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Financial audit findings reveal improvements as a result of many diligent efforts, but State entities still need to do more to lift financial management controls

The Auditor General's [State Government 2022-23 - Financial Audit Results](#) report was tabled in Parliament today. It summarises the results of our 2023 State sector financial audit season.

Auditor General Ms Caroline Spencer said there was a pleasing decrease in the number of audit qualification matters at State entities.

'The decrease reverses a concerning three-year trend of increasing numbers. In 2022-23, the number of audit qualifications reduced from 45 at 25 entities to 37 at 19 entities.

'As well as fewer qualifications, there was also a 21% reduction in the number of control, financial statement and KPI issues reported to management,' Ms Spencer said.

While there have been some improvements at a time of finance professional shortages in the sector, the number of qualifications is still too high and many entities continue to have repeat audit qualifications.

'This indicates that entities are not resolving previously reported control weaknesses, with over half of the issues we reported to management in 2023 relating to previously reported audit findings.

'While some entities are gaining momentum in their efforts to address weaknesses, there is still much more that they need to do to ensure that public funds, systems and resources are being properly accounted for and managed.

'It is essential that entities prioritise addressing audit findings to improve their governance and prevent fraud and error.

'After all, the foundations of good public financial management affect us all; enabling public entities to deliver their service obligations and safeguard the wealth of the state for all West Australians,' Ms Spencer said.

Concerningly, the Office issued an adverse controls opinion for the Department of Primary Industries and Regional Development (DPIRD).

'This is the first time that we have issued such an opinion for an entity.

'An adverse opinion is significantly more serious than a qualified controls opinion, in that we believe that the impact of the weaknesses is so pervasive, it is not possible to conclude that controls were designed and implemented adequately.

'While there are reasons for this decline, it serves as an important reminder to ensure that routine financial management processes continue to be performed and resourced appropriately, including in times of significant change or stress in an entity,' Ms Spencer said.

In addition, there were a number of challenging financial reporting, accountability and audit matters in the state sector. These include climate change reporting, government trading enterprise reform, valuations and issues relating to combustible building cladding.



'We continue to identify significant concerns regarding entities stewardship of restricted funds (special purpose accounts).

'Several entities need to substantially improve their practices to ensure that these funds are sufficiently quarantined and that payments are appropriately approved in line with underlying agreements and legislation,' Ms Spencer said.

There remains a need to build and improve capacity and capability within finance functions across the public sector, including around basic financial controls and processes such as bank reconciliations.

However, this report highlights that positive outcomes can be achieved where entities display the appropriate resolve, commitment, skill and diligence.

Report resource

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