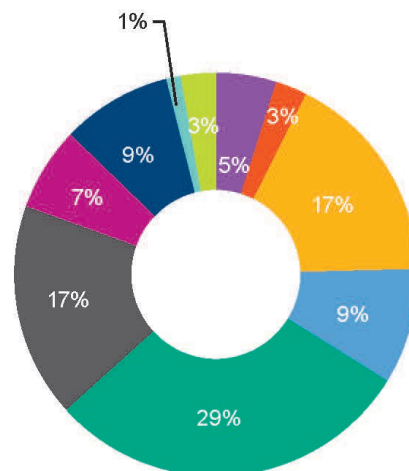
- Expenditure
- Accounting procedures
- Payroll and human resources
- Asset management
- Revenue
- Governance
- Inventory
- Liabilities



431 information system control weaknesses (page 39)

During 2021-22, we alerted 51 entities to 431 information system weaknesses: 33 were rated as significant, 286 moderate and 112 minor.

- IT operations
- Risk management
- Information security framework/governance
- Human resource security
- Access management
- Endpoint security
- Network security
- Business continuity
- Change management
- Physical security



Financial reporting, accountability and audit matters



Cloud computing management costs
(page 43)



Combustible building cladding
(page 44)



Climate change related risk
(page 45)



Tabling of 2022-23 Statements of Corporate Intent
(page 49)



Accounting standards
(page 52)

Executive summary

Introduction

This Financial Audit Results report contains our findings from the annual financial audits of State government entities (entities) with a reporting date ending 30 June or 31 July 2022 where the auditor's report had been issued by 30 November 2022. We delayed compiling this report until sufficient audits were completed and so as to ensure it reflected the challenges facing auditors and entities during the reporting cycle.

At 30 November 2022, we had completed audits and issued audit opinions for 28 departments, 71 statutory authorities, 11 corporations and 13 other audits. Nine of 132 audits are outstanding.

The *Auditor General Act 2006* requires the Auditor General to audit the financial statements, controls and key performance indicators (KPIs) of entities annually. A clear (unqualified) audit opinion indicates satisfactory financial controls and KPIs, and that the financial statements are based on proper accounts, comply with relevant legislation and applicable accounting standards, and fairly represent performance during the year and the financial position at year end.

Audit qualifications continue to rise

This is the third year in a row where the number of qualified audit opinions has increased. At 30 November 2022, there were 35 discrete qualifications across 21 entities. This is an increase of four qualifications from the number of discrete qualifications issued in 2020-21 and a new record for the State sector. The number of qualifications for the financial year is likely to be even higher as the outstanding audits are finalised. This is a concerning trend as it indicates that there are an increasing number of entities that are not adequately ensuring that public funds, resources and systems are being properly accounted for and managed.

Many of the entities who received a qualified audit opinion in 2021-22, also received a qualified opinion in the prior year. This is due to entities not addressing previously reported control weaknesses, with the number of unresolved control weaknesses from the prior year increasing to 38% in 2021-22 (up from 20% in 2018-19). While there are many factors contributing to this, including illness and fatigue in the sector and staffing constraints, entities do need to prioritise addressing audit findings to improve their governance and prevent errors and fraud.

Page 16 and Appendix 3 provide more information on the qualified audit opinions. Observations regarding control weaknesses is included on page 28.

Shortage of skilled audit professionals

There is a shortage of skilled financial auditors in our State. Our Office and contract audit firms rely on global mobility to supplement shortages associated with attrition and to augment teams during the peak audit delivery season. We foresaw these problems at the beginning of the year and planned our limited resources appropriately to ensure the completion of the audit of the Annual Report on State Finances (ARSF) as a priority. The ARSF was tabled on 27 September 2022, within the statutory deadline.

Our approach included deferring audits of smaller entities that were not material to the ARSF, dispensing of audits where it was feasible to do so and outsourcing more audits. Even so, we have been challenged to complete audits in a timely basis. Figure 2 on page 20 provides an overview on our approach for dealing with one of the most challenging audit

seasons experienced in living memory. Our situation is similar to that experienced by all Australian and New Zealand audit offices.

Not all entities were audit ready

Entities also struggled to attract and retain suitably qualified finance professionals. When combined with illnesses, including COVID-19, this resulted in an increase in the number of entities who were unable to meet agreed timeframes. We also observed instances where entities provided incomplete information or poorly prepared working papers, with an expectation that the issues will be resolved as part of the audit process. Our Office's capacity to support entities is finite and timely financial reporting to Parliament is dependent on entities being audit ready and meeting agreed timeframes.

Page 27 includes some recommendations for entities in relation to audit readiness and we will work with central entities to identify strategies for future reporting.

However, many entities were able to overcome these hurdles and provided good quality timely financial and KPI reports supported by sufficient appropriate documentation. We have recognised and celebrate the best practice entities on page 26.

Some entities made good improvements

Concern for the increasing trend of audit qualifications and unresolved issues needs to be balanced by the fact that a number of entities have made substantial improvements to their controls and financial reporting in 2021-22. Appendix 4 lists four entities who substantially improved their controls to have their qualified audit opinion removed in 2021-22 (Public Transport Authority, Quadriplegic Centre, Racing and Wagering Western Australia and Western Australian Sports Centre Trust). Other examples of entities who have embraced the audit process or improved the timeliness of financial reporting, notwithstanding the above noted challenges, include:

- the Department of Local Government, Sport and Cultural Industries who strengthened controls and improved processes to address control weaknesses related to procurement, payroll and general computer controls. While this was not enough to remove the qualifications in 2021-22, it is a substantial improvement and a commendable change
- the Department of Education requested that their audit be brought forward in 2021-22. They were able to provide financial statements earlier than prior years, which is an achievement given the complexity and size of the entity and their financial statements. This resulted in the audit opinion being issued on 31 August 2022
- the Department of Biodiversity, Conservation and Attractions was receptive to findings that resulted in a new audit qualification in 2021-22 and has already commenced action to address it
- Police Force identified the matter that gave rise to the qualified opinion on controls and had already addressed it during the course of the year. We therefore only qualified the period from 1 July 2021 to 12 May 2022.

These examples demonstrate that concentrated efforts can lead to marked improvements in controls and more timely financial reporting, even in challenging operating environments.

A number of audits remain outstanding

The issues above have meant that there are a number of audits which have not been finalised at the time of this report.

At 30 November 2022, there were nine audits still in progress. Included in the list are three entities that were subject to audit qualifications in the prior year (and likely to have recurring qualifications in 2022).

Appendix 2 summarises these outstanding entities and the reasons for the delay.

Thoughts on the way forward to address sector financial management and reporting capacity and capability issues

Whilst we do not purport to have all the answers, we have reflected on what we have seen in recent years and consider the following warrant further consideration by the sector and relevant parties.

Firstly, there is a widespread need to build and improve capacity and capability within finance teams at public sector entities. This includes being able to attract and retain appropriately qualified finance professionals and ensuring there is a continuous supply of finance professionals through graduate recruitment. Additional training programs from central entities (e.g. Department of Treasury) may also be of assistance in building capability.

Entities with large numbers of outstanding issues and qualifications also need support to resolve these issues. This may include short term targeted interventions that may require funding linked to outcomes so entities can more readily address the adverse findings. For example, we have identified serious shortcomings in information technology controls and there is a clear need for entities to prioritise their investment in this area. Some have already accessed the Digital Capability Fund to do so.

The entities' accountable authorities also need to take ownership and responsibility for addressing findings. Being more prepared for the audit and responsive to audit findings is important, and so is having a questioning mindset. Entities should be prepared to ask themselves, 'is this an acceptable practice and could this expose the entity to unacceptable risk of error or fraud, or other wrongdoing?' and 'can we adequately demonstrate that the intent of the audit recommendation has been addressed in an enduring way?'. Entities should also be leveraging their internal audit areas to try, as best as possible, to identify any weaknesses early, before our external audit teams as the last line of defence, detect problems.

We have commenced discussions with central entities, especially the Public Sector Commission and the Department of Treasury to consider ways to address current capacity and capability issues.

We acknowledge the part we play in this also, so we have undertaken (and will continue to do so) appropriate self-reflection on where we can improve, enhance our interactions/communications and efficiency. This includes ongoing recruitment of financial auditors, training and enhancing communication with entities. We have also published better practice guidance on financial reporting¹ and audit committees² to assist entities. Following the guidance will enable entities to prepare for an audit.

¹ Office of the Auditor General, [Western Australian Public Sector Financial Statements – Better Practice Guide](#), OAG, Perth, 2021.

² Office of the Auditor General, [Western Australian Public Sector Audit Committees – Better Practice Guide](#), OAG, Perth, 2020

Recommendations

1. Entities should ensure that their finance teams are accessible and available, and have sufficient resources to be audit ready within timeframes agreed in the annual audit plan. In addition, chief finance officers should have regard to our better practice guide on financial statement preparation and, as a minimum, perform a gateway check on their audit readiness prior to the commencement of the audit.
2. Entities should review their annual report processes, including providing draft copies to the minister, to ensure that the *Financial Management Act 2006* timeframes are met, even if the audit opinion is provided on, or just before, the deadline.
3. All entities should ensure they maintain the integrity of their financial control environment by:
 - a. periodically reviewing and updating all financial, asset, human resources, governance, information systems and other management policies and procedures and communicating these to relevant staff
 - b. conducting ongoing reviews and improvement of internal control systems in response to regular risk assessments
 - c. regularly monitoring compliance with relevant legislation
 - d. promptly addressing control weaknesses brought to their attention by OAG audits and other review mechanisms.
4. Entities should periodically review their key performance indicators to ensure that they are relevant, calculated reliably from complete data and include meaningful explanations for variations between actual and targeted performance.
5. Entities should obtain assurance reports (service organisation controls reports or equivalent) when they use third party vendors to provide cloud applications for key systems including payroll and finance.
6. Based on an assessment of risk, entities should also obtain adequate assurance for other vendor provided cloud and managed service arrangements.
7. The Department of the Premier and Cabinet should provide entities with assurance reports (SOC or equivalent) for government managed cloud services contracts they oversee.
8. Entities and Treasury should continue to facilitate timely tabling of Statements of Corporate Intent to ensure compliance with legislation.
9. Treasury should continue to provide practical support to assist entities with the adoption of new accounting standards including guidance, training, and templates to the WA public sector. Entities should continue to make timely preparations for implementation of these new standards.

Audit opinions

The *Financial Management Act 2006* governs financial accountability of most State government entities (entities) while the *Auditor General Act 2006* governs the activities and role of the Auditor General.

The Auditor General is required to issue an opinion for each entity audited. Entities include the audit opinion in their annual report, which is tabled in Parliament by their minister.

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

- financial statements – reasonable assurance that the financial statements and supporting notes are based on proper accounts, fairly presented in all material respects and comply with relevant legislation and applicable accounting standards
- controls – reasonable assurance on the design and implementation of control systems and procedures relating to the receipt, expenditure and investment of money as well as the acquisition and disposal of property and the incurring of liabilities. The controls audit examines whether, in all material respects, financial transactions comply with the State's financial framework
- KPIs – reasonable assurance that the KPIs are relevant, appropriate and fairly present in all material respects the performance of the entity 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 30 November 2022 we had issued audit opinions for 123 entities, primarily with financial periods ending on 30 June 2022. Appendix 1 (page 68) lists all the State entity audit opinions issued since our last audit results report on 17 August 2022, with a summary shown below.

Audit opinion issued on	Type of entity	Number issued	Entities audited
Financial statements, controls and KPIs	Departments	28	31
	Statutory authorities	71	75
Financial statements only	Annual Report on State Finances	1	1
	Corporatised entities	11	12
	Subsidiary entities	10	11
	Request audits	2	2
Total number of audit opinions		123	132

Source: OAG

Table 1: Number and type of State entity audit opinions issued by 30 November 2022

Eleven of the final 16 local government entity auditor's reports for the 2020-21 financial year were also completed. Five of these local government audit opinions remain outstanding. Appendix 9 (page 89) reports the dates and details of the opinions issued for these local government entities.

Thirty-five qualifications for 2021-22

In 2021-22, 21 entities received a qualified audit opinion. A number of entities had more than one qualification within the audit report, and overall there were 35 discrete qualifications across these 21 entities.

This is an increase from the 31 discrete qualifications across 17 entities issued in 2020-21 and the highest number of audit qualifications ever issued by our Office.

A qualification is a serious audit matter that may indicate public funds and resources are not being properly accounted for and managed. In addition, a qualification almost always requires additional audit effort.

We issue a qualification on an entity's financial statements or KPIs if we consider it necessary to alert readers to inaccuracies or limitations in the financial report or KPIs that could mislead readers. If we issue a qualification on controls, it is because we consider a control deficiency makes the entity non-compliant with the State's financial framework. This deficiency could be in policies, procedures, operations and/or practices, and often contributes to a material risk of error, fraud or service interruption.

Common themes in the matters resulting in audit qualifications in 2021-22 include:

- inadequate controls to prevent payroll errors such as overpayments or payments to individuals not entitled to receive payment
- deficiencies in the procure to pay process including the lack of a purchase order system. This significantly increases the risk of incorrect or fraudulent payments
- weaknesses in cash management controls which could result in restricted funds being used inappropriately
- inadequate controls to ensure that all revenue due to the State has been collected and appropriately recorded
- weaknesses in IT controls which increase the risk of unauthorised access to networks and applications
- poor practices for receiving, recording and distributing inventory, particularly in relation to rapid antigen tests.

A number of entities had more than one issue giving rise to the qualifications, indicating there were multiple material deficiencies of relevance for that entity.

Five entities received more than one qualification and of greater concern is that four entities have qualifications across payroll, cash/revenue, and computer controls. This is an indicator of significant shortcomings in these critical areas of financial management and business continuity, and creates even greater exposure to error and fraud.

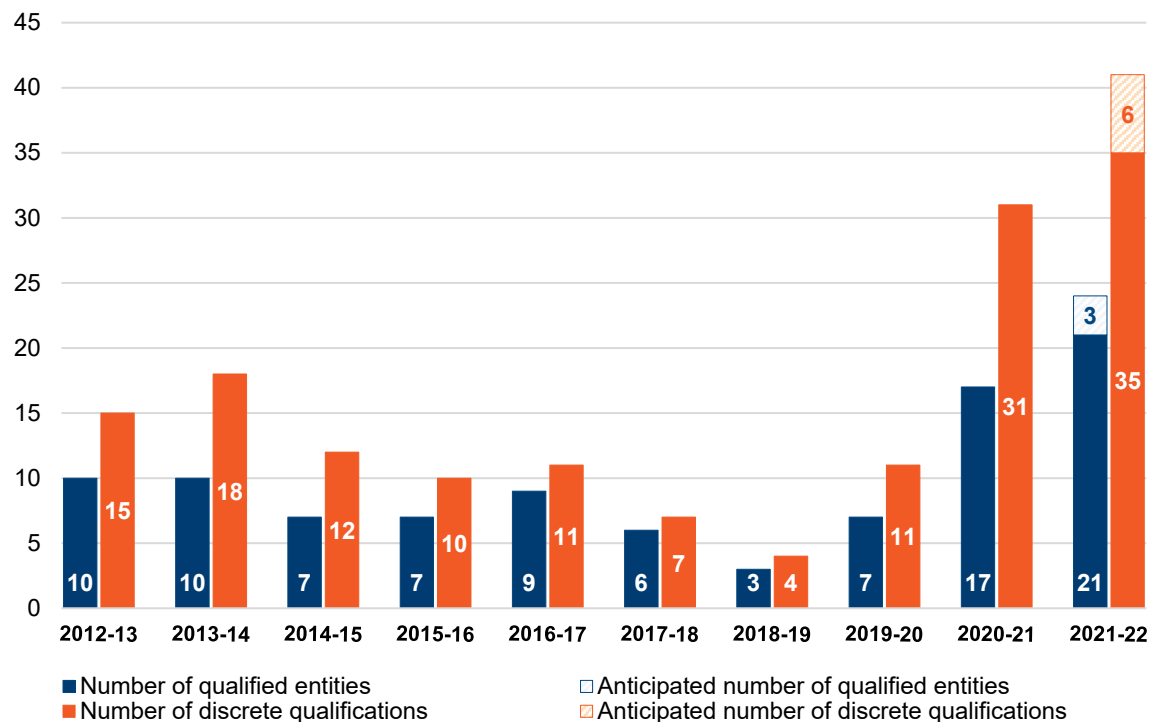
Of the entities with multiple qualifications, several were impacted by the Machinery of Government changes in 2017-18. We note that the approach and timing of merging of separate systems and processes has led to control breakdowns and pressure on systems and finance personnel.

The majority of health entities³, received a qualified controls opinion in 2021-22. Except for Health Support Services, the qualifications related to weaknesses in general computer controls, particularly controls over network security, remote access and unauthorised

³ Department of Health, North Metropolitan Health Service, East Metropolitan Health Service, South Metropolitan Health Service, WA Country Health Service, Health Support Services and PathWest Laboratory Medicine WA

devices. Addressing these weaknesses is essential to prevent vulnerabilities which could comprise business operations and sensitive information held by WA Health.

For full details of the qualified opinions see Appendix 3.



Source: OAG

Figure 1: Entities with qualified opinions and number of qualified issues for last 10 years

As noted in the Executive Summary, there are nine entities whose audits are still outstanding at 30 November 2022. From these remaining audits, we anticipate that another three entities will receive qualifications for six discrete matters. This would bring the total number of audit qualifications to 41 from 24 entities.

Four entities had their prior year qualified opinions removed

In 2021-22, the Public Transport Authority, Quadriplegic Centre, Racing and Wagering WA and the Western Australian Sports Centre Trust (VenuesWest) improved previously reported weaknesses in their controls and processes. Consequently, we were able to remove the controls qualifications from the prior year. Further information on these entities is included in Appendix 4.

Three entities received matters of significance paragraphs

We may include a matter of significance paragraph in our auditor's report to bring a specific matter to the attention of readers for the following reasons:

- where a matter in relation to the financial statements or KPIs is undisclosed or not apparent
- where the Under Treasurer has approved an exemption not to report a KPI.

A full description of these matters is at Appendix 5.

Twenty-one entities received emphasis of matter paragraphs

Under Australian Auditing Standards, if a matter is appropriately presented or disclosed in the financial report but, in our judgement, is of such importance that it should be drawn to the attention of Parliament and other interested stakeholders, we may include an emphasis of matter (EoM) paragraph in our auditor's report.

In 2021-22, 23 EoM paragraphs were included to bring the reader's attention to specific matters disclosed in the financial statement or KPIs. There were seven EoMs relating to restatement of comparative balances as a result of errors or changes in accounting policies. A further seven related to the basis of accounting and restriction on distribution and use.

For full details of the EoM paragraphs we included in the 2021-22 audit opinions, please see Appendix 6.

Material uncertainty related to going concern

Under Australian Auditing Standards, we consider whether events or conditions exist that may cast significant doubt on the entity's ability to continue as a going concern. We may include a paragraph in our auditor's report to bring the matter to the attention of readers.

In 2021-22, this applied to the Trustees of Public Education Endowment (the Trust) as the going concern event or condition was the principal activities of the Trust ceased in 2019. As the previous functions of the Trust were not relevant or duplicated by the Department of Education, in July 2021 the State Government agreed to:

- draft legislation to repeal the *Public Education Endowment Act 1909*. Legislative drafting of this bill is anticipated in 2023
- return of the assets to the consolidated account.

Appropriate disclosures were included in the Trust's financial statements about this matter and our audit opinion draws readers' attention to these disclosures.

We issued 16 audit certifications

In addition to issuing opinions on entities' financial statements, audit work is also undertaken throughout the year to certify financial and statistical information produced by departments and statutory authorities. This assists entities to discharge conditions of Commonwealth Government funding, grants or other legislation. This service to entities ensures that they meet conditions of their funding agreements in a timely manner and are able to receive ongoing funding or apply for future funding under existing or new agreements.

In 2021-22, we issued 10 certifications on the financial and statistical information produced by entities to discharge reporting obligations for Commonwealth grants or under other legislation.

We also issued six certifications for projects funded under the Royalties for Regions program. This is a decrease from the 54 certifications issued last year. The decrease reflects the decision by the Department of Primary Industries and Regional Development in 2022, to only require audits in the final year of the project rather than annually. We commend the Department for this initiative as it will ease the burden on these entities accordingly.

They are listed in Appendices 7 and 8, starting on page 87.

Quality and timeliness of reporting

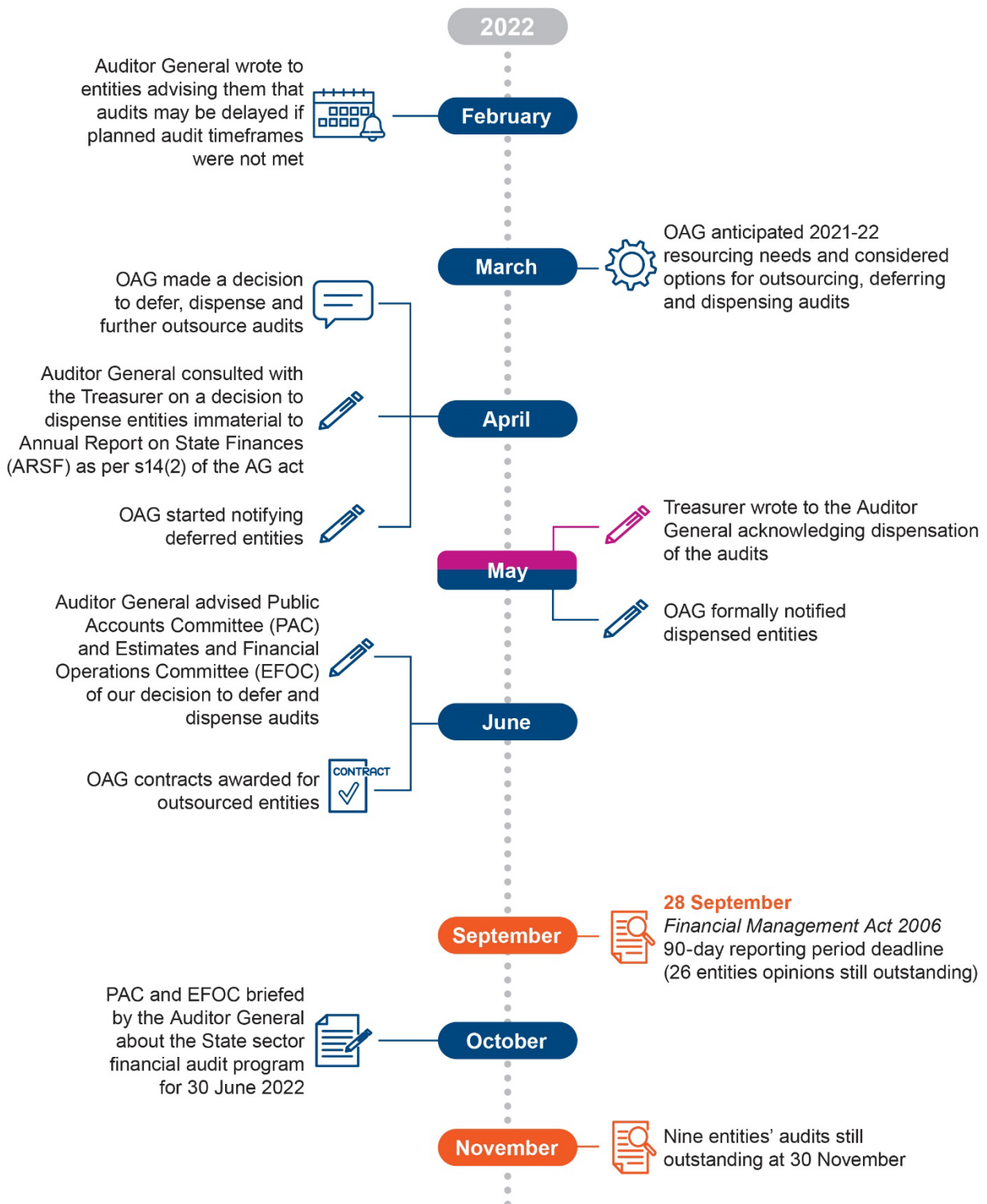
Planning for the 2021-22 audit season

With the previous record number of audit qualifications identified in 2020-21, combined with a shortage of skilled auditors for our Office and contract audit firms, we could foresee that 2021-22 would be a challenging financial audit season.

To that end, we wrote to entities' accountable authorities in February 2022, advising them, in advance, that we may delay further on their audits until the following February or March if agreed audit timeframes were not met by the entity. This was important to ensure that our attention and resources are directed to the local government entities post September.

We also considered resourcing impacts on our in-house/outsourced audit model and considered which audits could be deferred, dispensed with or contracted out in order to free up our limited resources. Our key focus was ensuring that the ARSF was audited and released on time in line with the requirements of the *Government Financial Responsibility Act 2000*, which we were pleased was achieved in such a difficult year. To achieve this, we had to ensure that the top 40 entities, which comprise of 95% of the ARSF balances, were audited first. If a full audit was not able to be completed due to entity preparedness, we cleared balances in those entities that are material to the ARSF as a priority.

Figure 2 shows a timeline of our planning for this challenging financial audit season.



Source: OAG

Figure 2: Management of 2021-22 State sector financial audit program

Audits dispensed or deferred

Audits dispensed

In 2021-22, we dispensed with the audit of the Western Australian Building Management Authority as there has been insufficient activity to justify undertaking the audit. This is consistent with our practice for similar entities in previous years.

In addition, we also dispensed with a further 10 entities whose operations are immaterial to the ARSF. These included:

- the nine regional development commissions. The development commissions were significantly impacted by the Machinery of Government changes in 2017-18, with most staff being transferred to the Department of Primary Industries and Regional Development (DPIRD). The financial statements for the development commissions largely reflect the services and expenses that DPIRD provide and incur on their behalf, which are covered by DPIRD's audit with, generally, only the chief executive officers' salary being unique to the entity
- the Animal Resources Authority. Following the *Animal Resources Authority Amendment and Repeal Act 2022*, we expect that the Authority will be wound up by 30 June 2023. Given this process, there was little benefit of completing the Authority's audit for 2021-22. Instead, we will complete a final audit at the date the Authority is wound up.

The Auditor General consulted with the Treasurer and advised the Public Accounts Committee and the Standing Committee on Estimates and Financial Operations of her decision as per the requirements of section 14(4) of the *Auditor General Act 2006*.

Audits deferred

In April 2022, we contacted 11 entities advising them, in advance, that we would not be able to complete their 2021-22 financial audit in time to allow them to table their annual report within 90 days of the end of the financial year as required by the *Financial Management Act 2006* (FM Act).

We advised two of the entities (Office of the Inspector of Custodial Services; School Curriculum Standards Authority) that we aimed to finalise their audit by no later than 30 September 2022. For the remaining entities we aimed for a deadline of no later than 31 October 2022. In all instances, we endeavoured to complete the audits earlier to meet entities' reporting deadlines.

The entities deferred were:

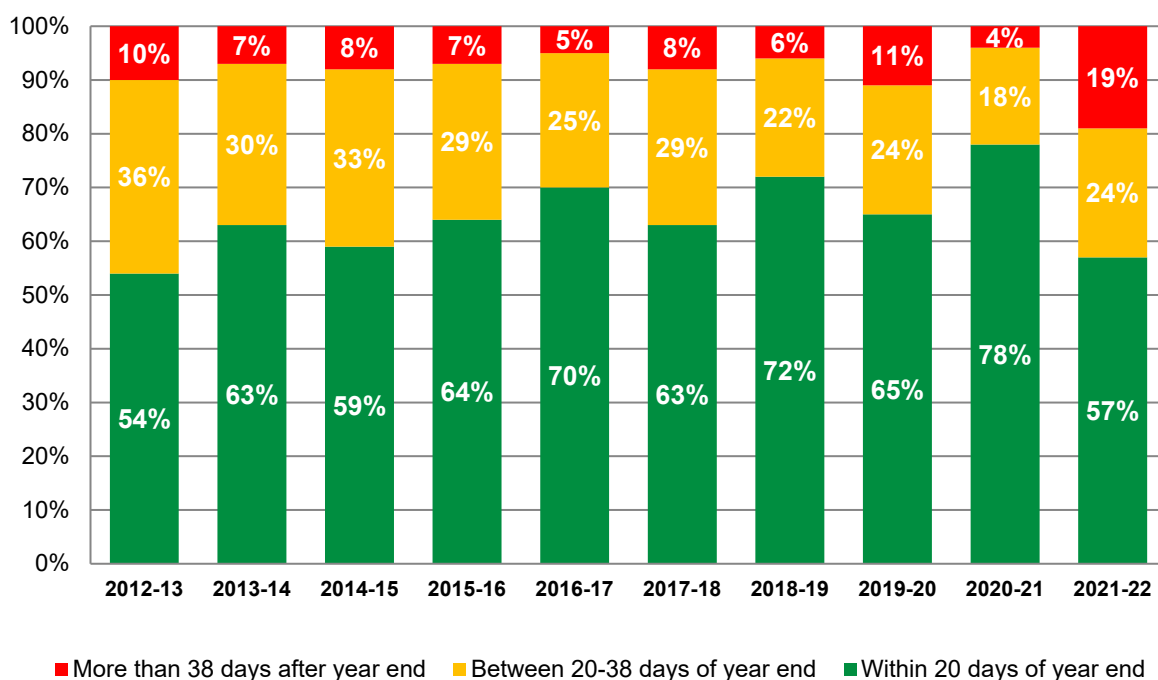
- Combat Sports Commission
- Corruption and Crime Commission
- Department of the Legislative Assembly
- Department of the Legislative Council
- Gaming and Wagering Commission of Western Australia
- Governor's Establishment
- Office of the Inspector of Custodial Services
- Parliamentary Services Department
- Racing Penalties Appeal Tribunal of Western Australia

- School Curriculum and Standards Authority
- Western Australian Electoral Commission.

Audit readiness and timeliness

Being audit ready is more than simply providing a draft set of financial statements and KPIs to the auditors. It means having full and complete financial statements (including disclosure notes) and KPIs. Working papers to support balances and judgements within these statements are required to be prepared before auditors commence, including completed reconciliations (assets/bank/leave etc.) for each month of the year. The demands and expectations of finance teams are quite significant.

Figure 3 shows that 57% of entities were audit ready within 20 days of their financial year end. This is down from 78% last year and reflects some of the current difficulties in the sector's ability to be ready for audit as soon as possible. Most concerning is the large number of entities not ready within 38 days of year end. This is the highest we've recorded in the last 10 years.



Source: OAG

Figure 3: Percentage of entities audit ready within three time brackets for the last 10 years

In 2021-22, we observed that some entities who provided draft financial statements and KPIs by the agreed audit date were not actually audit ready. For example, some entities:

- provided financial statement/KPI information in a piecemeal fashion. For example, financial statements with missing notes or primary statements
- did not complete important reconciliations prior to the audit or had large unreconciled differences that had to be followed up and worked through during the audit, impeding efficient audit progress
- had obvious errors in the financial statements or KPIs indicating that they had not been appropriately reviewed by anyone.

In many cases, these entities had an expectation that the auditors would work intensely with the entities to resolve the matters so that the audit could be finalised on time. This creates additional unscheduled demands on the audit team and essentially shifts resourcing from the entity to the OAG. A sense of professional duty and service sees our auditors wanting to help, but our schedules are tight and unplanned overtime results in additional fees and auditor fatigue. Too much engagement during the financial reporting process can also impair auditor independence and risk breaching our professional standards.

For six entities, the delays in receiving financial statements and supporting working papers were so significant that we took the difficult decision to withdraw from the audit and delay further work to a later period (five of these remain outstanding as of the date of this report). This is consistent with the Auditor General's correspondence to all entities in February 2022.

Accountable authorities need to ensure that their finance teams are appropriately resourced to ensure that they are audit ready within agreed timeframes. It was evident that in some entities the finance teams are under-resourced and inexperienced, reflecting a skills gap in the foundations of sound financial management for our sector.

Looking forward, we are recommending each chief financial officer or equivalent provide a formal audit readiness sign-off to both the accountable authority and OAG. The aim of which is to ensure that the entity has prepared an audit submission that is in fact audit ready. In the future, if it becomes apparent that an entity is not audit ready when we start the audit, we may discontinue and return at a date to be determined.

To support entities, we have published a better practice guide on financial reporting to assist officers to better understand the information requirements for financial report preparation. Following this guidance will assist entities to be audit ready.

Adjusted and unadjusted audit differences

When it comes to preparing financial statements, audit differences are an indication of the robustness of an entity's processes in preventing errors. An excessive number of audit differences can also impact the overall timeliness and efficiency of the audit.

An audit difference is a variance between what an entity reports, presents or discloses and what it should report/present/disclose. Under Australian Auditing Standards, our Office records all audit differences, other than those which are clearly insignificant. An entity can choose to correct the audit difference (adjusted) or leave it unadjusted.

At the end of the audit, we assess whether unadjusted differences are individually and/or collectively material to the financial statements. If audit differences are material, then we will ask the entity to adjust, and if they do not, we will consider qualifying our audit opinion. Entities generally seek to make audit adjustments to avoid a qualification. These adjusted numbers then also need to be audited, adding costs and causing time delays.

This is the first year we have externally reported adjusted and unadjusted audit differences. The values reported below are the aggregate values of differences identified by our audit teams and contract audit firms.

Adjusted

In 2021-22, 50 entities adjusted 101 audit differences.

Value	Number 2021-22	Nominal value
Less than \$250,000	31	\$2,225,057
\$250,000 to \$500,000	10	\$3,626,035

Value	Number 2021-22	Nominal value
\$500,000 to \$1 million	11	\$7,506,126
\$1 million to \$5 million	27	\$62,831,517
\$5 million to \$15 million	14	\$124,615,022
\$15 million to \$30 million	3	\$52,176,068
\$30 million to \$50 million	1	\$34,216,000
\$50 million and greater	4	\$944,748,000
Total number and value of differences	101	\$1,231,943,825

Source: OAG based on audited financial statements in tabled annual reports

Table 2: Adjusted audit differences for entities in 2021-22

Of the 101 audit differences adjusted in the 30 June 2022 financial statements, 49 were greater than \$1 million.

The common areas where adjusted audit differences were identified included:

- incorrect recognition of accrued liabilities
- incorrect application of accounting standards
- errors in, and quality of, asset records, including incorrect classification of assets
- asset revaluation errors such as inappropriate valuation assumptions and incorrect revaluation adjustments.

Unadjusted

In 2021-22, we identified 91 unadjusted audit differences across 41 entities.

Value	Number 2021-22	Nominal value
Less than \$250,000	26	\$2,838,782
\$250,000 to \$500,000	13	\$4,662,431
\$500,000 to \$1 million	14	\$11,115,206
\$1 million to \$5 million	22	\$56,968,478
\$5 million to \$15 million	9	\$90,017,000
\$15 million to \$30 million	2	\$42,506,000
\$30 million to \$50 million	2	\$90,333,000
\$50 million and greater	3	\$619,700,000
Total number and value of differences	91	\$918,140,897

Source: OAG based on audited financial statements in tabled annual reports

Table 3: Unadjusted audit differences for entities in 2021-22

The common areas where unadjusted audit differences were identified included:

- errors in estimating the impact of new State Government wages policy on annual leave and long service leave provisions

- expenses incorrectly recognised
- depreciation incorrectly applied to assets.

There were 42 entities which had no audit differences.

There are various reasons why errors are not adjusted, the most common being it is not material to the financial statements overall, or that it may not be efficient or possible within statutory timeframes to process an adjustment late in the audit process.

If we consider that an unadjusted misstatement is material, then we will issue a qualified audit report on the financial statements. This was applicable to the Department of Communities, Disability Services Commission and Housing Authority in 2021-22.

We encourage entities to review their financial statement preparation processes as well as guidance included in our *Western Australian Public Sector Financial Statements - Better Practice Guide* to prevent errors in financial statements.

Late tabling of some 2021-22 annual reports

In 2021-22, finalising audit reports well within the 90-day timeframe of the FM Act was increasingly difficult and not just for the reasons outlined above. Additional pressure arose because the last parliamentary sitting date was 21 September 2022 and entities needed to provide their minister with final copies of their annual report in advance of this date. For entities juggling competing priorities, and our Office auditing the sector in just a few short months, bringing forward practical completion dates can impede compliance and result in delayed transparency for Parliament.

Leading up to the last sitting date in September, entities submitted to their minister notices to Parliament to advise of the delays and the anticipated tabling date as required by section 65 of the FM Act. Of the notices tabled in Parliament, nine were for entities where we had deferred the audit.

An additional 32 entities explained that their delay was caused by the last sitting date in September being earlier than the prior year and the loss of seven days preparation time. However, 20 of these entities received their audit opinion by 21 September, five of these were either on or before 1 September 2022. It appears that these five entities in particular, could have tabled their annual report in time to meet the statutory deadline.

Many entities informed us that an extension of time was necessary because the minister needed the final annual report at least a week in advance of the tabling date. While entities should ensure that the minister's office has sufficient time to consider the annual report, they can submit a draft annual report for review prior to the finalisation of the financial statements and audit report. This practice would avoid further compressing our already tight auditing timeframes, where every day matters for our sector-wide program.

In addition, while tabling the professionally printed annual report is desirable, it is unnecessary to meet the requirements of the Public Sector Commission's annual report guidelines where an in-house printed copy will suffice.

We also noted that some entities stated that the delays were caused, either fully or in part, due to our Office not issuing the audit opinion on time. This was not always completely accurate, with several of these entities having significant issues with their finalisation of the financial statements and related supporting materials (i.e. not being sufficiently audit ready) or their own resourcing problems causing the delays. On request, we have reported separately to the Standing Committee on Estimates and Financial Operations of the reasons for delays in entities whose annual report was not tabled by 28 September 2022.

Treasury should consider the viability of amendments to the FM Act to allow deemed tabling of annual reports to be permissible when Parliament is not sitting so that the full 90 days is available to entities.

Best practice entities

Each year we rate entities on their financial reporting and financial controls and recognise the top 20 large and top 20 small best practice entities (Table 4). Our definition of small is entities with total expenditure below \$41 million.

We congratulate the entities we rated as the top achievers for 2021-22.

Our assessment criteria include:

- clear opinion on financial statements
- 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 KPIs, 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 entities	Best practice top 20 small entities
Child and Adolescent Health Service	Chemistry Centre (WA)
Department of Education	Construction Industry Long Service Leave Payments Board
Department of Jobs, Tourism, Science and Innovation	Country Housing Authority
Department of Mines, Industry Regulation and Safety	Department of the Registrar, Western Australian Industrial Relations Commission
Department of Training and Workforce Development	Economic Regulation Authority
Department of Treasury	Health and Disability Services Complaints Office
Electricity Networks Corporation (Western Power)	Keep Australia Beautiful Council (W.A.)
Electricity Generation and Retail Corporation (Synergy)	Law Reform Commission of Western Australia
Fremantle Port Authority	Legal Costs Committee
Government Employees Superannuation Board	Library Board of Western Australia, The
Insurance Commission of Western Australia	Metropolitan Cemeteries Board
Keystart Group	Minerals Research Institute of Western Australia
Legal Aid Commission of Western Australia	National Trust of Australia (WA), The
Mental Health Commission	Parliamentary Inspector of the Corruption and Crime Commission
Mid West Ports Authority	Professional Standards Council
Office of the Director of Public Prosecutions	Public Sector Commission

Best practice top 20 large entities	Best practice top 20 small entities
Southern Ports Authority	Quadriplegic Centre
Western Australian Museum, The	Small Business Development Corporation
Western Australian Tourism Commission	Workcover Western Australia Authority
Western Australian Treasury Corporation	Zoological Parks Authority

Source: OAG

Table 4: Top 20 best entities in two expenditure categories for 2021-22, listed in alphabetical order

Recommendations

1. Entities should ensure that their finance teams are accessible and available, and have sufficient resources to be audit ready within timeframes agreed in the annual audit plan. In addition, chief finance officers should have regard to our better practice guide on financial statement preparation and, as a minimum, perform a gateway check on their audit readiness prior to the commencement of the audit.
2. Entities should review their annual report processes, including providing draft copies to the minister, to ensure that the FM Act timeframes are met, even if the audit opinion is provided on, or just before, the deadline.

Control weaknesses

Control environment

Entity management is responsible for developing and maintaining adequate systems of internal control to ensure legislative compliance around public money and resources, as well as accurate recording and reporting of financial information and KPIs. 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 KPIs, are reliably maintained
- assets are appropriately safeguarded
- errors and other irregularities are prevented or detected
- compliance with relevant legislation and policy guidelines
- internal and external financial and non-financial performance reporting is reliable and timely.

The *Auditor General Act 2006* requires the Auditor General to audit entity accounts and, in the case of entities operating under the FM Act, to also form an opinion on their financial controls. This involves, at a minimum, an assessment of the design and implementation of relevant financial management and reporting controls.

We report our findings on control weaknesses relating to expenditure, revenue, financial management, asset management and human resources, in management letters to the accountable authority.

Control weaknesses are rated according to their potential impact and we 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:

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

Risk category	Audit impact	Management action required
Significant	Control weaknesses that potentially present a significant financial or business risk to the entity if not addressed promptly. These significant risk findings impact: <ul style="list-style-type: none">• likelihood of material misstatement in the financial report• ability to achieve objectives or comply with legislation.	Priority or urgent action by management to correct the material misstatement in the financial report to avoid a qualified opinion or for control risks, implement a detailed action plan as soon as possible, within one to two months.

Risk category	Audit impact	Management action required
Moderate	<p>Normally matters requiring system or procedural improvements or low risk matters from previous audits that have not been satisfactorily resolved.</p> <p>These moderate risk findings include:</p> <ul style="list-style-type: none"> • misstatement in the financial report that has occurred, although not material • ongoing system control weakness which could or is having a moderate adverse effect of achieving objectives or legislative compliance. 	<p>Control weaknesses of sufficient concern to warrant action being taken as soon as practicable, within three to six months.</p> <p>If not addressed promptly, they may escalate to significant or high risk.</p>
Minor	<p>Isolated occurrences, non-systemic or procedural control weaknesses that are administrative shortcomings.</p> <p>Minor weaknesses which are not of primary concern but still warrant action being taken.</p>	<p>Management to implement an action plan within six to 12 months to improve existing process or internal control.</p>

Source: OAG

Table 5: Risk categories for control weakness reported to management

We give management the opportunity to review our audit findings and provide comments prior to completion of the audit. Each control finding is documented in a management letter which identifies weakness, implications for the entity, risk category and a recommended improvement action.

Often management improves policies, procedures or practices after we raise findings 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 provides a written response to control weaknesses reported in our audit management letters, we request that they set a timeframe for remedial action to be completed. Most entities set themselves challenging timeframes for remedial action, and generally meet those timeframes. It is, however, disappointing that some entities do not remedy control weaknesses in a timely manner.

While our management letters relate specifically to an individual entity, we can see the weaknesses are often common to other government entities.

Financial and management controls

During 2021-22, we alerted 72 entities to financial and management control weaknesses that needed their attention.

In total we reported 385 control weakness across the three risk categories (Figure 4):

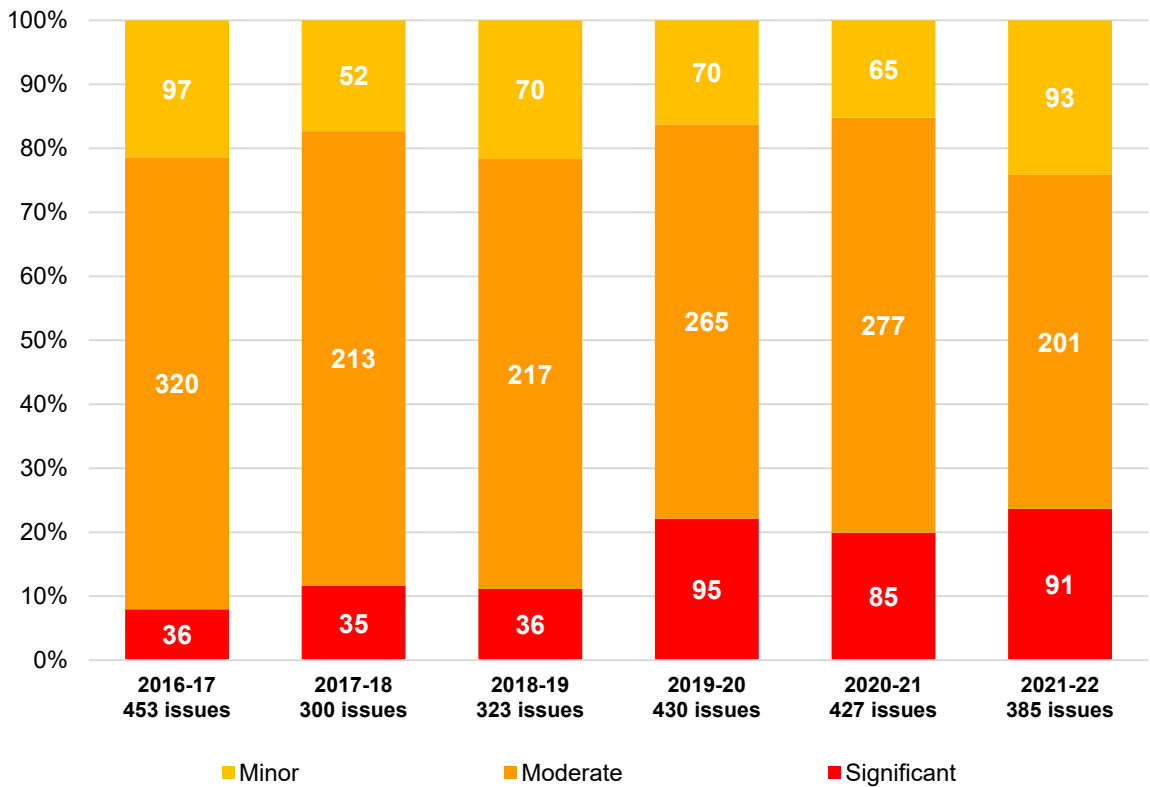


Source: OAG

Figure 4: Number of financial and management control findings by risk category for 2021-22

Although this is a decrease compared to the 427 reported in 2020-21 of which 85 were significant, 277 moderate and 65 were minor findings it does not include weaknesses identified at entities whose opinions remain outstanding. At the date of this report we estimate that there will be a further 57 findings for these audits.

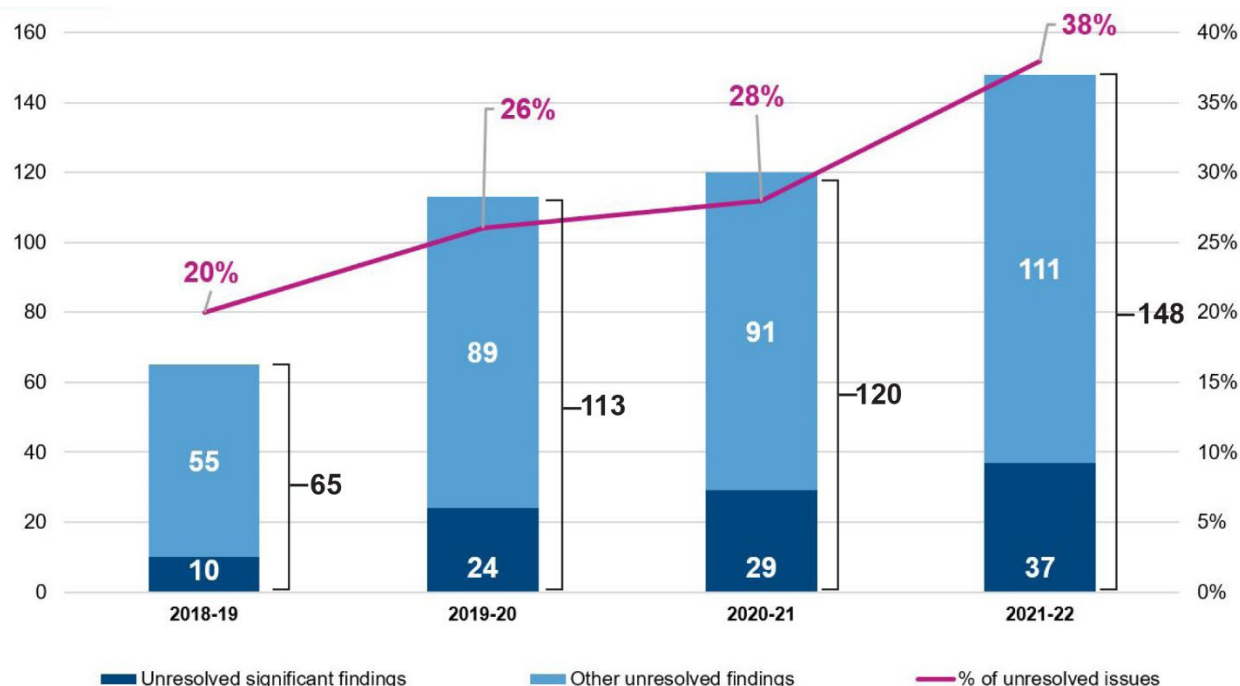
Figure 5 shows the number of weaknesses in each category and the comparative proportion of weaknesses in each category for the last six years. The number and proportion of significant control weaknesses has increased in 2021-22.



Source: OAG

Figure 5: Proportion of control weaknesses reported to management and comparative ratings of the control weaknesses

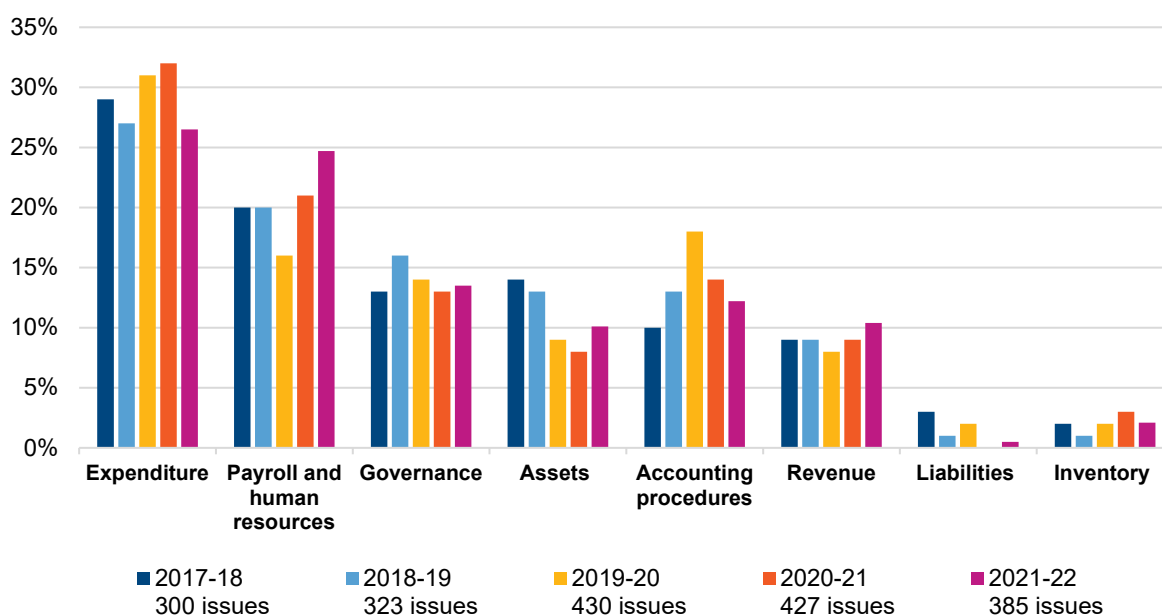
As highlighted in Figure 6, 148 control weaknesses (38%) at 44 entities were unresolved from the prior year. Disappointingly, this proportion is substantially higher than 2020-21 and continues to steadily climb from the 20% we reported as unresolved in 2018-19. Figure 6 also shows that the number of significant weaknesses identified that remain unresolved from prior years has been trending upwards over recent years.



Source: OAG

Figure 6: Unresolved financial management control findings

The 385 control weaknesses identified in 2021-22 are presented in their different financial management control categories over the last five years in Figure 7. This figure also shows that expenditure control weaknesses continue to represent the highest proportion of weaknesses across the financial control environment. What is concerning is the upward and significant increase in payroll and human resources control weaknesses for 2021-22 and 2020-21 compared with prior years.



Source: OAG

Figure 7: Financial and management control weaknesses for the last five years

Following are examples of control weaknesses identified in the major categories of audit findings.

Expenditure

We reported 102 expenditure control weaknesses to 49 entities in 2021-22. Fifty-one were unresolved from the prior year and eight of these unresolved findings were rated as significant.

For the second year in a row, a concerning expenditure control weakness was using restricted cash for operating purposes. This resulted in financial statement and controls qualifications for three entities (Department of Communities, Housing Authority and Disability Services Commission – see Case study 7). This issue also applied to DPIRD in 2020-21 and their 2021-22 audit has been delayed, partly as a result of the time needed to quantify this issue, which may result in a continuing qualification..

Of the 102 expenditure control weaknesses, 28 related to use of purchasing cards contrary to the policies and procedures at 21 entities. Our testing also found instances where:

- no invoice or other appropriate documentation was attached to support the transaction
- approval of transactions was obtained retrospectively
- purchasing card transactions were not acquitted within a reasonable time
- purchasing cards were used for personal transactions and not reported as such
- cards remained active after employee termination.

These findings all increase the risk of inappropriate or fraudulent credit card payments.

Other expenditure control weaknesses included:

- non-compliance with Treasurer's Instruction 323 *Timely Payment of Accounts* and Treasurer's Instruction 304 *Authorisation of Payments*
- no review of changes to the supplier masterfile, or staff having the ability to both make and approve changes. This review is important to ensure that there are no inappropriate changes to supplier records resulting in fraudulent payments.

The importance of robust controls over procurement processes are highlighted in the case studies below.

Case study 1: No guidance for raising multiple requisitions

At one entity, there was no written policy in place to provide guidance to employees on the criteria that must be satisfied before multiple requisitions/purchases can be raised against one purchase order. We noted instances where individuals were approving multiple requisitions which were individually within their delegated limit, but exceeded the employees delegated limit in aggregate.

This practice, which is similar to invoice splitting, increases the risk of unauthorised purchases and fraud.

Case study 2: Providing cost estimates to the service provider together with the invitation to quote

We identified six instances at one entity where an invitation to quote sent to a supplier included internal cost estimates for the services being provided. Providing internal cost estimates to the service provider with the invitation to quote defeats the purpose of obtaining competitive rates and may not result in the entity achieving best value for money.

In addition, for two of the six instances, there was no evidence to support that the acceptance of the quote and decision to award the work to the contractor was approved by the regional manager.

Payroll and human resources

We reported 95 payroll and human resource control weaknesses to 43 entities. Thirty-six were unresolved from the prior year and 16 of these unresolved findings were rated as significant. Our payroll controls audits identified the following weaknesses:

- at 20 entities there were weaknesses in payroll certification processes. We found payroll certification reports without evidence of approval by responsible line managers, cost centre certifications that were certified after the payment date, instances of cost centre managers certifying their own payments and/or being responsible for certifying an excessive number of employees. This is a fundamental payroll control to prevent incorrect salary payments and fraud. This control is particularly important when other payroll preventative controls are not operating effectively
- at one entity, overtime hours were not approved by an appropriate independent officer and there was no evidence of an independent review of the fortnightly overtime report
- instances of leave submitted and approved after the leave commencement date, and at one entity, leave applications were entered after employees returned to work
- there was one entity that had not performed a comprehensive review of long service leave liabilities for casual employees
- at two entities, employees had the ability to edit current and past rosters and authorise their own roster
- instances where timesheets remained unapproved
- at seven entities we found weaknesses in commencement and termination procedures, including incomplete staff exit checklists or instances where termination checklists were completed well after the employee's cessation.

Poor payroll controls can lead to salary errors and overpayments as illustrated in the Case study 3 below.

Case study 3: Poor termination procedures result in overpayment

At one entity, there was an employee who continued to be paid for four months after their termination date. This overpayment arose because:

- termination checklists were not consistently prepared
- a resignation letter had not been provided by the employee to the entity

- the employee's manager incorrectly approved payroll certification reports which still included the employee.

The entity has since recovered the overpayment.

Governance

During our audits we identified 52 financial governance and legal compliance issues at 30 entities. Twenty findings were unresolved from the previous year and five of these unresolved findings were significant.

Major control weaknesses included:

- issues with risk management at six entities. This included risk management policies not updated, incomplete risk registers, no business continuity plan or the plan not being tested to assess effectiveness
- a lack of regular review and update of policies to reflect current financial processes and requirements
- the delegation and authorisation register allowing one officer to be involved in multiple stages of the purchasing process. This indicates a lack of segregation of duties, which increases the likelihood of fraud, error or inappropriate purchasing
- financial management manuals which did not clearly specify the roles and responsibilities of officers for the ordering and purchasing of goods and services
- an entity which did not have an internal audit function during the 2021-22 financial year
- instances of no formal written service level agreements that define the services, responsibilities, measurable performance indicators and cost determination basis of the entity and the respective statutory authorities
- inadequate practices for declaring and managing conflicts of interest at one entity. This included inconsistent application of policies, insufficient instruction and guidance to staff regarding secondary employment and an instance where a declared conflict of interest was not recorded in the register. These practices significantly increase the risk that conflicts of interest are not properly identified, declared and managed
- procurement arrangements not being reviewed
- one entity substantially deviated from published policy when evaluating market-led proposals, discussed in Case study 4.

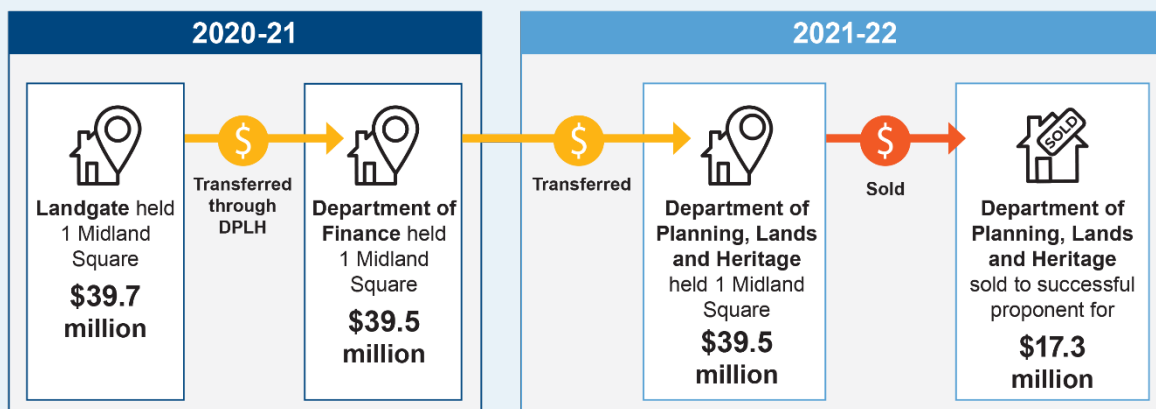
Case study 4: Market-led proposal sale and partial leaseback of the Landgate building in Midland

As part of our annual financial audit of State entities, we examined several aspects relating to the administration and recording of the market-led proposals (MLP) process for the sale and partial leaseback of the Landgate Building (1 Midland Square).

The Department of Finance (Finance) assessed proposals regarding the sale and partial leaseback of the Landgate Building, finalising an agreement with the successful proponent in March 2022. This agreement commenced as a MLP under the publicly available MLP policy, with a Problem and Opportunity Statement issued to market in late 2020. The

proposal was evaluated using the centrally led MLP process, with each of the three assessment stages requiring a recommendation from the MLP Steering Committee (agency heads) and a Cabinet decision to proceed/accept, or not. The MLP policy has since been updated (November 2022).

We found the following transactions were accurately reflected within respective State entities' financial records, as shown below.



As part of the agreement, Finance has leased the building back and recognised a lease liability of \$84 million and a corresponding right of use asset over 15 years.

We found the evaluation process broadly followed aspects of the published MLP policy applicable at the time. However, we found there were some deviations from the policy and guidelines across multiple elements of the MLP evaluation process. Most significantly the net lettable area and rent rates, both of which were critical inputs to the value for money assessment, were still to be negotiated when the deal was conditionally approved. A Final Binding Offer and agreed terms and conditions were not presented to the decision-makers in accordance with the process outlined in the policy at the time.

The final decision makers were therefore not provided all the information relevant to considering final value for money of the arrangement.

We also noted a lack of guidance existed in Finance for how to conduct all key aspects of the MLP process, which, for this transaction, meant that the following parts of the process were either not adequately managed or documented:

- | | |
|---|--|
|  Conflict of interest management |  Policy and procedures |
|  Key document creation and retention |  Consistency of information provided to decision makers |
|  Review of key documentation, including financial models |  Appointment and management of evaluation panels |
|  Minimum evaluation scores required for successful proposals |  Use of expert's advice |

Given our observations in relation to this matter, and pre-identified risks to the MLP process, our Office may consider further inquiries into other proposals.

Accounting procedures

During our audits we identified 47 accounting procedure issues at 26 entities. Thirteen findings were unresolved from the previous year and three of these unresolved findings were significant. The major control weaknesses included:

- using a manual contract register that was not integrated with the financial accounting system, reducing the entity's ability to monitor expenditure under contracts to avoid overpayments
- contract negotiations which had not yet commenced at one entity for a contract due to imminently expire and with a value over \$1 billion. This increases the risk that goods or services are no longer available when required or at pricing points which do not represent value for money
- background checks for contractors hired through a recruitment agency not performed at one entity. Background checks are an important mechanism for verifying the integrity and credentials of staff
- a non-common use agreement supplier engaged to provide accounting services with no contract in place at one entity. Without a contract in place, it is difficult to enforce contractual obligations and fee arrangements
- accounts receivable and other key asset reconciliations not performed regularly. If reconciliations are not performed on a regular basis and subject to an independent review, there is a risk that fraud and/or errors or misstatements may go undetected
- journal entries in one section of an entity that could be posted by one person, without appropriate supporting documentation and without evidence of review. Accounting journals can represent significant adjustments to previously approved accounting transactions and can also be used to conceal fraud. They should therefore be appropriately reviewed and approved
- no evidence that a cash count and reconciliation was performed and reviewed prior to banking
- untimely preparation and/or review of bank reconciliations. This increases the risk that errors, including fraud, are not promptly identified.

Case study 5 highlights the importance of reviewing contractor performance.

Case study 5: No formal assessment of a contractor's performance

We selected a sample of contract extensions at an entity and noted that for each of them, there was no evidence that formal performance reviews were performed prior to extensions being granted.

If the contractor's performance is not formally assessed, there is a risk that poor performing contractors are granted extensions. In addition, this limits management's ability to assess whether the contract still offers the best value for money.

Assets

We found 39 assets issues at 24 entities. Seven issues were unresolved from the previous year and one of these unresolved issues was significant.

The major control weaknesses included:

- the accuracy of fixed asset records. At one entity this included differences between the entity's asset records and the Valuer General Office's records. All entities need to ensure that they reconcile their asset records with relevant and appropriate supporting valuation records to prevent material errors in the financial statements
- inadequate policies and procedures for the valuation of assets under administration and a lack of documented evidence on file to support the valuation
- assets under construction. At one entity we found projects under construction where there had been no associated expenditure in over 12 months and instances where completed assets were not transferred to the asset register on practical completion. Projects which have reached completion should be transferred from assets under construction to the fixed asset register so that they can start booking depreciation.

Case study 6 illustrates how system errors and a lack of review can result in misstatements in the financial statements.

Case study 6: Lack of review results in \$3 million error

When testing asset additions at one entity, we found that the financial system was incorrectly calculating depreciation for additions to existing assets. In particular, the system was backdating the depreciation calculation to the date the original asset was placed in service, rather than the date the capital works were completed and/or made available for use. We estimated that this resulted in an overstatement of depreciation expense and an understatement of asset values of approximately \$3 million.

If the entity was regularly scrutinising system generated information, this error may have been avoided.

Case study 7: Cash management – sloppy salary recoup processes result in special purpose accounts being used for operational purposes

The classification of the Department of Communities restricted cash and cash equivalents of \$30.421 million (Note 7.4) is materially understated by \$27.236 million, and cash and cash equivalents of \$24.932 million (Note 7.3) is equally overstated. This error represents the outstanding balance of restricted funds owed to the Disability Services Commission (\$15.270 million) and the Housing Authority (\$11.966 million), which is reported within Payables (Note 6.4 – Trade payables).

This has occurred as a result of the fortnightly salaries reimbursements received by the Department, which administratively pays wages on behalf of the three entities, from the Commission and Housing (\$3.6 million and \$7 million respectively) exceeding the actual salaries and wages expenses incurred for staff in the two entities. These pre-determined fortnightly amounts were approved in 2020 but have not been reviewed or adjusted during the period to reflect the current staffing levels of the Commission and Housing.

The payables balances identified also exceed the Department's cash balance, indicating that the Department has used excess restricted monies to fund shortfalls in its operational cash, however, we are unable to determine the extent to which this has occurred.

By using restricted funds received for purposes other than the intended purpose appropriated by Parliament, the Department has breached the legislative provisions of section 18(2) of the FM Act and the enabling legislations of the Disability Services Commission and the Housing Authority.

The use of restricted cash for operational purposes is a concern and resulted in audit qualifications on financial statements and controls for DPIRD in the 2020-21, and a controls qualification in 2019-20. DPIRD has been working with external consultants to resolve these issues in 2022. The focus of this work is on ensuring that the closing balances of restricted cash accounts, which include funds associated with Royalties for Regions projects and special purpose accounts, are accurate at 30 June 2022. This process has taken time and has contributed, in part, to the delays DPIRD encountered in finalising its financial statements.

Revenue

We found 40 revenue control weaknesses across 23 entities. Nineteen findings were unresolved from the prior year and four of these unresolved findings were rated as significant.

These control weaknesses included:

- revenue not being banked within five days of receiving it. This increases the risk of theft
- no evidence of formal approval for fees and charges
- insufficient segregation between people receiving money and those recording the revenue in the finance system. This increases the risk of fraud
- a lack of detailed procedures and practices around receipting of revenue to enable staff to follow and implement a consistent process
- one entity's fees and charges for manufactured products have not been subject to a full review by its accountable authority to ensure the full cost is accurately determined as required by Treasurer's Instruction 810 *Tariffs, Fees and Charges*
- one entity that had not accurately recorded levy income in the financial statements, resulting in a material understatement of revenue in prior periods. This was corrected in 2021-22.

Recommendation

3. All entities should ensure they maintain the integrity of their financial control environment by:
 - a. periodically reviewing and updating all financial, asset, human resources, governance, information systems and other management policies and procedures and communicating these to relevant staff
 - b. conducting ongoing reviews and improvement of internal control systems in response to regular risk assessments
 - c. regularly monitoring compliance with relevant legislation
 - d. promptly addressing control weaknesses brought to their attention by OAG audits and other review mechanisms.

Information system controls

Information systems underpin most government operations and services. It is therefore important that entities implement appropriate controls to maintain reliable, secure and resilient information systems and protect them from internal and external threats. Information and cyber security threats are faced by all entities. These threats are ever changing and require entities to be responsive and continually fine tune their controls.

Audits of general computer controls are a major part of the work we undertake to assess the effectiveness of information and cyber security controls. Well implemented and managed controls ensure reliable and secure processing of financial and key performance information. We focus these audits on those entities with significant computer environments to determine whether their controls are appropriately designed and operating effectively.

In 2021-22, we identified 431 weaknesses across 51 entities. Forty-six percent of these were unresolved issues from the previous year (in 2020-21 49% were unresolved from the prior year). Last year we reported 403 findings at 45 entities. Of the 2021-22 issues, 8% were rated as significant, 66% were rated as moderate requiring action as soon as possible and 26% were rated as minor.

Of the weaknesses identified, the majority (79%) related to information and cyber security controls:

- 29% related to access management issues. These included poor management of privileged accounts, weak passwords, lack of multi-factor authentication, legacy authentication protocols, timely removal and review of user access and monitoring of user activity
- 17% related to information security framework/governance. These included inadequate policies and processes to govern information and cyber security
- 17% related to controls to protect endpoints (end user devices and servers). These included system vulnerabilities, outdated software, protection against malicious code and system hardening
- 9% related to human resource security issues. These included screening policies and background checks for staff, onboarding and offboarding processes not being followed and cyber security awareness of the workforce
- 7% related to network security issues. These included penetration tests not being performed, lack of network segregation, unauthorised device control and management of rogue wireless access points.
- Business continuity made up 9% of the findings and the remaining 12% of the issues related to IT operations, risk management, physical security and change control.

The majority of issues are simple to fix, but if not resolved they leave entities potentially vulnerable to security incidents and disruption. Figure 8 shows the percentage of total findings made against the 10 categories of control risk.⁴

⁴ In 2021-22 we expanded our capability and maturity assessment to increase guidance in the area of information and cyber security. This resulted in the number of control categories increasing from six to 10.

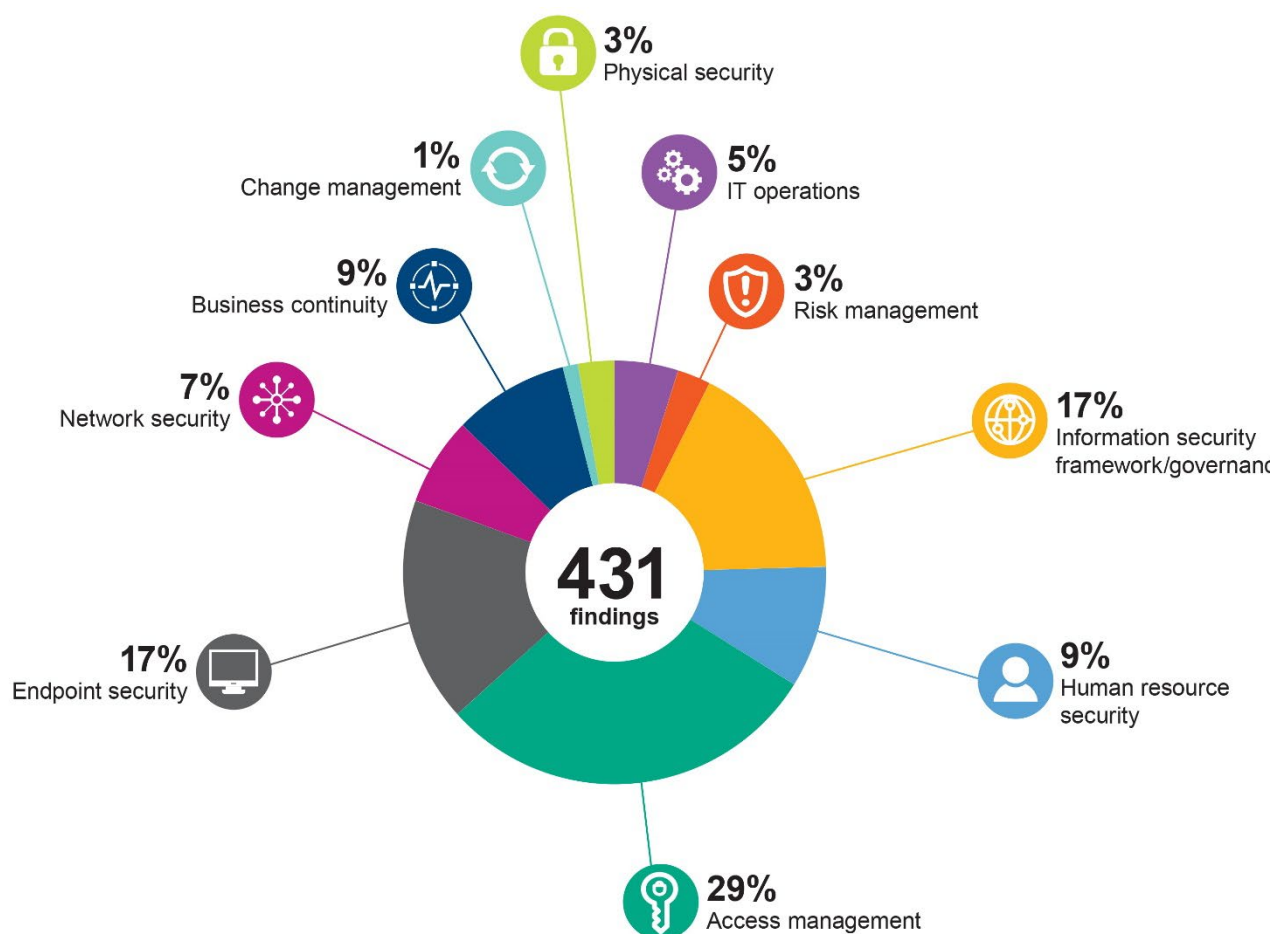


Figure 8: Information weaknesses across 10 control risk categories

A more detailed report on the results of our information systems audits is planned for the first quarter of 2023. The report will consolidate the results of State entities and provide recommendations to improve the information systems control environment.

Key performance indicators

In 2021-22 we reported 19 KPI weaknesses to 15 entities. Almost all the weaknesses need prompt or urgent attention by entities.

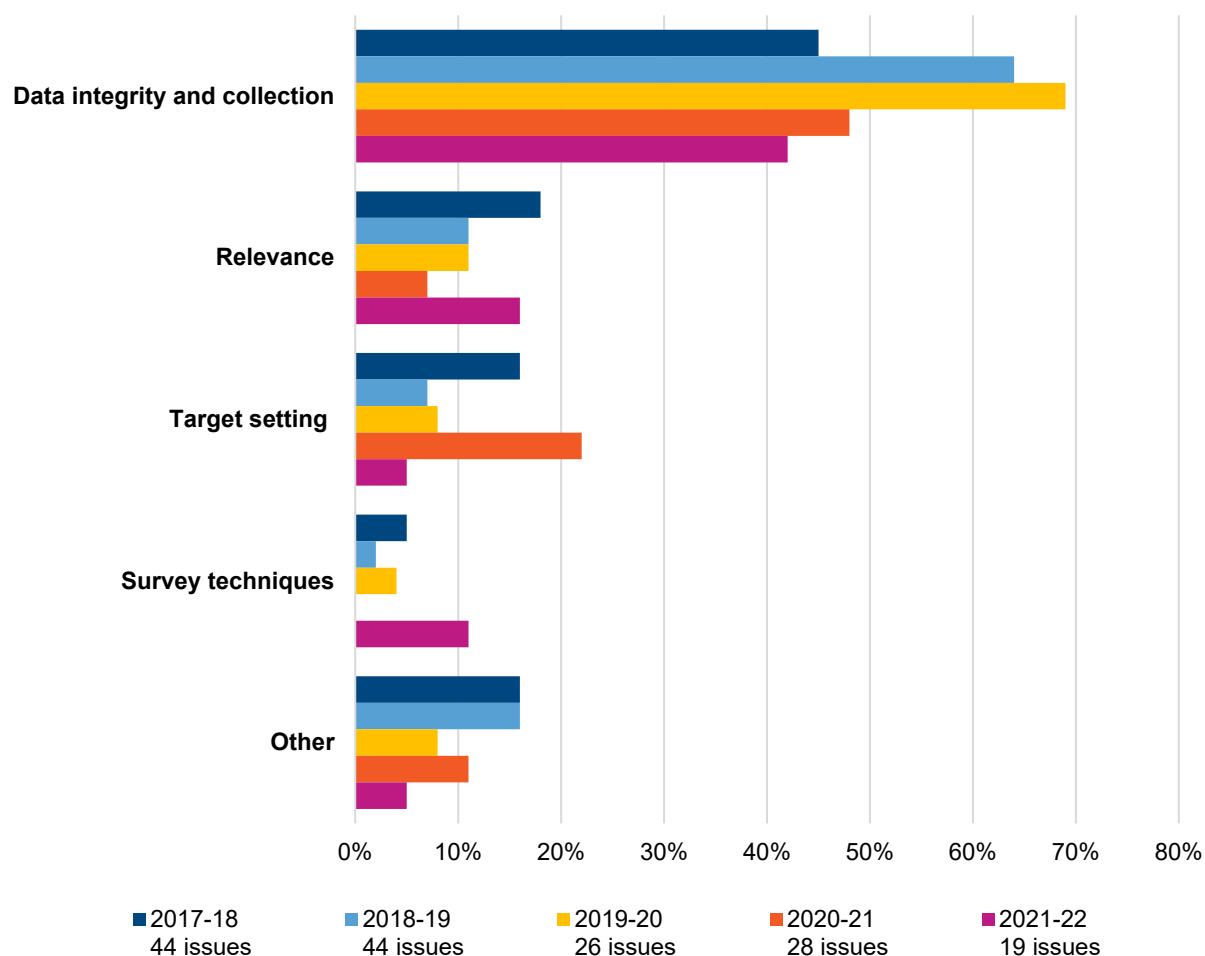
KPI weaknesses	2017-18	2018-19	2019-20	2020-21	2021-22*
Number of entities with KPI weaknesses	13	26	19	19	15
Number of KPI weaknesses rated as significant	16	18	9	5	1
Number of entities with qualified KPI opinions	4	1	1	1	0
Number of KPI weaknesses reported	44	44	26	28	19

Source: OAG

* We anticipate 2021-22 KPI findings to increase due to the nine audits that remain outstanding at 30 November 2022

Table 6: Summary of KPI weaknesses reported to entities over the last five years

Figure 9 shows that data integrity and collection, and relevance are the key areas needing improvement.



Source: OAG

Figure 9: KPI control weaknesses for last five years

We reported eight control weaknesses relating to data integrity and collection to seven entities. Four findings remain unresolved from the previous year. The weaknesses included:

- inaccurate data
- inappropriate or inconsistent measurement and issues with the underlying methodology
- lack of review of the appropriateness of whether the reported indicators are an accurate representation of the entity's performance.

All data recorded by entities needs to be accurate, reliable and verifiable in order to measure and report the entity's achievement of their outcomes and the efficiency of service delivery.

Once again, we observed that explanations of variations between actual and targeted KPI results were not always transparent and meaningful for readers. We reiterate the need for all entities to be clear and transparent when reporting the reasons for significant variations to better inform the users of the entities' performance.

We also observed entities that had not completed a formal review of its outcome based management framework in recent years, including reviewing existing effectiveness and efficiency key performance indicators reported, in the context of the entities' current role, responsibilities and services provided.

If KPIs do not include all material aspects of outcome achievement and service delivery, there is an increased risk that they may not be an accurate reflection of an entity's performance.

Recommendations

4. Entities should periodically review their KPIs to ensure that they are relevant, calculated reliably from complete data and include meaningful explanations for variations between actual and targeted performance.

Financial reporting, accountability and audit matters

Impact of cloud computing arrangement costs

Issue

As we have previously reported⁵, the International Financial Reporting Interpretations Committee (IFRIC) carries out activities to support the understanding and consistent application of accounting standards. One of the ways it does so is by publishing agenda decisions when it decides that existing standards are sufficient, and a new standard is not needed. IFRIC published decisions in March 2019 and April 2021 which provided explanatory information on accounting for cloud computing costs including Software as a Service (SaaS) arrangements.

The first decision, in March 2019, concluded that SaaS arrangements are likely to be service arrangements, rather than intangible or leased assets. This is because the customer typically only has a right to receive future access to the supplier's cloud-based software and the supplier controls the intellectual property (IP) of the underlying software code.

The second decision, in April 2021, dealt with configuration and customisation costs incurred in implementing SaaS:

- a) In limited circumstances, certain configuration and customisation activities undertaken in implementing SaaS arrangements may give rise to a separate asset, where the customer controls the IP of some of the underlying software code. For example, the development of bridging modules to other systems, including other cloud-based systems or bespoke additional software capability.
- b) In all other instances, configuration and customisation costs will be an operating expense. They are generally recognised in profit or loss when the customisation and configuration services are complete or, in certain circumstances, over the lifetime of the SaaS contract.

What we found

Throughout our assessments, which included sample testing of software and licence costs to ensure that the accounting treatment complied with the new requirements, our reviews confirmed that entities' accounting treatments and financial statement disclosures were fairly presented.

Case study 8: Water Corporation

The Water Corporation reviewed the matter in 2021-22 which resulted in a change in accounting policy and the need for a restatement of prior period comparatives. The restatement, which resulted in an overall decrease to net assets of \$58 million as at 1 July 2020 and \$92 million as at 30 June 2021, is set out in Note 25.19 to the financial statements.

⁵ Office of the Auditor General, *Financial Audit Results Universities and TAFEs 2021*, OAG, Perth, 2022

Case study 9: Commissioner of Main Roads

The Commissioner of Main Roads reported that management assessed all possible SaaS arrangements against IFRIC criteria and identified five intangible assets meeting the criteria of a SaaS arrangement. These five assets, worth \$6.8 million, were written off from the asset register during the 2021-22 financial year.

Case study 10: Gold Corporation

Gold Corporation reported a change in accounting policy and the need for a restatement in respect of SaaS arrangements relating to their new Enterprise Resource Planning system. The pre-tax impact of this restatement resulted in a reduction in intangible assets in the prior year of \$32.7 million and a \$15.8 million increase in materials and services expenses.

Combustible building cladding

Issue

Between July 2017 and June 2019, the Department of Mines, Industry Regulation and Safety's (DMIRS) Building and Energy Division coordinated a statewide cladding audit, following the Grenfell Tower fire in London that claimed 72 lives. The use of combustible cladding was identified as a factor that fuelled the rapid spread of the fire in that event. In September 2017, DMIRS Building and Energy Division contacted and requested all entities undertake audits of their facilities and building portfolios.

DMIRS requested that entities use the following as a minimum scope in their assessments:

- all buildings constructed or refurbished after 2000
- that are three storeys or greater
- with combustible cladding attached or incorporated
- that fall within Building Code of Australia (BCA) classes 2, 3, 4 and 9.

These BCA classes of buildings are considered high-risk as they typically include places where people sleep (apartments, hotels and caretaker accommodation), they house vulnerable occupants (hospitals, nursing homes and child-care centres) or they cater for high-occupancy events (entertainment venues and public buildings).

What we found

We found that some entities are including appropriate disclosures, where relevant, and correctly accounting for these provisions, where they can be reliably estimated, to address any required remediation.

Case study 11: Department of Education

The Department has assessed all projects where aluminium composite panels were used since 2000. The Department used a more robust scope as an extra precaution and where projects were identified as having potentially combustible cladding, fire engineering assessments were undertaken. Based on further investigations and DMIRS assessment, there were 11 schools that required engineering solutions and two schools that required signage solutions.

The implementation of the proposed solutions is now subject to funding through the usual budget process. The 2022-23 State Budget allocated \$3.3 million of funding for the Department which becomes available in 2024-25.

Case study 12: Department of Training and Workforce Development

The Department has undertaken a review and consulted with all TAFE colleges to determine the number of buildings that met the criteria.

Two buildings were identified as low risk and required further investigation. Subsequently, the Department commissioned a fire safety engineer to assess the buildings and provide a performance solution report with recommendations for interim management strategies, and long-term measures which are subject to the availability of funding. The Department will be undertaking a final building assessment including investigations and testing to determine the financial impact of the remediation works.

Case study 13: Western Australian Museum

The Western Australian Museum reported that the Western Australian Maritime Museum contains a combination of glazing, concrete panels, aluminium composite panels and zinc cladding. In line with the State's coordinated approach, the Department of Local Government, Sport and Cultural Industries engaged a consultant in 2020 to prepare a work plan and a budget estimate for the remediation works. The 2022-23 State Budget allocated \$2 million of funding for the Museum for the remediation of risks to the public.

Managing climate change related risk

Issue

Climate change is recognised as a pressing global issue and has the potential to affect how the State government plans and delivers the critical services and infrastructure the community depends on. When these are damaged or disrupted by extreme weather events, there is a risk to WA's natural resources, economic prosperity and the community's health and wellbeing.

Examples where managing the impacts of climate change and climate risk across the sector is significant includes improving flood and storm defences, ensuring transport networks are resilient, preparing our infrastructure and economy for higher temperatures, and food security. Over time there may be more entities that identify climate risk, not just those where there has been an apparent or direct link to weather and system impact.

The Department of Treasury and the Department of Water and Environment Regulation have issued guidance for entities to assess and manage physical climate change risks. While the

*Climate Change Risk Management Guide*⁶ supports entities to conduct a first-pass climate risk assessment of their physical climate risks, including identification of treatment options, both departments are working to develop a climate risk framework to monitor, assess and report on implications of climate change on the State's finances, infrastructure, physical assets and service delivery.

The extent to which entities are required to report on climate related financial risk, and the OAG to audit such disclosures, is yet to be determined. It will be influenced by international and Australian reporting standards applicable to the not-for-profit public sector and the State's financial and reporting framework. We are liaising with Treasury in this regard to ensure that the level of disclosure meets the standard and the sector has the capacity and capability to prepare and assure accurate and reliable disclosures.

What we found

We found that most entities are beginning to consider this risk and are eager to position themselves appropriately. However, they are looking for guidance to assist them in this journey.

We noted some entities undertook more detailed climate risk assessments and included disclosures in their financial statements as highlighted in the case studies below.

Case study 14: Electricity Generation and Retail Corporation (Synergy)

A large impairment loss on non-current assets of \$569 million was reported due, in part, to the State Government decision to retire state-owned coal power stations by 2030. Synergy also disclosed the impact of climate change related risk by stating that the estimated recoverable amount used in the impairment analysis considers climate change risk through the adjustment of cash inflows associated with the planned closure of all coal fired generation assets. Any further change to the planned closure dates of coal and gas-fired generation plants may have a material impact on the South West Interconnected System and Synergy's estimated cash flows.

Case study 15: Regional Power Corporation (Horizon Power)

Horizon Power disclosed in their financial statements that they had assessed climate-related impacts on recognised assets, including the impact on asset impairment and changes in the useful life of assets. The introduction of carbon pricing or carbon tax might have a potential impact on either the value or remaining useful economic life of assets that generate or relate to carbon dioxide emissions.

Case study 16: Water Corporation

The Corporation reported its consideration of climate change related risk in relation to property, plant and equipment. The Corporation has built two desalination plants since 2005 and a third is scheduled for completion in 2028 as part of a longer-term plan for securing climate-resilient water sources for Perth. At 30 June 2022, the Corporation did not

⁶ Department of Water and Environmental Regulation and Department of Treasury, *Climate change risk management guide (interim): Practical guidance for the Western Australian public sector to assess and manage climate change risks*, DWER and Treasury, Perth, 2022

believe that current or future climate change risks would have a material impact on the carrying value of property, plant and equipment.

Assurance reports on service organisation controls

Issue

The WA public sector increasingly relies on third-party vendors to deliver IT services and cloud based applications for key systems including finance and payroll.

In these arrangements, the vendor delivers services which entities would previously have run internally. However, entities remain responsible for systems' governance and need to obtain assurance that vendor service controls operate appropriately.

Assurance reports on a service organisation's controls (also known as a SOC report) provide assurance that the vendor is following good practices and maintaining an effective control environment. These reports are prepared by independent auditors and provide comfort that appropriate controls are in place to protect the confidentiality, privacy, integrity and availability of data. In particular, they provide insights on risks that may need to be considered when contracting services to third-party vendors and ongoing management during the contract.

There are two types of assurance reports for service organisation controls:

- Type 1 provides assurance on the design and implementation of controls by the third-party vendor. While it provides information on controls, it does not provide assurance that these controls were operating effectively. Therefore, it is not suitable for financial audit requirements.
- Type 2 provides assurance on whether the controls operated by the third-party vendor are designed and implemented appropriately and are operating effectively during the period. It is suitable for financial audit requirements.

What we found

We found that there are several entities who are not obtaining appropriate assurance reports from their cloud service vendors. These reports should include the scope of the work, auditor's opinion, information about the control environment and control effectiveness. It should also include a description of controls the entity is responsible for. Without these reports, management and accountable authorities do not know if vendor managed controls operate effectively.

We have raised this important matter, where relevant, in our discussions with management and accountable authorities at the end of the audit process. The Department of the Premier and Cabinet also has a role to provide entities with assurance for government managed cloud services contracts they oversee.

Next year we will carefully consider the impact on our audit procedures and risk assessments if entities do not obtain an appropriate assurance report (SOC or equivalent) and the need to qualify our audit opinions.

Recommendations

5. Entities should obtain assurance reports (SOC or equivalent) when they use third party vendors to provide cloud applications for key systems including payroll and finance.
6. Based on an assessment of risk, entities should also obtain adequate assurance for other vendor provided cloud and managed service arrangements.
7. The Department of the Premier and Cabinet should provide entities with assurance reports (SOC or equivalent) for government managed cloud services contracts they oversee.

Tabling of 2022-23 Statements of Corporate Intent

Entity requirements

Twenty-one entities are required to have their annual Statements of Corporate Intent (SCI) tabled in Parliament.

Entities are required by their Act or regulations to draft the annual SCI, which is consistent with their strategic development plan, for agreement with their minister. Tabling requirements vary slightly between entities 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. 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.

Why SCIs are important

SCIs are an annual agreement between the entities listed in Table 7 and the State Government, and are an important governance and accountability mechanism. These commercially based entities undertake revenue generating activities under specific legislation passed by Parliament. As these entities operate outside of the budget process, key information about their future budgets, planning and direction is not available for parliamentary or public scrutiny until the SCIs are tabled.

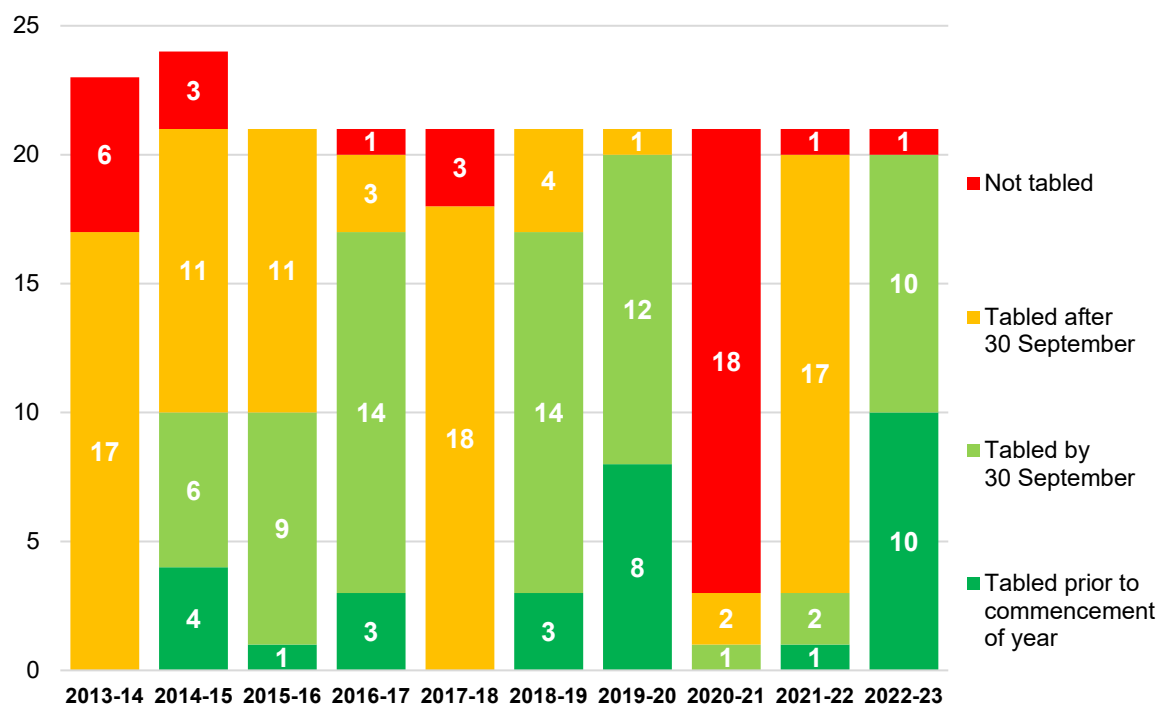
SCI information varies with each entity's legislation, but generally includes:

- an 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
- an 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.

Timeliness of the tabling of SCIs has improved

Ten entities tabled their SCIs prior to the start of the 2022-23 financial year and a further 10 tabled their SCI by 30 September 2022. This is an improvement from 2020-21. The only entity not to table their SCI was Racing and Wagering Western Australia.

We have reported to Parliament on the tabling of SCIs for over 20 years. Figure 10 shows the mixed tabling achievements for the last 10 years.



Source: OAG based on Parliament's tabled papers

Figure 10: Ten year history of the tabling of SCIs at 30 November 2022

Entity name	2020-21 SCI tabled	2021-22 SCI tabled	2022-23 SCI tabled
Corporatised entities			
Bunbury Water Corporation	11/11/2020	9/11/2021	15/06/2022
Busselton Water Corporation	11/11/2020	9/11/2021	14/06/2022
Horizon Power – Regional Power Corporation	24/11/2020	1/10/2021	4/07/2022*
Electricity Generation and Retail Corporation (Synergy)	17/11/2020	1/10/2021	14/06/2022
Water Corporation	11/11/2020	9/11/2021	4/07/2022*
Western Australian Land Authority (Landcorp)	24/11/2020		13/07/2022*
Electricity Networks Corporation (Western Power)	17/11/2020	5/10/2021	29/06/2022*
Statutory authorities			
Chemistry Centre (WA)	04/11/2020	28/09/2021	11/07/2022*
Forest Products Commission	11/11/2020	26/10/2021	27/06/2022*
Gold Corporation	19/11/2020	6/10/2021	28/06/2022*
Government Employees Superannuation Board	11/08/2020	17/06/2021	22/03/2022
Insurance Commission of Western Australia	19/11/2020	13/10/2021	14/06/2022
Lotteries Commission	03/11/2020	16/09/2021	14/06/2022
Racing and Wagering Western Australia	19/11/2020	27/10/2021	

Entity name	2020-21 SCI tabled	2021-22 SCI tabled	2022-23 SCI tabled
Western Australian Land Information Authority (Landgate)	24/11/2020	12/10/2021	30/06/2022
Western Australian Treasury Corporation	19/11/2020	12/10/2021	9/08/2022
Port authorities			
Fremantle Port Authority	19/11/2020	20/10/2021	4/07/2022*
Kimberley Ports Authority	24/11/2020	20/10/2021	4/07/2022*
Mid West Ports Authority	24/11/2020	12/10/2021	4/07/2022*
Pilbara Ports Authority	19/11/2020	20/10/2021	4/07/2022*
Southern Ports Authority	19/11/2020	20/10/2021	4/07/2022*

Source: OAG based on Parliament's tabled papers

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

	SCIs that were tabled before the start of the financial year
	SCIs that were tabled after publication of the Audit Results Report
	SCIs not tabled

Note: The late State Budgets on 8 October 2020 and 9 September 2021 impacted on tabling of 2020-21 and 2021-22 SCIs respectively.

Table 7: Dates SCIs tabled in Parliament in last three years at 30 November 2022

Current status of Treasury's reform program

Last year we reported on the introduction of full Budget papers for government trading enterprises (GTEs) as one of the key elements of the new GTE governance framework and an initiative of GTE reform.

The Government Trading Enterprises Bill 2022 was introduced into Parliament on 24 November 2022. It provides the legislative framework for the enhanced governance of GTEs. The provisions relating to annual performance statements, reporting and information sharing complement the enhanced disclosure to Parliament with the full Budget papers for GTEs. Treasury continues its reform program in supporting GTEs transition to the new governance framework and advising Government on the oversight of GTEs. The GTEs covered by the new regime include the electricity corporations, water corporations, port authorities and land authority.

Recommendation

- Entities and Treasury should continue to facilitate timely tabling of SCIs to ensure compliance with legislation.

Accounting standards changes for 2021-22

Entities applied the following new accounting standard of the Australian Accounting Standards Board (AASB) which is effective for financial years beginning on or after 1 July 2021.

Implementation of AASB 1060

The new standard, AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*, was applied for the 2021-22 reporting year.

This standard is applicable to all organisations (including public sector entities) that are reporting under Tier 2 of the Differential Reporting Framework in AASB 1053 *Application of Tiers of Australian Accounting Standards*. AASB 1060 has been developed based on a new methodology and principles in determining the Tier 2 disclosures that are necessary for meeting user needs, to replace the previous Reduced Disclosure Requirements (RDR) framework.

We found that all Tier 2 entities applied the standard appropriately.

Future impact of changes to accounting standards

The AASB is expected to issue a new standard amending AASB 13 *Fair Value Measurement* for not-for-profit entities in December 2022. The new standard will provide implementation guidance in respect of fair value measurements of non-financial assets not held primarily for their ability to generate net cash inflows. Although it will only be effective for financial years beginning on or after 1 January 2024 (expected), State government entities and their valuers will need to use the lead time effectively to understand its impact and plan for its implementation.

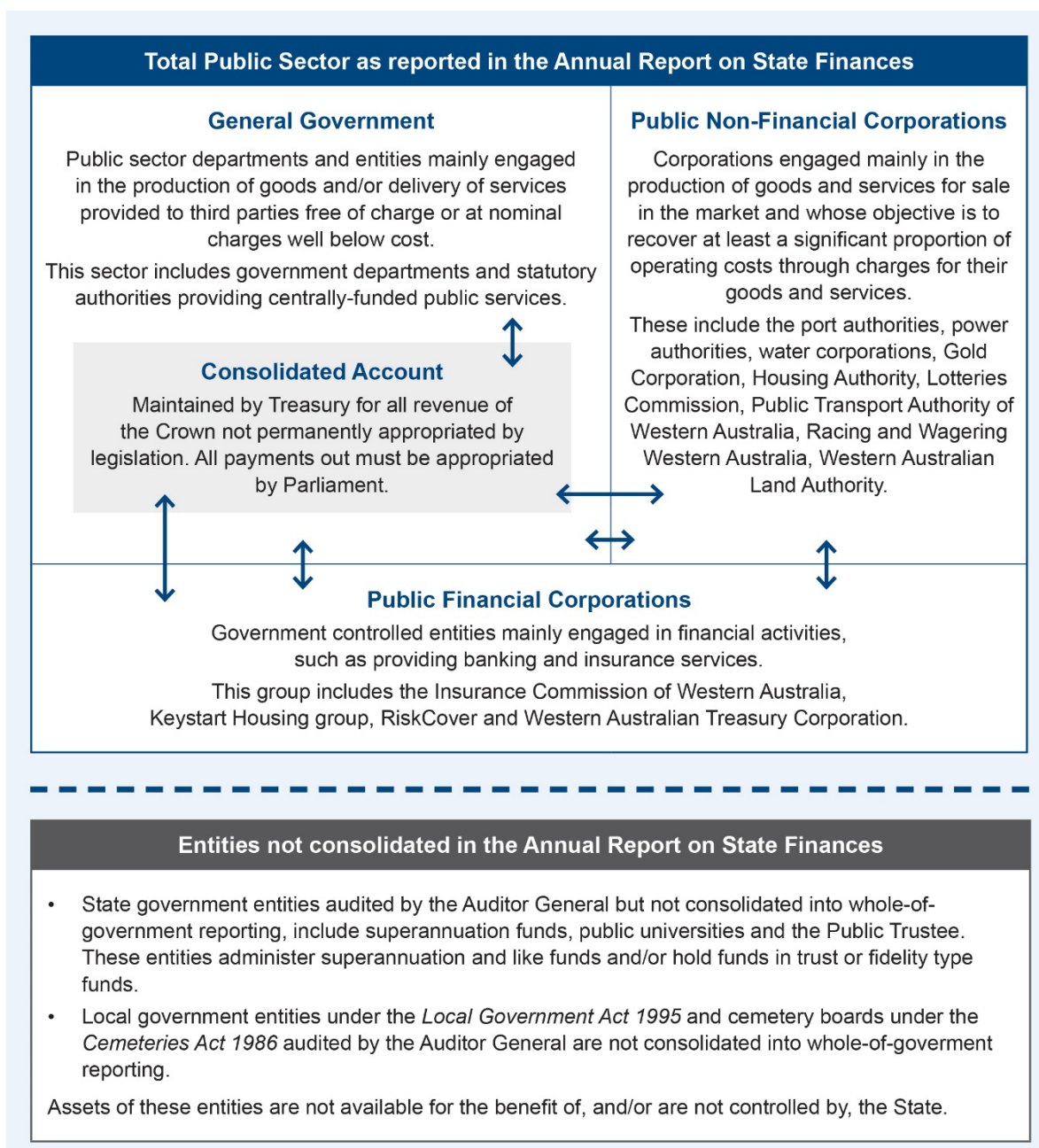
Recommendation

9. Treasury should continue to provide practical support to assist entities with the adoption of new accounting standards including guidance, training and templates to the WA public sector. Entities should continue to make timely preparations for implementation of these new standards.

Audit of the Annual Report of State Finances

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

The ARSF brings together key financial information for the three sectors of government as shown in Figure 11. In addition to this consolidated financial reporting, each entity also prepares and tables its own annual report that provides detail of its individual finances.



Source: OAG based on ARSF

Figure 11: Financial relationships between WA government sectors

Audit opinion

We issued a clear (unqualified) audit opinion on 27 September 2022, meeting the statutory reporting deadline of 90 days after the end of the financial year, being 28 September 2022. The Treasurer released the ARSF on 28 September 2022.

While the reporting deadline for the ARSF was achieved, this was not without significant challenges due to, as noted in this report, the impact of the record number of qualifications and the audit readiness (or lack thereof) of many entities.

The ARSF opinion contained an emphasis of matter paragraph for a contingent liability of the State. This related to a claim of \$28 billion made against the State in respect to a legal dispute between the parties to a State Agreement and the State Government. This claim is still current.

Highlights:

- The general government sector realised a record operating surplus of \$6 billion in 2021-22 (Figure 12).
- Total public sector net debt at 30 June 2022 was \$29.2 billion and is \$4.3 billion lower than last year, representing the third year of declining net debt. Total public sector State borrowings⁷ have declined by \$10.2 billion from 2020-21.
- The State's credit rating was upgraded to triple A ('stable' outlook) by S&P Global in June 2022.

WA's finances – selected key indicators

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

- net operating balance for the general government and total public sector
- infrastructure renewal ratio
- borrowings and unfunded superannuation
- net assets
- debt sustainability
- current trend in leave liability balances.

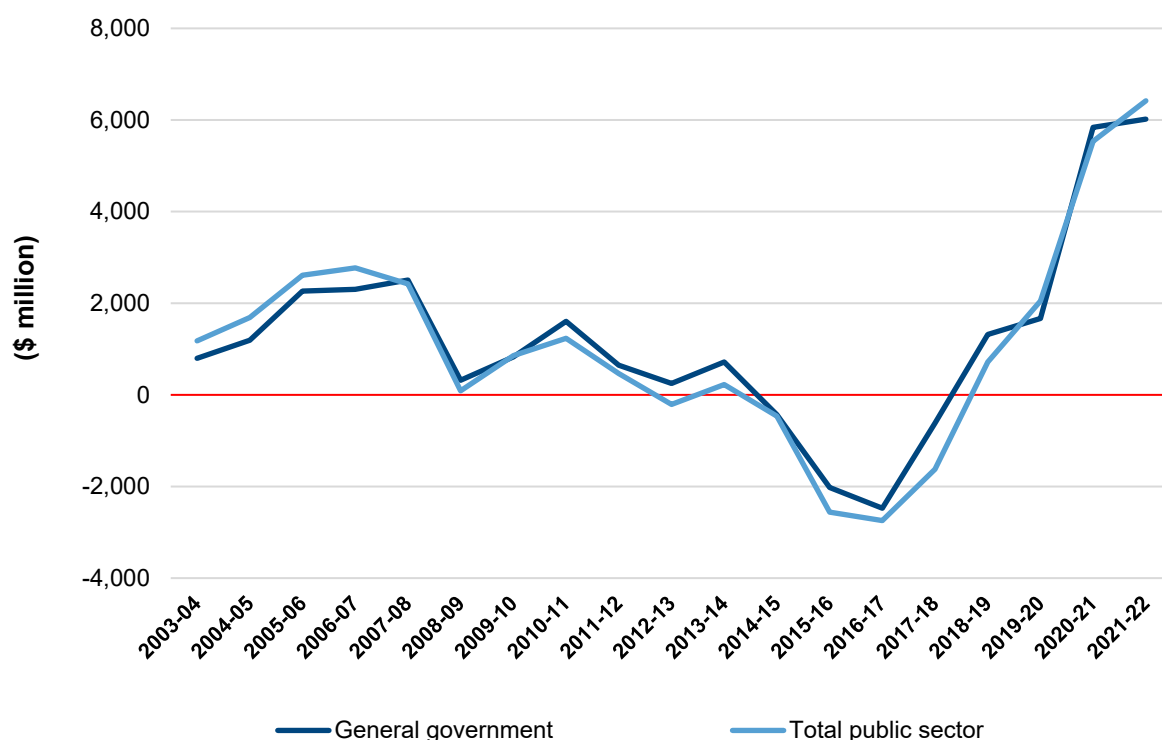
Net operating balance

Figure 12 shows the net operating balance for the general government sector and the total public sector. An operating surplus indicates that the Government can deliver day-to-day services sustainably using revenue generated in that financial year.

A record general government operating surplus of \$6 billion was recorded in 2021-22 which flowed through to the total public sector, which recorded a \$6.4 billion operating surplus.

This result is the largest operating surplus recorded by the State underpinned by continuing favourable commodity prices, strong demand for Western Australia's mineral resources, and the ability to navigate other economic uncertainties and the ongoing impact of the COVID-19 pandemic.

⁷ Excluding lease and service concession liabilities



Source: OAG based on ARSF

Figure 12: Net operating balance from 2003-04 to 2021-22

Infrastructure renewal

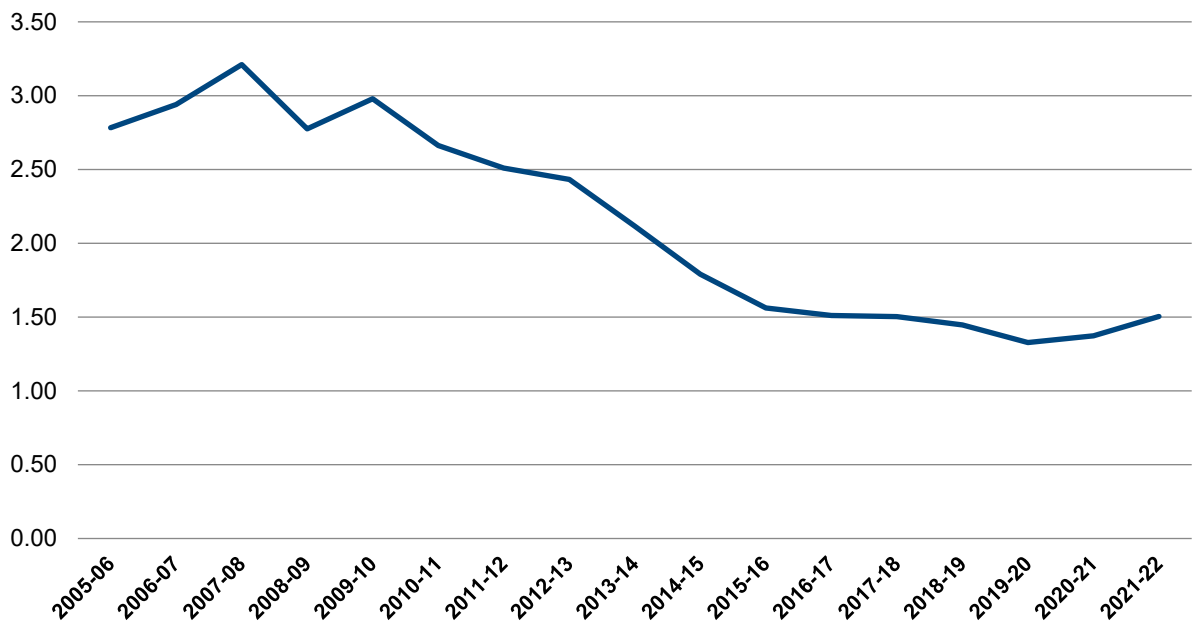
Governments face an ongoing challenge to maintain existing infrastructure and also develop and provide new assets to achieve desired social, economic and environmental outcomes.

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, electricity networks, hospitals and schools. These represent almost the entire balance of non-financial assets. In 2021-22, the value of non-financial assets for the total public sector increased from \$165.1 billion to \$182.1 billion.

Figure 13 indicates that although infrastructure renewal is not moving significantly, it remains above the ratio of 1.00 and now positively, is trending upwards.

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 and whether expenditure on maintenance is more cost effective than replacement in the longer term.



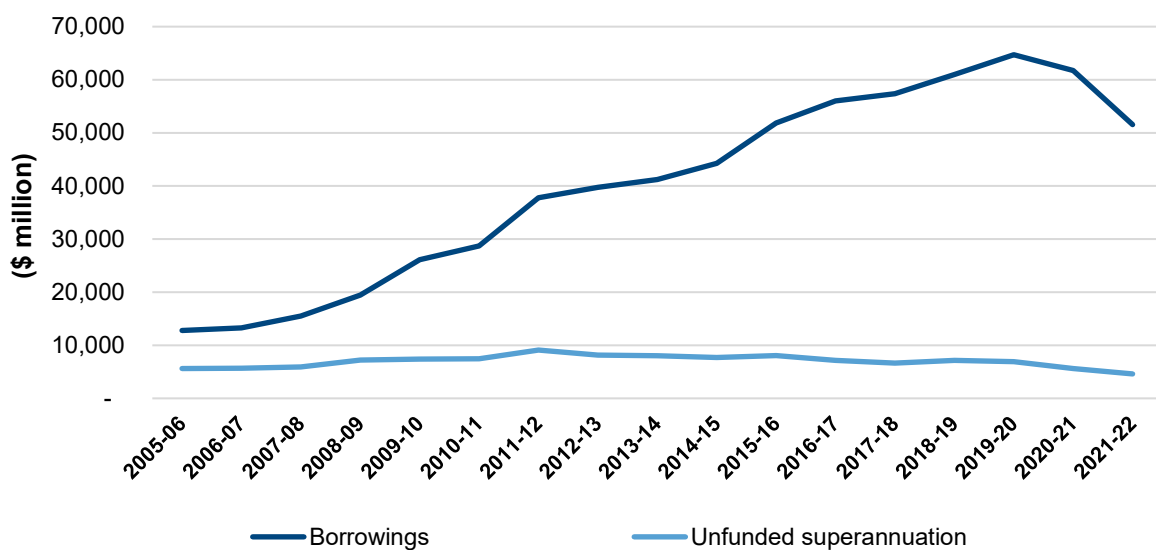
Source: OAG based on ARSF

Note: Annual expenditure on assets divided by annual depreciation

Figure 13: Infrastructure renewal ratios from 2005-06 to 2021-22

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. The superannuation liability continued to decrease in 2021-22, mainly due to an increase in the discount rate used to measure this liability. Total borrowings⁸ also decreased by \$10.2 billion (2021: \$3 billion).



Source: OAG based on ARSF

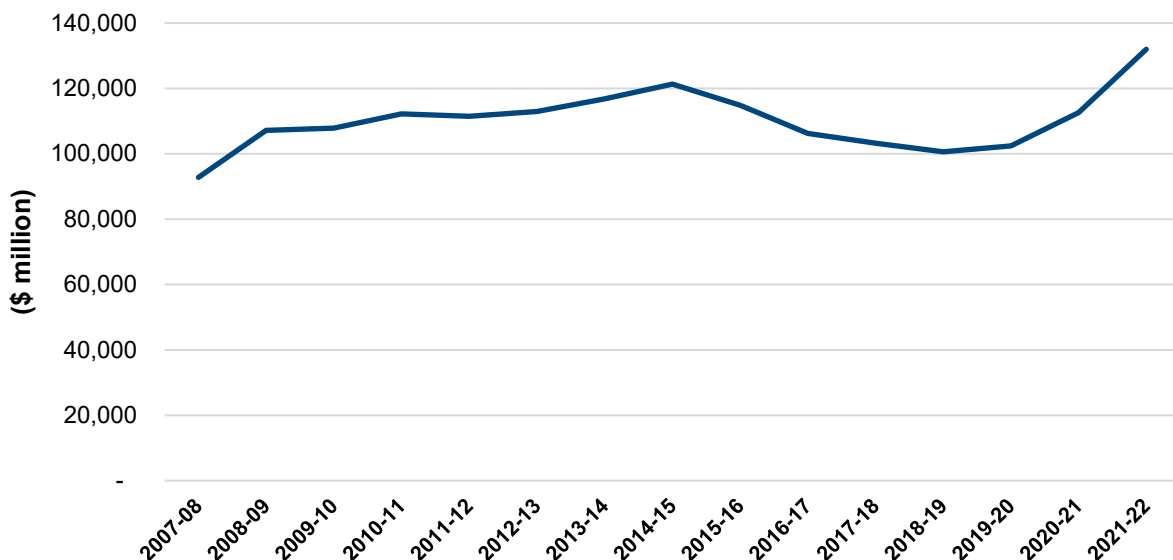
Figure 14: Borrowings and unfunded superannuation from 2005-06 to 2021-22

⁸ Excluding lease and service concession liabilities

Net assets

Net assets represent the total net worth (equity) of the State, total assets less total liabilities. The total public sector net assets increased by \$19.4 billion in 2021-22. Figure 15 shows the movement in the State's net assets position.

This was mostly driven by the record total public sector operating surplus of \$6.4 billion, an increase to total non-financial assets including the increasing value of land, property, plant and equipment, as well as a decrease in borrowings of approximately \$10.2 billion.



Source: OAG based on ARSF

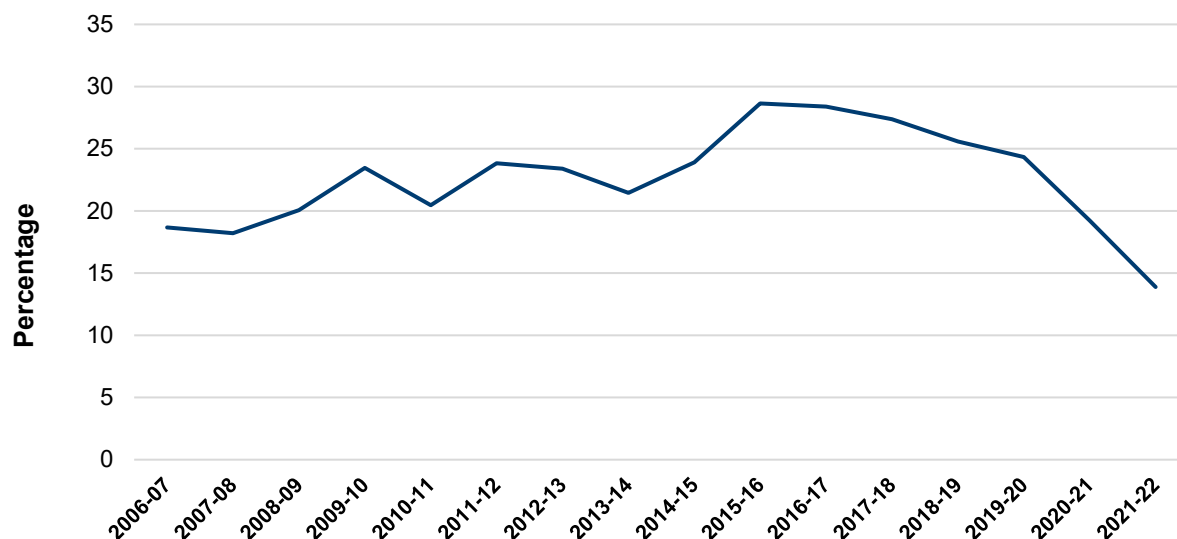
Figure 15: Net assets from 2007-08 to 2021-22

Debt sustainability

The ARSF contains important information on the State's net debt. Figure 16 reports another commonly used high level indicator relating to debt, the debt sustainability ratio. The debt sustainability ratio is the value of borrowings and unfunded superannuation liability of the total public sector as a percentage of GSP.

The State's public debt is considered sustainable if the Government is able to meet all its current and future payments obligations without any exceptional financial assistance or going into default. Public debt becomes unstable when it continues to increase as a proportion of that jurisdiction's production, or 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.



Source: OAG based on ARSF

Figure 16: Debt sustainability – Borrowings and unfunded superannuation as a percentage of GSP from 2006-07 to 2021-22

Current trend in leave liability balances

The total public sector annual and long service leave liability owing to employees increased by \$108.0 million, taking the balance to \$3.7 billion at year end.

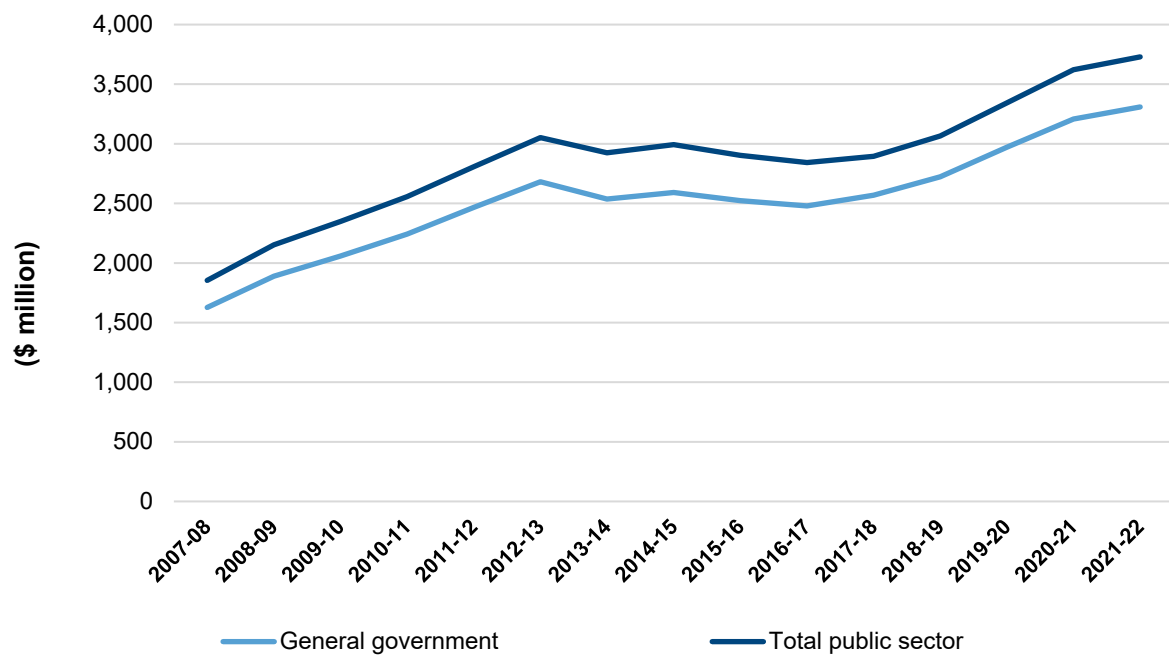
This increase is due, in part, to the impact of changes to the parameters used in the valuation of these liabilities, including the Government Wages policy.

Consistent with the increasing trend in recent years, employees have taken less leave due to ongoing uncertainties around COVID-19 and the demand for front line services in response to the pandemic.

In addition, in an employment constrained market, arising from the flow on effects of border restrictions and a buoyant resources sector, entities have been challenged in recruiting (whether permanent or part-time) staff in order to build capacity. Consequently, in many instances, staff have had to postpone their leave to continue to provide services to the public. In some entities additional staff were engaged to ensure increased service demand could be met or new services delivered. This was often through labour hire organisations at pricing points reflective of the market demand.

As already noted in this report, staff across the public sector are fatigued and entities will need to continue to review their leave position and proactively manage leave liabilities as staff need leave for their health and wellbeing. It is also important for staff to take leave regularly and for the entity to develop staff to perform tasks of others. Regular and extended leave is also a sound fraud detection and prevention strategy.

The increase is also partly due to casual employees' entitlement to long service leave. Under the *Long Service Act 1958*, casual employees who have been employed for more than 10 years and meet continuous service requirements may be entitled to long service leave. Where entities have been able to reliably measure obligations for long service leave for casual employees, these liabilities have been recognised for the first time. However, many entities have not been able to reliably measure long service leave obligations for current or former casual employees at the reporting date. A contingent liability for this issue was again recognised in the 2021-22 ARSF (as it was for many entities). As entities conclude their assessments of casual employee's entitlements to long service leave and recognise such, it will increase the overall liability.



Source: OAG based on ARSF

Figure 17: WA public sector annual and long service leave liabilities 2007-08 to 2021-22

Further selected significant financial transactions and financial ratios

This section of the report provides additional information on selected financial transactions included in entities' financial statements that may be of interest to Parliament. It also includes selected key financial ratios and information commonly used for assessing financial performance or analysing the financial health of entities. We report this information to provide insight to important issues considered during the audits.

Selected financial transactions related to COVID-19 are not included in this report and we intend to include those in a subsequent report to Parliament.

Some of the information below may also be reported in each entity's annual report but we have summarised it here for the convenience of Parliament. The list is not exhaustive and by including these items in this report, we are not implying that we have residual audit-related concerns with these transactions.

Selected significant financial transactions

Assets

- The **Art Gallery of Western Australia** reported that works of art increased by \$10 million in 2021-22 from \$332.6 million in the prior year to \$342.6 million. The increase reflects additions and donations of art works received during the year, as well independent third party revaluations.
- **Commissioner of Main Roads** reported a significant increase to the infrastructure assets balance of \$5.1 billion (10.4%) compared to previous year. This was mainly due to a revaluation gain of \$3.9 billion (reflective of prevailing market pricing such as cost increases for materials, equipment and labour), and additions of \$1.7 billion to infrastructure works in progress such as the Tonkin Gap and Bunbury Outer Ring Road.
- **Department of Biodiversity, Conservation and Attractions** saw a \$40 million decrease in the valuation of biological assets in 2021-22, which was largely due to the State Government decision to end commercial harvesting of native forests under the *Forest Management Plan 2024-2033*.
- **Department of Transport** recorded an increase in restricted cash and cash equivalents of \$424.4 million, primarily due to the establishment of the Westport Special Purpose Account of \$400 million.
- **Western Australian Land Authority** received \$344.7 million in assets and \$83.4 million in liabilities from the Housing Authority during the year as part of the Machinery of Government Land Agency Reforms. The asset movement came into effect through a non-reciprocal transfer of equity between the Housing Authority and Western Australian Land Authority and comprised 989 land parcels and 14 active project arrangements.
- Many other entities reported increases in their property, plant and equipment balances. The **Annual Report on State Finances** reported that land and other property, plant and equipment increased by \$13.7 billion to \$165.2 billion in 2021-22. This increase largely reflects the upward revaluation of land and property plant and equipment, and asset additions across the public sector (reflective, as previously noted, of cost increases for materials, equipment and labour etc.).

Liabilities and contingent liabilities

- The **Department of Finance** has disclosed an administered contingent liability for the Barrow Island Royalty Variation. Under certain circumstances, the *Barrow Island Royalty Variation Agreement Act 1985* can require royalties to be refunded equal to approximately 40% of the net value (i.e. the value of production less eligible rehabilitation and well abandonment costs) in the final year of active operations and the subsequent three years. If triggered, the cost of any such refund would be split between the Commonwealth and WA Governments in line with the split of royalty income. The State is assessing any estimated potential financial effects.
- **Department of Jobs, Tourism, Science and Innovation** disclosed a contingent liability of \$28 billion in the 2020-21 financial statements, relating to a legal dispute between Mineralogy Pty Ltd and the State Government. The Department's 2021-22 financial statements reflect developments during the year and the status of the legal dispute, that being the proceedings remain in progress.
- **Department of Justice** was able to, for the first time, reliably measure the future claims liabilities to survivors of institutional child sexual abuse under the National Redress Scheme. This resulted in a liability of \$472.6 million being recognised.
- **Department of the Premier and Cabinet** disclosed \$968.3 million (2021: \$942.0 million) of administered payables associated with its obligations under the Yamatji Nation Indigenous Land Use Agreement, South West Native Title Settlement and Gibson Desert Nature Reserve Compensation Agreement.
- **Department of Treasury** reported a \$1 billion decrease in administered superannuation liabilities. This is largely due to changes in factors used in the valuation process such as an increase in the discount rate, a decline in unfunded scheme membership numbers and movement in demographic assumptions. This is partially offset by the recent revision to salary assumptions (latest Government Wages policy) and an increase in the Consumer Price Index rate.
- **Gold Corporation** is currently investigating the extent to which it has not complied with obligations imposed under legislation enacted by some states in the United States of America. It is not possible to quantify the potential financial effects, if any, of any non-compliance but this matter was disclosed as a contingent liability. In addition, they also disclosed a subsequent event in Note 36 of the financial report which states that the Australian Transaction Reports and Analysis Centre (AUSTRAC) has notified Gold Corporation to appoint an external auditor to conduct a compliance audit in accordance with the anti-money laundering and counter-terrorism financing legislative provisions.
- **Western Australian Treasury Corporation's** borrowings decreased by \$8.4 billion in 2021-22, due in part to repayments of borrowings. Assets and liabilities also changed to reflect market movements. The Corporation's goal is to ensure only 20% of its total debt portfolio is maturing within 12 months.

Expenditure

- **Department of Education's** employee benefits increased by \$205.4 million (5%) from \$4.3 billion in the prior year to \$4.5 billion in 2021-22. This increase is mostly attributed to accrued salary increases of 2.75% (the rate confirmed at the time of reporting) for staff employed under the School Education Act Employees' (Teachers and Administrators) General Agreement 2021 from December 2021 (\$43 million), increases in superannuation mainly due to the superannuation guarantee increase of 0.5% (\$33 million), payout of long service leave entitlements to current casual employees (\$27 million) and an overall increase of FTEs.

- **WA Health** salary costs increased to \$5.6 billion in 2021-22 compared to \$5.1 billion in the prior year. This was due to additional demand for health services and COVID-19 preparedness and response.
- **WA Police Force** reported an overall increase in employee expenses of \$28.6 million compared to prior year. This was primarily due to expenses associated with the 950 Police Officer Program, additional overtime payments and annual award wage increases.
- **Insurance Commission of Western Australia** recorded \$627 million in claims expenses this financial year, which is \$315.4 million lower than prior year. This was predominately due to the impact of a significant increase in discount rates (based on Government Bond rates) during the year which reduced estimated future claim costs.
- Supplies and services at **Public Transport Authority** increased by \$110.5 million due to the external works for the Yanchep Rail Extension project and increased contractor costs for the Tonkin Gap and Thomas Road over rail works.
- **Small Business Development Corporation** supplies and services increased by \$1.6 million to \$8.6 million in 2021-22. This was a result of the cost for the delivery of the Small Business Friendly Approvals Program, as well as the administration of several COVID-19 related business assistance grants.
- Event operations expenses increased at **Western Australian Tourism Commission** by \$13.7 million to \$23.3 million in 2021-22. This reflects the easing of COVID-19 restrictions that caused a number of major events not able to proceed in 2020-21.

Revenue

- Adverse domestic and international market conditions impacted revenue for several entities. In particular:
 - **Construction Industry Long Service Leave Payments Board** went from investment gain of \$93.8 million in 2020-21 to an investment loss of \$45.2 million in 2021-22. This largely reflects an increase in unrealised losses at the reporting date.
 - The remeasurement of the fair value of the **Fire and Emergency Services Superannuation Board** investments resulted in a negative fair value change of \$75.2 million. This represents a \$146.9 million turnaround from the prior year gain of \$71.7 million.
 - **Government Employees Superannuation Board** reported a decrease in the fair value of assets of \$2.7 billion, a \$7.1 billion turnaround from the prior year gain of \$4.4 billion.
- Recent Machinery of Government changes resulted in the royalties revenue collection function moving from **Department of Mines, Industry Regulation and Safety** to **Department of Finance** during 2021-22. Total royalty revenue reported in the **Annual Report on State Finances** fell from a historic high of \$12.2 billion to \$11.1 billion in 2021-22. This was mainly due to a reduction in the price of iron ore.
- **Department of Treasury** reported a \$2 billion increase in administered Commonwealth grant revenue. The increase is attributable to higher:
 - receipts from GST-related grants (\$0.9 billion)
 - Northwest Shelf grants due to higher international crude oil prices (\$0.6 billion)

- HomeBuilder grants (\$0.3 billion)
- capital transport infrastructure grants reflecting payments associated with METRONET construction progress (\$0.2 billion).
- There was a \$176.8 million increase in sales revenue for **Electricity Generation and Retail Corporation (Synergy)** in 2021-22. This largely reflects increased electricity sales volumes due to higher demand associated with weather in 2022 and higher contestable sales. Other revenue also increased by \$121.3 million from the prior year, largely as a result of additional funding provided for a series of initiatives including Project Symphony, Wholesale Energy Market – Market Readiness Program and Solar Energy for Social Housing.
- **Forest Products Commission** reported that sales of forest products increased by \$10.5 million to \$125.0 million in 2021-22 due to an increase in prices and supply of timber.
- **Kimberley Ports Authority** revenue increased \$8.3 million in 2021-22. This was due to an increase in shipping revenue attributable to a return of vessel visits to pre-pandemic levels, as well as additional oil and gas vessels conducting and supporting maintenance works in the Browse Basin.
- **Lotteries Commission** broke records again in 2021-22 with sales revenue increasing from \$1.1 billion in the prior year to \$1.2 billion for the current year. Disruptions from COVID-19 has had a positive effect on sales by restricting entertainment alternatives.
- The total number of funeral services for the **Metropolitan Cemeteries Board** exceeded 13,000 for the first time. This resulted in provision of services and cemeteries leases revenue increasing by \$1.7 million in 2021-22 to \$25.1 million.
- **Minerals Research Institute of Western Australia** income relating to State Government grants increased from \$4.6 million in the prior year to \$7 million 2021-22 partly due to funds received to deliver on the State Government's election commitment relating to the Green Steel Viability Assessment along with funding to support additional minerals research activity in focus areas of priority to the State. However, research grants expenditure decreased from \$6.1 million in the prior year to \$5.3 million in 2021-22 due to delayed expenditure being incurred across research projects.
- Overall operating revenue increased by \$204.1 million (37%) for the **Western Australian Land Authority**. This was mainly attributable to the sale of Elizabeth Quay Lot 4, as well as projects transferred to the Western Australian Land Authority from the Housing Authority.

Key financial ratios of public sector entities

In this section we present selected key financial ratios and information commonly used for assessing financial performance or analysing the financial health of entities.⁹

Liquidity (current) ratio for all entities – four-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.

At 30 June 2022, 79% of entities had a current ratio above one, a decline compared to previous years.

Liquidity ratio	Percentage of entities			
	30/6/19	30/6/20	30/6/21	30/6/22
Greater than or equal to 1 (low risk)	83	81	84	79
Less than 1	17	19	16	21

Source: OAG based on audited financial statements in tabled annual reports

Table 8: Liquidity ratios of entities – four-year trend

Financial result for all entities – four-year trend

A number of factors can determine if an entity 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 sound budgeting.

At 30 June 2022, 77 entities (69%) reported a surplus for 2021-22. The following table is a summary of the financial results of entities over the past four years.

Financial result	Percentage of entities			
	2018-19	2019-20	2020-21	2021-22
Surplus	59	54	58	69
Deficit	41	46	42	31

Source: OAG based on audited financial statements in tabled annual reports

Table 9: Financial results of entities – four-year trend

⁹ Excluding subsidiaries and entities audited by special request

Borrowings to assets ratio

While a relatively small number of entities have borrowings, their borrowings are significant in value. The borrowings to assets ratio is an indicator of the extent to which an entity'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 entity has debt obligations.

Entity	2018-19	2019-20	2020-21	2021-22	Trendline
Corporatised entities					
Bunbury Water Corporation	0.2%	6%	5%	4%	
Fremantle Port Authority	31%	29%	27%	23%	
Horizon Power (Regional Power Corporation)	39%	38%	41%	40%	
Kimberley Ports Authority	16%	15%	13%	9%	
Mid West Ports Authority	6%	5%	4%	3%	
Pilbara Ports Authority	5%	4%	3%	4%	
Southern Ports Authority	7%	4%	3%	2%	
Synergy (Electricity Generation and Retail Corporation)	2%	11%	11%	11%	
Water Corporation	35%	33%	32%	30%	
Western Australian Land Authority	19%	18%	13%#	9%	
Western Power (Electricity Networks Corporation)	65%	64%	63%	59%	
Statutory authorities					
Country Housing Authority	51%	42%	31%	20%	
Gold Corporation	26%	24%	11%	21%	
Housing Authority	29%	32%	31%	25%	
Metropolitan Redevelopment Authority	47%	59%	0%	0%	
Public Transport Authority of Western Australia	24%	23%	25%	26%	
South Metropolitan Health Service	4%	0%	0%	0%	
Western Australian Sports Centre Trust	18%	17%	16%#	14%	
Western Australian Treasury Corporation	97%	94%	95%	98%	
Departments					
Department of Education	4%	2%	2%	2%	
Department of Finance	4%	2%	2%	2%	
Department of Fire and Emergency Services	7%	7%	6%	5%	
Department of Justice	15%	0%	0%	0%	

Source: OAG based on audited financial statements in tabled annual reports

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

figure restated during 2021-22 financial year

Table 10: Borrowings to assets ratio of entities – four-year trend

Dividends paid by public corporations to general government

Dividends paid by public corporations contributed \$612.2 million to the general government sector financial results in 2021-22, compared to \$1.3 billion in 2020-21.

Dividends paid in 2021-22 largely reflect the State Government's decision for government trading enterprises to retain \$2.4 billion in dividend payments in 2021-22 and quarantine this cash for future infrastructure investment.

Each corporation operates under their own enabling legislation with differing requirements and processes for the payment of dividends to Government. Treasury has advised that, in general terms, the dividend payout ratios are determined each year through a combination of SCIs and the annual budget process. The dividends are generally calculated as a percentage of net profit after tax.¹⁰

The timing of dividend payments and the required approval processes are also prescribed in each corporations' legislation. Broadly, however, the board makes a recommendation to the minister, who consults with the Treasurer before determining the amount of the dividend. The process of seeking the Treasurer's concurrence includes Treasury review of the actual and budget financial statements of the corporation. Once the dividend amount has been agreed, the corporation pays the dividend to the Treasurer (the Consolidated Account), in accordance with their legislation. If the minister directs a different dividend amount, then this direction is required to be tabled in Parliament.

Dividends paid during a financial year generally include an interim dividend for that year and the final dividend from the preceding financial year. Therefore, dividends paid during a financial year do not wholly relate to the trading surplus of that year.

¹⁰ Government of Western Australia, *Western Australia State Budget 2022-23 Budget Paper No 3 Economic and Fiscal Outlook*, Government of WA, Perth, 2022, p. 240.

Entity	2018-19		2019-20		2020-21		2021-22	
	Dividend s paid (\$ m)	Surplus /deficit (\$ m)	Dividend s paid (\$ m)	Surplus /deficit (\$ m)	Dividend s paid (\$ m)	Surplus /deficit (\$ m)	Dividend s paid (\$ m)	Surplus /deficit (\$ m)
Bunbury Water Corporation	1.9	3.1	2.6	2.5	2.1	1.4	0	1.9
Busselton Water Corporation	1.5	2.7	1	0.9	0.7	2.6	^	^
Forest Products Commission	1	1.4	0	-2.6	0	-7.9	0	-30.9
Fremantle Port Authority	34.8	49.4	12.8	46.2	34.7	54.5	0	47.5
Gold Corporation *	5	7.9 *	6	31.3 *	23.5	-11.1+	0	28.2
Horizon Power	36.6	35.9	2.4	8.9	6.7	17.0	0	10.4
Insurance Commission of Western Australia	102.6	203.8	207.5	-2.9	0	1,127.6	572.1	63.6
Kimberley Ports Authority	0	-1.7	0	-6.8	0	-3.8	0	2.6
Mid West Ports Authority	12.4	14.7	4.1	11.8	0	16.3	0	24.9
Pilbara Ports Authority	150.9	126.3	31.7	131.7	111.9	160.0	0	186.7
Southern Ports Authority	26.2	22.9	6.4	39	39	45.4	0	37.7
Synergy	18.2	-656.3	2.8	-26.7	0	-260.8	0	-423.6
Water Corporation #	605	787	4	808	642	842.0+	0	876.0
Western Australian Land Authority	37.9	6.8	8.4	2.3	168.6	17.7+	23.4	84.9
Western Australian Treasury Corporation	18.2	29.2	21.9	28.5	21.4	22.2	16.7	17.5
Western Power #	298	366	80	391	300	391.0	0	400.0
TOTAL DIVIDENDS PAID	1,350.2		391.6		1,350.6		612.2	

Source: OAG based on audited annual financial statements of entities

* Owner of Gold Corporation surpluses – excludes surplus attributable to non-controlling interests

financial reports present whole numbers only

^ financial report not yet audited

+ figure restated during 2021-22 financial year

Table 11: Dividends paid by public corporations to general government







Appendix 1: Status and timeliness of audits

Audit opinions issued to 123 entities between 30 June 2022 and 30 November 2022 are listed below.






















The entities primarily had reporting dates of 30 June or 31 July 2022. The audit opinion is issued to the responsible minister for each entity and is printed in full in the entity's annual report. The annual report is tabled in Parliament by the minister and normally posted on the entity's website.

The table lists each entity audited in alphabetical order (without the preceding 'The' in their statutory names), as well as the type of opinion they received, when the opinion was issued and their audit readiness (the timeliness of providing their financial statements to us for audit).













Key

Type of audit opinion		Audit readiness	
Clear		On or before 20 days after reporting period	
Clear opinion with emphasis of matter or matter of significance		Between 20 and 38 days after reporting period	
Qualified or a disclaimer of opinion		More than 38 days after reporting period	

Ratings are not reported for the ARSF, subsidiaries, request audits, cemetery boards, final audits of abolished entities and deferred audits. These are marked as n/a in the audit readiness column.































Entity	Type of opinion	Opinion issued	Audit readiness
Aboriginal Affairs Planning Authority	Audit in progress		
Agricultural Produce Commission		1/09/2022	
Annual Report on State Finances		27/09/2022	n/a
Board of the Art Gallery of Western Australia		13/10/2022	
Botanic Gardens and Parks Authority		12/09/2022	
Building and Construction Industry Training Board		5/10/2022	
Bunbury Water Corporation		30/11/2022	
Burswood Park Board		24/08/2022	
Busselton Water Corporation	Audit in progress		
Chemistry Centre (WA)		24/08/2022	
Child and Adolescent Health Service		1/09/2022	
Coal Miners' Welfare Board of Western Australia		21/09/2022	

Entity	Type of opinion	Opinion issued	Audit readiness
Combat Sports Commission	✓	10/11/2022	n/a
Commissioner for Children and Young People	✓	1/09/2022	🟢
Commissioner of Main Roads	✓	29/08/2022	🟢
Construction Industry Long Service Leave Payments Board	✓	29/08/2022	🟢
Corruption and Crime Commission	Audit in progress		n/a
Country Housing Authority	✓	8/09/2022	🟢
Department of Biodiversity, Conservation and Attractions	✗	19/09/2022	🔴
Department of Communities	✗	16/11/2022	🔴
Department of Education	✓	31/08/2022	🟢
Department of Finance	✗	21/09/2022	🟢
Department of Fire and Emergency Services	✓	30/08/2022	🔴
Department of Health	✗	20/09/2022	🔴
Department of Jobs, Tourism, Science and Innovation	✓	20/09/2022	🟢
Department of Justice	✗	14/09/2022	🟢
Department of Local Government, Sport and Cultural Industries	✗	23/09/2022	🔴
Department of Mines, Industry Regulation & Safety	✓	10/09/2022	🟢
Department of Planning, Lands and Heritage	Audit in progress		🔴
Department of Primary Industries and Regional Development	Audit in progress		🔴
Department of the Legislative Assembly	✓	21/11/2022	n/a
Department of the Legislative Council	✓	21/11/2022	n/a
Department of the Premier and Cabinet	✓	2/09/2022	🔴
Department of the Registrar, Western Australian Industrial Relations Commission	✓	1/09/2022	🟢
Department of Training and Workforce Development	✓	26/08/2022	🟢
Department of Transport	✓	20/09/2022	🟢
Department of Treasury	✓	15/09/2022	🟢

Entity	Type of opinion	Opinion issued	Audit readiness
Department of Water and Environmental Regulation		20/10/2022	
Disability Services Commission		14/11/2022	
East Metropolitan Health Service		19/09/2022	
Economic Regulation Authority		7/09/2022	
Edith Cowan University Subsidiaries:			
Australian Pathway Education Group		30/11/2022	n/a
Edith Cowan Accommodation Holdings Pty Ltd		30/11/2022	n/a
Edith Cowan University Hold Trust	Audit in progress		n/a
Electricity Generation and Retail Corporation – Synergy Subsidiaries:		5/09/2022	
South West Solar Development Holdings Pty Ltd		10/10/2022	n/a
Synergy Renewable Energy Development Pty Ltd		10/10/2022	n/a
Electricity Networks Corporation – Western Power		31/08/2022	
Energy Policy WA (DMIRS Division)		08/09/2022	
Fire and Emergency Services Superannuation Board		30/09/2022	
Forest Products Commission		8/09/2022	
Fremantle Port Authority		31/08/2022	
Gaming and Wagering Commission of Western Australia		24/11/2022	
Gold Corporation		11/09/2022	
Government Employees Superannuation Board		05/09/2022	
Governor's Establishment	Audit in progress		n/a
Health and Disability Services Complaint Office		9/08/2022	
Health Support Services		3/09/2022	
Heritage Council of Western Australia		30/11/2022	
Housing Authority Subsidiaries:		25/11/2022	



Entity	Type of opinion	Opinion issued	Audit readiness
Goldmaster Enterprises Pty Ltd	✓	30/11/2022	n/a
Keystart Bonds Ltd	✓	5/10/2022	n/a
Keystart Housing Scheme Trust	✓	5/10/2022	n/a
Keystart Loans Ltd	✓	5/10/2022	n/a
Infrastructure WA	✓	17/08/2022	⚠
Insurance Commission	✓	8/09/2022	⚠
Keep Australia Beautiful Council (W.A.)	✓	20/09/2022	⚠
Kimberley Ports Authority	✓	16/09/2022	⚠
Landcare Trust (1 July 2021 to 25 June 2022)	✓	26/08/2022	n/a
Law Reform Commission of Western Australia	✓	13/09/2022	⚠
Legal Aid Commission	✓	5/09/2022	⚠
Legal Contribution Trust	✓	30/09/2022	⚠
Legal Costs Committee	✓	13/09/2022	⚠
Library Board of Western Australia	✓	7/09/2022	⚠
Local Health Authorities Analytical Committee	✓	15/09/2022	⚠
Lotteries Commission	✗	5/10/2022	⚠
Mental Health Commission	✓	16/09/2022	⚠
Metropolitan Cemeteries Board	✓	31/08/2022	⚠
Metropolitan Redevelopment Authority	✓	28/09/2022	⚠
Mid West Ports Authority	✓	24/08/2022	⚠
Minerals Research Institute of Western Australia	✓	17/08/2022	⚠
National Trust of Australia (WA), The	✓	25/08/2022	⚠
North Metropolitan Health Service	✗	14/09/2022	⚠
Office of the Director of Public Prosecutions	✓	11/08/2022	⚠
Office of the Information Commissioner	✓	18/11/2022	⚠
Office of the Inspector of Custodial Services	✓	30/09/2022	n/a

Entity	Type of opinion	Opinion issued	Audit readiness
Parliamentary Commissioner for Administrative Investigations	✓	12/09/2022	🟢
Parliamentary Inspector of the Corruption and Crime Commission	✓	12/09/2022	🟢
Parliamentary Services Department	✓	21/11/2022	n/a
PathWest Laboratory Medicine WA	✗	30/09/2022	🟢
Perth Theatre Trust	✓	11/10/2022	🔴
Pilbara Ports Authority Subsidiary: Hedland Maritime Initiative Pty Ltd	✓ ✓	31/08/2022 3/10/2022	🟢 n/a
Police Force	✗	19/09/2022	🟡
Professional Standards Council of Western Australia	✓	11/10/2022	🟢
Public Sector Commission	✓	2/09/2022	🟢
Public Transport Authority	✓	13/09/2022	🟡
Public Trustee	✗	15/09/2022	🔴
Quadriplegic Centre	✓	9/08/2022	🟢
Queen Elizabeth II Medical Centre Trust	✓	29/08/2022	🟡
Racing and Wagering Western Australia	✓	24/10/2022	🔴
Racing Penalties Appeal Tribunal	✓	13/10/2022	n/a
Regional Power Corporation – Horizon Power	✓	8/09/2022	🟡
Rottnest Island Authority	✓	16/09/2022	🟢
Rural Business Development Corporation	✓	13/09/2022	🟢
School Curriculum and Standards Authority	✓	19/09/2022	n/a
Small Business Development Corporation	✓	30/08/2022	🟡
South Metropolitan Health Service	✗	19/09/2022	🟢
Southern Ports Authority	✓	30/08/2022	🟢
State Solicitor's Office	✗	20/09/2022	🟢
Swan Bells Foundation Incorporated	✓	16/09/2022	🟡
Trustees of Public Education Endowment	✓	14/09/2022	🟢

Entity	Type of opinion	Opinion issued	Audit readiness
University of Western Australia, The Subsidiary: Perth International Arts Festival		30/09/2022	n/a
WA Country Health Service		20/09/2022	
Water Corporation		1/09/2022	
Western Australian Coastal Shipping Commission		13/09/2022	
Western Australian Electoral Commission		9/11/2022	n/a
Western Australian Energy Disputes Arbitrator		08/09/2022	
Western Australian Greyhound Racing Association	Audit in progress		n/a
Western Australian Health Promotion Foundation		30/09/2022	
Western Australian Land Authority		28/09/2022	
Western Australian Land Information Authority		13/10/2022	
Western Australian Meat Industry Authority		13/09/2022	
Western Australian Museum, The		2/09/2022	
Western Australian Planning Commission	Audit in progress		n/a
Western Australian Sports Centre Trust		13/10/2022	
Western Australian Tourism Commission		4/10/2022	
Western Australian Treasury Corporation		25/08/2022	
WorkCover Western Australia Authority		31/08/2022	
Zoological Parks Authority		13/09/2022	

Source: OAG

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

The Delegate of the Queen Elizabeth II Medical Centre Trust – Clear opinion with EOM paragraph	
Tertiary Institutions Service Centre Ltd – Clear opinion with EOM paragraph	

Source: OAG

Appendix 2: Outstanding audits at 30 November 2022

Entity	Balance date	Reason for delay
Aboriginal Affairs Planning Authority	30 June 2022	Agreed timeframes for completing the financial statements and KPIs were not met. Refer to the Department of Planning, Lands and Heritage below. At 30 November the audit is currently being finalised.
Busselton Water Corporation	30 June 2022	The Busselton Water Corporation had historical tax accounting issues which it needed to resolve before finalising its financial reports. This has resulted in delays into 2023.
Corruption and Crime Commission	30 June 2022	As part of our early planning for the season, we deferred this audit to focus our limited resources on the large entities that are material to the ARSF. At 30 November the audit is being finalised.
Department of Planning, Lands and Heritage	30 June 2022	The Department did not meet agreed timeframes for submitting the financial statements and KPIs to our Office, mainly as a result of delays including the impact of COVID-19 on core staffing and delays in receiving critical valuation data. These delays also impacted the completion of financial statements and KPIs for the Aboriginal Affairs Planning Authority, Heritage Council of Western Australia and Western Australian Planning Commission, which the Department also prepares. As a result, we made the decision to defer all four of these audits to allow the Department time to be audit ready, and so as to not jeopardise the progress of our remaining scheduled State audits. At 30 November the audit is currently being finalised.
Department of Primary Industries and Regional Development	30 June 2022	In 2022, the Department implemented a new finance and payroll system and worked with external consultants to resolve a prior year audit qualification relating to restricted cash. When combined with staff resourcing constraints and illness, it meant that the Department was unable to meet agreed timeframes for completing the financial statements and key performance indicators. Finalisation of the audit has been deferred and will be completed in early 2023 when our Office has available staff resources to complete it. While material balances were cleared for the ARSF, we have not yet been back to recommence the audit at the time of this report.
Edith Cowan University Hold Trust	30 June 2022	The audit was completed as planned but was unable to be finalised by our Office in order to prioritise State government entity audits. At 30 November the audit is currently being finalised.

Entity	Balance date	Reason for delay
Western Australian Greyhound Racing Association	31 July 2022	The Association implemented a new finance and payroll system during the year which resulted in delays in preparing the financial statements and KPIs. We deferred the audit to allow the Association time to be audit ready and for our Office to have staff resources available to complete the audit. We expect to complete the audit in early 2023.
Western Australian Planning Commission	30 June 2022	Agreed timeframes for completing the financial statements and KPIs were not met. Refer to the Department of Planning, Lands and Heritage above. At 30 November the audit is currently being finalised.
Governor's Establishment	30 June 2022	As part of our early planning for the season, we deferred this audit to focus our limited resources on the large entities that are material to the ARSF. At 30 November the audit is currently being finalised.

Source: OAG

Appendix 3: Qualified opinions

Entity		Details of qualification
1.	Building and Construction Industry Training Board	<p>Qualified opinion on controls</p> <p>We identified the following weaknesses in control:</p> <ul style="list-style-type: none"> There were inappropriate IT systems configuration that reduced the ability to segregate duties for finance and payroll functions. These weaknesses can undermine the integrity of information in the Board's finance, human resources and other business systems. Significant control deficiencies were identified within the procure to pay process, including the lack of a formalised purchase ordering system and no formal policy on access and changes to vendor master files. These weaknesses could result in inaccurate financial information as errors and/or fraud may not be detected.
2.	Department of Biodiversity Conservation and Attractions	<p>Qualified opinion on controls</p> <p>Significant weaknesses were identified in the procurement controls designed and implemented by the Department, specifically in the use of purchase orders and authorisation limits of expenditure. The combined weaknesses increase the risk of erroneous or fraudulent payments and ordering of inappropriate or unnecessary goods or services.</p>
3.	Department of Finance	<p>Qualified opinion on controls</p> <p>We identified significant weaknesses in controls over inventory specifically related to the receiving, recording and distribution of rapid antigen tests at the Department. These weaknesses could result in misappropriation of inventory and the misstatement of inventory balances in the financial statements. Our audit did not identify any instances of misappropriation or material misstatement.</p>
4.	Department of Communities	<p>Qualified opinion on financial statements</p> <p>The classification of the Department's restricted cash and cash equivalents of \$30.4 million (Note 7.4) is materially understated by \$27.2 million, and cash and cash equivalents of \$24.9 million (Note 7.3) is equally overstated. This error represents the outstanding balance of restricted funds owed to the Disability Services Commission (\$15.3 million) and the Housing Authority (\$12 million), which is reported within Payables (Note 6.4 – Trade payables). The Payables balances identified also exceed the Department's cash balance, indicating that the Department has used these restricted funds to fund shortfalls in its operational cash, however, we are unable to determine the extent to which this has occurred.</p> <p>As a result of the above, the Department has breached the legislative provisions of section 18(2) of the FM Act.</p>
		<p>Qualified opinion on controls</p> <p>We identified a significant weakness in cash management controls designed and implemented by the Department. This resulted in restricted funds received from the Disability Services Commission and the Housing Authority, intended to fund salaries and wages of both, being consumed by the Department for its own operational purposes.</p>
		<p>Qualified opinion on controls</p>

Entity		Details of qualification
		<p>We identified significant control weaknesses in the management of access to the network and key systems. These weaknesses leave the information technology environment at the risk of unauthorised or inappropriate access to the network and business systems. The general computer controls were therefore not adequate throughout the year.</p> <p>Qualified opinion on controls</p> <p>We identified significant weaknesses in the payroll controls implemented by the Department. These weaknesses could result in salary errors such as overpayments or payments to individuals who are not entitled to receive payments. Consequently, controls to prevent invalid and inaccurate payroll payments were inadequate.</p>
5.	Department of Health	<p>Qualified opinion on controls</p> <p>Significant weaknesses were identified in network security controls and controls over unauthorised connection of devices at the Department. These weaknesses could result in a potential security exposure to the network to increased vulnerabilities which could undermine the integrity of data across all systems, including the financial system.</p>
6.	Department of Justice	<p>Qualified opinion on controls</p> <p>Significant weaknesses were identified in the design and implementation of payroll controls by the Department to prevent invalid and inaccurate payroll payments. Consequently, the weaknesses could result in errors such as overpayments and payments to individuals who are not entitled to receive payment.</p>
7.	Department of Local Government, Sport and Cultural Industries	<p>Qualified opinion on financial statements</p> <p>We were unable to determine whether Taxation – Casino Tax is fairly stated due to the significant weaknesses in the control over the completeness of revenue, specific to the administered revenue. We were unable to confirm or verify by alternative means:</p> <ul style="list-style-type: none"> • Taxation – Casino Tax forming part of the Administered Schedule – Income and related disclosures in Note 10.2, Explanatory Statement for Administered Items, amounting to \$49.2 million (2021: \$54.7 million) • the associated Receivable reported within the Administered Schedule – Assets and Liabilities amounting to \$4.3 million (2021: \$3.9 million). <p>As a result of these matters, we were unable to determine whether any adjustments might have been necessary.</p> <p>Qualified opinion on controls</p> <p>We identified significant weaknesses in the validation of the completeness of revenue, specific to the administered revenue, Taxation – Casino Tax. The Department does not have adequate controls and procedures in place to ensure that all Taxation – Casino Tax due and entitled to be collected on behalf of the State has been received.</p> <p>Qualified opinion on controls</p> <p>Significant weaknesses were identified in the procurement controls implemented by the Department. The controls were inadequate with purchase orders, in many instances, being raised after the receipt of an invoice. These weaknesses increase the risk of erroneous or</p>

Entity		Details of qualification
		<p>fraudulent payments and ordering of inappropriate or unnecessary goods or services.</p> <p>Qualified opinion on controls We identified significant weaknesses in the payroll system, processes and leave management controls as designed and implemented by the Department. These weaknesses could result in unauthorised access to the Department's payroll system and increase the risk of erroneous or fraudulent payments. Salary errors such as overpayments, payments to individuals who are not entitled to receive payment and overstated leave balances could occur. Consequently, controls to prevent invalid and inaccurate payroll payments were inadequate throughout 2021-22.</p> <p>Qualified opinion on controls Significant weaknesses were identified in the management of access to the network and key systems. These weaknesses combined with policy and technical control issues leave the information technology environment at the risk of unauthorised or inappropriate access to the network and business systems. The general computer controls were therefore not adequate throughout 2021-22.</p>
8.	Disability Services Commission	<p>Qualified opinion on financial statements The Commission has overpaid \$1.5 million to the Department of Communities for the Commission's incurred salaries and wages expenses during the reporting period. The Commission has recognised a receivable balance (within Note 6.1 Receivables – Other government agencies) for the overpayment. The Commission did not seek repayment from the Department during the period. The overpayment of funds for expenses that have not been incurred breaches the legislative provisions of the section 18(2) of the FM Act and section 15(3) of the <i>Disability Services Act 1993</i>.</p> <p>Qualified opinion on controls Significant weakness were identified in cash management controls designed and implemented by the Commission during the period. Funds intended for salaries and wages expenses were paid by the Commission to the Department of Communities well in excess of the actual salaries and wages expenses incurred.</p> <p>Qualified opinion on controls The Commission has insufficient controls to mitigate significant weaknesses in the entity providing services related to the management of access to the network and key systems. These weaknesses leave the information technology environment at the risk of unauthorised or inappropriate access to the network and business systems. The general computer controls were therefore not adequate throughout the year.</p> <p>Qualified opinion on controls Significant weaknesses were identified in the payroll controls implemented by the Commission. These weaknesses could result in salary errors such as overpayments or payments to individuals who are not entitled to receive payment. Consequently, controls to prevent invalid and inaccurate payroll payments were inadequate.</p>
9.	East Metropolitan Health Service	<p>Qualified opinion on controls Significant weaknesses were identified in network security controls and controls over unauthorised connection of devices at the East Metropolitan Health Service. These weaknesses could result in a</p>

Entity		Details of qualification
		potential security exposure to the network and increased vulnerabilities which could undermine the integrity of data across all systems, including the financial system.
10.	Gaming and Wagering Commission	<p>Qualified opinion on controls</p> <p>Controls established by the Commission over the Racing Bets Levy receipts were inadequate to ensure the requirements of Regulation 110 of the Betting Controls Regulations 1978 have been complied with. Controls were not adequate to ensure timely receipt of annual audited returns from betting operators, nor the completeness of information included in these returns. Without effective controls there is an increased risk of material misstatement of Racing Bets Levy revenue due to fraud or error.</p>
11.	Health Support Services	<p>Qualified opinion on controls</p> <p>Significant weaknesses were identified in controls over inventory (receiving, recording and distribution) at Health Support Services, including the controls and management of rapid antigen tests. These weaknesses could result in misappropriation of inventory and the misstatement of the inventory balances in the financial statements.</p>
12.	Housing Authority	<p>Qualified opinion on financial statements</p> <p>The Authority has overpaid \$11,966,000 to the Department of Communities for the Authority's incurred salaries and wages during the year. The Authority has recognised a receivable balance (within Note 6.1 Loans and receivables – Other debtors) for the overpayment. The Authority did not seek repayment from the Department during the period. The overpayment of funds for expenses that have not been incurred breaches the legislative provisions of section 18(2) of the FM Act and section 24 of the <i>Government Employee's Housing Act 1964</i>.</p>
		<p>Qualified opinion on controls</p> <p>Significant weaknesses were identified in the design and implementation of cash management controls. Funds intended for salaries and wages expenses were paid by the Authority to the Department of Communities in excess of the actual salaries and wages expenses incurred.</p>
		<p>Qualified opinion on controls</p> <p>Significant weaknesses were identified in the controls to mitigate significant weaknesses in the entity providing services related to the management of access to the network and key systems. These weaknesses leave the information technology environment at the risk of unauthorised or inappropriate access to the network and business systems. The general computer controls were therefore not adequate throughout the year.</p>
		<p>Qualified opinion on controls</p> <p>Significant weaknesses were identified in the payroll controls. These weaknesses could result in salary errors such as overpayments or payments to individuals who are not entitled to receive payments. Consequently, controls to prevent invalid and inaccurate payroll payments were inadequate.</p>
13.	Lotteries Commission	<p>Qualified opinion on controls</p> <p>A significant weakness was identified in general computer controls implemented by the Commission. This weakness could result in unauthorised access and inappropriate changes to the Commission's financial system that may not be detected. This access could be used</p>

Entity		Details of qualification
		to override management controls that prevent fictitious or fraudulent transactions and could undermine the integrity of data used to prepare the financial statements.
14.	North Metropolitan Health Service	Qualified opinion on controls Significant weaknesses were identified in network security and remote access controls at the North Metropolitan Health Service. These weaknesses could result in a potential security exposure such as unauthorised access to sensitive information and an increased risk of information loss. The weaknesses exposed the network to increased vulnerabilities which could undermine the integrity of data across all systems, including the financial system.
15.	PathWest Laboratory Medicine WA	Qualified opinion on controls Significant weaknesses in network security and remote access controls were identified at PathWest. These weaknesses could result in a potential security exposure to the network and increased vulnerabilities which could undermine the integrity of data across all systems, including the financial system.
16.	Police Force	Qualified opinion on controls A significant weakness was identified in general computer controls implemented by the Police Force from 1 July 2021 to 12 May 2022. This weakness could result in unauthorised access and inappropriate changes to the Police Force's financial system without being detected. This access could be used to override management controls that prevent fictitious or fraudulent transactions and could undermine the integrity of data used to prepare the financial statements.
17.	Public Trustee	Qualified opinion on controls Significant weaknesses were identified in the design and implementation of payroll controls by the Public Trustee to prevent and detect invalid and inaccurate payroll payments. Consequently, the weaknesses could result in errors such as overpayments and payments to individuals who are not entitled to receive payment.
18.	South Metropolitan Health Service	Qualified opinion on controls Significant weaknesses were identified in network security controls and controls over unauthorised connection of devices at the South Metropolitan Health Service. These weaknesses could result in a potential security exposure to the network and increased vulnerabilities which could undermine the integrity of data across all systems, including the financial system.
19.	State Solicitor's Office	Qualified opinion on controls Significant weaknesses were identified in the design and implementation of payroll controls by the State Solicitor's Office to prevent and detect invalid and inaccurate payroll payments. Consequently, the weaknesses could result in errors such as overpayments and payments to individuals who are not entitled to receive payment.
20.	WA Country Health Service	Qualified opinion on controls Significant weaknesses were identified in network security and unauthorised device access controls at the WA Country Health Service. The combined weaknesses could undermine the confidentiality and integrity of sensitive information and data across all systems, including the financial system and disruptions to services.

Entity		Details of qualification
21.	Western Australian Health Promotion Foundation	<p>Qualified opinion on controls</p> <p>We identified that the Foundation has insufficient controls to mitigate a significant weakness in the general computer controls of the entity providing services to the Foundation under a service level agreement. This weakness could result in unauthorised access and inappropriate changes to the Foundation's financial system without being detected. This access could be used to override management controls that prevent fictitious or fraudulent transactions and could undermine the integrity of data used to prepare the financial statements.</p>

Source: OAG

Appendix 4: Prior year qualified opinions removed in 2021-22

Entity	Details of prior year qualification
Public Transport Authority	<p>In 2020-21, Public Transport Authority received a qualified opinion relating to controls over purchases for capital and operating expenditure that were inadequate to ensure conflict of interest declarations were made and disclosed prior to contracts being awarded to service providers. Furthermore, controls were also inadequate to prevent invoice splitting and to ensure purchase orders were prepared and approved before goods or services had been received.</p> <p>In 2021-22, we did not find significant weaknesses in Public Transport Authority's procurement controls.</p>
Quadriplegic Centre	<p>In 2020-21, Quadriplegic Centre received a qualified opinion relating to:</p> <ul style="list-style-type: none"> • Non-compliance with Treasurer's Instruction 304 due to purchase orders and invoices not always signed by incurring and certifying officers. In addition, there was no evidence of the goods being received as part of the overall process. • User access rights in both the financial and payroll system were not monitored and password controls not implemented leading to an increased risk of unauthorised access to sensitive information. • Journal entries were processed with no evidence of independent review and approval by a senior staff member and adequate supporting documentation not retained. <p>In 2021-22, we found the issues identified in the control's qualification were rectified in the financial audit period.</p>
Racing and Wagering Western Australia	<p>In 2020-21, Racing and Wagering Western Australia received a qualified opinion relating to inadequate controls over procurement to ensure that sufficient quotes were obtained and that purchase orders were prepared and approved before goods and services were received. Furthermore, there were a number of instances where the requirements of Treasurer's Instruction 323 <i>Timely Payment of Accounts</i> were not complied with and where a review of a supplier's performance was not undertaken and documented prior to the extension of a contract. Additionally, Racing and Wagering Western Australia was not, in all instances, complying with the requirements of its own purchasing and procurement policies.</p> <p>In 2021-22, we found that Racing and Wagering Western Australia had improved upon the issues with procurement that formed the basis for a qualified controls opinion in the prior year.</p>
Western Australian Sports Centre Trust (VenuesWest)	<p>In 2020-21, Western Australian Sports Centre Trust received a qualified opinion on controls as testing identified significant weaknesses in implemented general computer controls. The weaknesses could have resulted in inappropriate or unauthorised access to the Trust's financial system and sensitive information and increased the risk of information loss. The access could have also been used to override management controls preventing fictitious or fraudulent transactions that could undermine the integrity of the data.</p> <p>In 2021-22, we found that Western Australian Sports Centre Trust had taken action to address the control weaknesses.</p>

Source: OAG

Appendix 5: Matters of significance included in auditor's reports

Entity	Description of matter of significance paragraphs
Department of the Premier and Cabinet	<p>The Department received an exemption from the Under Treasurer from reporting the following KPI for the year ended 30 June 2022:</p> <p>Average cost to support the Royal Commission to report into Crown Perth's suitability to operate its Burswood Casino per applicable full time equivalent.</p> <p>The exemption was approved in recognition of the short-term nature and discrete scope of work associated with the Royal Commission, which made it not feasible to periodically report this performance indicator. Consequently, this indicator has not been reported. The opinion is not modified in respect of this matter.</p>
Department of Treasury	<p>In April 2022, the Department received a direction from the Treasurer under section 61(1)(b) of the FM Act, that it was not required to report efficiency indicators for the year ended 30 June 2022, as well as subsequent financial years. Consequently, these indicators have not been reported for the year ended 30 June 2022. The opinion is not modified in respect of this matter.</p>
Mental Health Commission	<p>The Commission received an exemption from the Under Treasurer from reporting seven key efficiency indicators for the year ended 30 June 2022 as outlined in the Treasury Exempted Key Efficiency Indicators section of the audited KPIs report.</p> <p>The exemption was approved due to difficulties in the Commission's ability to complete its validation audit for these key efficiency indicators within the required timeframe, because of COVID-19 restrictions. Consequently, these KPIs have been reported as estimates and have not been audited. The opinion is not modified in respect of this matter.</p>

Source: OAG

Appendix 6: Emphasis of matter paragraphs included in auditor's reports

The following list describes the matters that we highlighted through EoM paragraphs in 2022 audit reports:

Entity	Description of emphasis of matter paragraphs
Annual Report on State Finances	Contingent liability – A contingent liability has been disclosed in Note 33 of Appendix 1 of the Annual Report on State Finances, recognising that a claim of \$28 billion was made against the State in respect of a legal dispute between the parties to a State Agreement and the WA Government. This claim is still current. The opinion is not modified in this regard.
Australian Pathway Education Group Pty Ltd	Basis of accounting – The opinion draws attention to Note 1(a) to the financial report which describes the basis of accounting and that the financial report has been prepared on a liquidation basis for the reasons set out therein. The opinion is not modified in respect of this matter.
Bunbury Water Corporation	Restatement of comparative balances – The opinion draws attention to Note 9 to the financial report which states that the amounts reported in the previously issued 30 June 2021 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.
Child and Adolescent Health Service	Restatement of comparative balances – The opinion draws attention to Note 9.15 to the financial statements which states that the amounts reported in the previously issued 30 June 2021 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.
Department of Jobs, Tourism, Science and Innovation	Contingent liability – A contingent liability has been disclosed in Note 7.2.2 of the financial statements, recognising that a claim of \$28 billion was made against the State in respect of a legal dispute between the parties to a State Agreement and the WA Government. This claim is still current. The opinion is not modified in this regard.
Department of the Registrar, Western Australian Industrial Relations Commission	Key efficiency indicators – As reported in the KPIs, the Department has not reported key efficiency indicators for Service 2 'Conciliation and Arbitration by the Western Australian Industrial Relations Commission'. Service 2 relates to the Commission which was established under <i>the Industrial Relations Act 1979</i> . As the Commission is an affiliated body and not subject to the operational control of the Department, key efficiency indicators are not reported for the Commission by the Department. The audit opinion is not modified in respect of this matter.
Department of Water and Environmental Regulation	Restatement of comparative balances – The opinion draws attention to Note 8.2 to the financial statements which discloses that: <ul style="list-style-type: none"> Amounts related to waste levy debt reported in the previously issued 30 June 2021 financial statements have been restated and disclosed as comparatives in these financial statements. Groundwater measurement sites that had not previously been recognised have been recorded in this year's financial statements. Amounts reported in the previously issued 30 June 2021 financial statements have not been restated due to impracticability of retrospective restatement.

Entity	Description of emphasis of matter paragraphs
	The opinion is not modified in respect to these matters.
Electricity Generation and Retail Corporation (Synergy)	<p>Impairment loss –</p> <p>The opinion draws attention to Notes 3.3 and 5.1 to 5.3 of the financial report which discloses that the Group has recognised an impairment loss of \$569.5 million.</p> <p>Contingent liability –</p> <p>The opinion draws attention to Note 6.2 of the financial report, which describes the status of the investigation by the Economic Regulation Authority on the Corporation's pricing in its balancing submission made in the Western Australian Wholesale Electricity Market.</p> <p>The opinion is not modified in respect of these matters.</p>
Edith Cowan Accommodation Holdings Pty Ltd	<p>Basis of accounting and restriction on distribution and use –</p> <p>The opinion draws attention to Note 2 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the <i>Australian Charities and Not-for-profits Commission Act 2012</i>. As a result, the financial report may not be suitable for another purpose. The report is intended solely for the company and should not be distributed to or used by parties other than the company. The opinion is not modified in respect of this matter.</p>
Gold Corporation	<p>Change in accounting policy –</p> <p>The opinion draws attention to Note 2(a)(i) of the financial report which states that the amounts reported in the previously issued 30 June 2021 financial report have been restated and disclosed as comparatives in this financial report.</p> <p>Subsequent event –</p> <p>The opinion draws attention to Note 36 of the financial report which states that the Australian Transaction Reports and Analysis Centre (AUSTRAC) has notified Gold Corporation to appoint an external auditor to conduct a compliance audit in accordance with the anti-money laundering and counter-terrorism financing legislative provisions.</p>
Health Support Services	<p>Inventory balances –</p> <p>The opinion draws attention to Notes 6.2 and 9.1 of the financial statements which detail the significant increase in inventory balances in 2022, particularly in relation to the procurement and write down of rapid antigen tests. Note 9.1 also details a 50% write down of rapid antigen tests that are currently quarantined following recent advice from the Therapeutic Goods Administration. The opinion is not modified in respect of these matters.</p>
Housing Authority	<p>Restatement of comparative balances –</p> <p>The opinion draws attention to Note 9.2 of the financial statements which states that the amounts reported in the previously issued 30 June 2021 financial statements have been restated and disclosed as comparatives in the current year's financial statements. The opinion is not modified in this regard.</p>
Keystart Bonds Ltd	<p>Basis of accounting and restriction on distribution and use –</p> <p>The opinion draws attention to Note 2(a) to the financial report which describes the basis of accounting and that the financial report has been prepared on a liquidation basis for the reasons set out therein. The financial report is intended solely for the Keystart Bonds Ltd and should not be distributed to or be used by other parties. The opinion is not modified in respect of this matter.</p>
Keystart Loans Ltd	<p>Basis of accounting and restriction on distribution and use –</p> <p>The opinion draws attention to Note 2(a) to the financial report, which describes the basis of accounting and that the financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the <i>Corporations Act 2001</i>. As a result, the financial report may not be suitable for</p>

Entity	Description of emphasis of matter paragraphs
	another purpose. The report is intended solely for Keystart Loans Ltd and should not be distributed to or be used by other parties. The opinion is not modified in respect of this matter.
Queen Elizabeth II Medical Centre Trust, The Delegate to the	Basis of accounting and restriction on distribution and use – The opinion draws attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of meeting the financial reporting requirements of the delegate pursuant to the <i>Queen Elizabeth II Medical Centre Act 1966</i> . As a result, the financial report may not be suitable for another purpose. The report is intended solely for the delegate and should not be distributed to or used by parties other than the delegate. The opinion is not modified in respect of this matter.
South West Solar Development Holdings Pty Ltd (Synergy)	Basis of accounting – The opinion draws attention to Note 2(a) to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the <i>Electricity Corporations Act 2005</i> .
Synergy Renewable Energy Development Pty Ltd (Synergy)	Basis of accounting – The opinion draws attention to Note 2(a) to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the director's financial reporting responsibilities under the <i>Electricity Corporations Act 2005</i> .
Tertiary Institutions Service Centre Ltd	Basis of accounting – The opinion draws attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the director's financial reporting responsibilities under the <i>Australian Charities and Not-for-profits Commission Act 2012</i> . As a result, the financial report may not be suitable for another purpose. The opinion is not modified in respect of this matter.
Water Corporation	Restatement of comparative balances – The opinion draws attention to Note 25.19 to the financial report which states that the amounts reported in the previously issued 30 June 2021 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.
Western Australian Land Authority	Restatement of comparative balances – The opinion draws attention to Note 1(l) of the financial statements which states that the amounts reported in the previously issued 30 June 2021 financial report have been restated and disclosed as comparatives in this financial report for the year-ended June 2022. The opinion is not modified in respect of this matter.
Western Australian Sports Centre Trust	Restatement of comparative balances – The opinion draws attention to Note 5.5 to the financial statements which states that amounts reported in the previously issued 30 June 2021 financial statements have been restated and disclosed as comparatives in these financial statements. The opinion is not modified in respect of this matter.

Source: OAG

Appendix 7: Audit certifications

The following 10 certifications were complete between 17 August 2022 and 30 November 2022. Unless stated, the certifications were for the year ended 30 June 2022.

Entity	Certification relates to	Date issued
Department of Health	National Health Funding Pool Act 2012 (WA): Western Australian State Pool Account	25/08/2022
Department of Local Government, Sport and Cultural Industries	Local Government (Financial Assistance) Act 1995: Statement of payments made to local government entities under the Act	14/10/2022
Electricity Generation and Retail Corporation	Compliance: with Part 2 Divisions 1 and 2 of the Electricity Corporations (Electricity Generation and Retail Corporation) Regulations 2013 and with the Segregation and Transfer Pricing Guidelines 2020 throughout the year ended 30 June 2022	7/10/2022
	Compliance: with Electricity Generation and Retail Corporation Regulatory Scheme as evaluated against the requirements of Part 3 Division 1 of the Electricity Corporations (Electricity Generation and Retail Corporation) Regulations 2013 and with the Electricity (Standard Products) Wholesale Arrangements 2014 throughout the year ended 30 June 2022	7/10/2022
Fire and Emergency Services Superannuation Board	Australian Prudential Regulation Authority (APRA): Independent auditor's report on APRA reporting forms and reasonable assurance report on compliance	30/09/2022
	APRA: Limited assurance report on compliance by independent auditor	30/09/2022
	Australian Securities and Investment Commission: Auditor's report on Australian financial services licensee (Form FS71) under the <i>Corporations Act 2001</i>	30/09/2022
	Trustee entity's financial statements	30/09/2022
Keystart Loans Ltd as Trustee for Keystart Housing Scheme Trust	Australian Prudential Regulation Authority (APRA): <i>ABS/RBA Audit requirements for Registered Financial Corporations – EFS collection</i> ("RRS 710")	31/10/2022
Mental Health Commission	Road Trauma Trust Account funding: Alcohol Interlocks Assessment and Treatment Services	21/10/2022

Source: OAG

Appendix 8: Royalties for Regions certifications

Clear certification opinions were issued for the annual 2021-22 statements of receipts and payments of six approved projects funded under the *Royalties for Regions Act 2009*.

The Department of Primary Industries and Regional Development is responsible for the current governance processes for Royalties for Regions funded projects with State government entities. Entities are required to provide a cumulative expenditure report in March each year, detailing expenditure to date for the current year for all projects of that entity.

In 2021-22, the Department of Primary Industries and Regional Development decided to only require an audited annual report in the final year of the project. This has resulted in a decrease in the number of certifications issued in 2021-22.

We issued audit opinions for each Royalties for Regions project statement of receipts and payments listed below. The opinions were that, in all material respects, the funding was used as approved by the existing memorandum of understanding or in accordance with the new terms and conditions agreed when the funding was approved.

Delivering entity	Royalties for Regions approved projects	Date certification issued
Regional Community Services Fund		
Department of Finance	Jurien Bay Civic Centre Outgoings	8/11/2022
Department of Justice	Bunbury Regional Prison	25/10/2022
	Kimberley Juvenile Justice Strategy	25/10/2022
	Regional Youth Justice Strategic Kimberley and Pilbara Expansion	25/10/2022
Department of Water and Environmental Regulation	Regional Estuaries Initiative	26/10/2022
Small Business Development Corporation	Collie Tourism Readiness and Economic Stimulation	29/09/2022

Source: OAG

Appendix 9: Local government entities audited

For 2020-21, we were responsible for auditing the financial statements of all 148 local government entities. The results of 132 entities were tabled in Parliament on 17 August 2022. Below are the results for 11 of the outstanding entities, with the remaining five still to be completed. Results for the 30 June 2022 financial year will be reported in a separate report on local government.

Local government entities Auditor's report on 2020-21 financial reports completed since 17 August 2022	Opinion issued	Elapsed days since 30 June 2021
City of Bayswater	2/09/2022	429
City of Fremantle	5/08/2022	401
Shire of Boyup Brook – Qualified opinion At 30 June 2020, we were unable to obtain sufficient appropriate audit evidence to verify the existence and number of sheep nor were we able to confirm the biological assets by alternative means at that date. The audit opinion on the financial report for the period ended 30 June 2020 was modified accordingly. Since the opening position of biological assets affects the determination of operations, we were unable to determine if any adjustments to the Net Result for the year ended 30 June 2021 and the Operating Surplus ratio (as reported in Note 32) may be necessary. The opinion on the current year financial report is also modified because of the possible effect of this on the comparability of the current period's figures and the corresponding figures.	6/09/2022	433
Shire of Broomehill-Tambellup	2/08/2022	398
Shire of Carnarvon	11/10/2022	468
Shire of Derby-West Kimberley	10/10/2022	467
Shire of Merredin	9/08/2022	405
Shire of Moora	17/08/2022	413
Shire of Murchison	2/08/2022	398
Shire of Ravensthorpe	28/07/2022	394
Shire of Woondanilling	6/07/2022	372

Source: OAG

Appendix 10: Local government certifications

At 30 November 2022, the following certifications were issued for the year ended 30 June 2021. Certifications for the 30 June 2022 financial year will be reported in a separate report on local government audit results.

Local government entity certifications completed since 17 August 2022	Date
City of Fremantle – Local Roads and Community Infrastructure Program	19/07/2022
City of Nedlands – Local Roads and Community Infrastructure Program	29/07/2022
Shire of Boyup Brook – Local Roads and Community Infrastructure Program	13/07/2022
Shire of East Pilbara – Local Roads and Community Infrastructure Program	12/07/2022
Shire of Merredin – Roads to Recovery	28/06/2022
Shire of Sandstone - Local Roads and Community Infrastructure Program	15/08/2022
Shire of Wiluna –	
Local Roads and Community Infrastructure	31/10/2022
Roads to Recovery	31/10/2022

Source: OAG

This page is intentionally left blank

This page is intentionally left blank

Auditor General's 2022-23 reports

Number	Title	Date tabled
11	Compliance with Mining Environmental Conditions	21 December 2022
10	Regulation of Commercial Fishing	7 December 2022
9	Management of Long Stay Patients in Public Hospitals	16 November 2022
8	Forensic Audit Results 2022	16 November 2022
7	Opinion on Ministerial Notification – Tom Price Hospital Redevelopment and Meekatharra Health Centre Business Cases	2 November 2022
6	Compliance Frameworks for Anti-Money Laundering and Counter-Terrorism Financing Obligations	19 October 2022
5	Financial Audit Results – Local Government 2020-21	17 August 2022
4	Payments to Subcontractors Working on State Government Construction Projects	11 August 2022
3	Public Trustee's Administration of Trusts and Deceased Estates	10 August 2022
2	Financial Audit Results – Universities and TAFEs 2021	21 July 2022
1	Opinion on Ministerial Notification – Wooroloo Bushfire Inquiry	18 July 2022

**Office of the Auditor General
Western Australia**

7th Floor Albert Facey House
469 Wellington Street, Perth

T: 08 6557 7500
E: info@audit.wa.gov.au

www.audit.wa.gov.au



@OAG_WA



Office of the Auditor General
for Western Australia