

Audit Results Report

Annual 2013-14 Financial Audits

Report 18: November 2014

This report summarises the results of the annual audits of the financial statements, controls and key performance indicators (KPIs) of agencies for the 2013-14 financial year. The report also provides selected additional information about trends in the State's finances, financial transactions of agencies and key financial ratios.

Audit Opinions (Page 8)

One hundred and fifty-eight audit opinions and 202 certifications (mostly for Royalties for Regions projects) were issued.

Qualified Audit Opinions (Page 9)

Eight agencies received qualified opinions:

- Department of Agriculture and Food
- Department of Corrective Services
- Department of Fisheries
- Department of Local Government and Communities
- Legal Contribution Trust
- Metropolitan Public Hospitals
- Office of the Environmental Protection Authority
- Western Australian Greyhound Racing Association.

Management Issues (Page 15)

- 474 financial control deficiencies were identified in 2013-14, up from last year, with 21 per cent unresolved from the prior year. Significant issues requiring prompt attention also increased.
- 301 information system control deficiencies were identified with the majority being simple to fix.

Financial Reporting and Audit Issues

Errors totalling many hundreds of millions of dollars were identified during our audit of agencies' financial statements. This raises concerns about the reliability of financial management information in some agencies and that management may be misinformed about their agency's true financial position.



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The net impact of these errors (\$69 million) on the overall State surplus was only identified and corrected after year-end during the audit process. (Page 23)

The increase in the State's leave liability slowed during 2013-14, however our audits still identified opportunities for closer management of liabilities by some agencies. (Page 24)

The overall cost of redundancy payments could have been lower if agencies had provided written notice to employees appropriately. (Page 26)

Late or non-tabling of annual Statements of Corporate Intent (SCI) continues. SCIs are required from 24 agencies that operate at arm's length from government. SCIs contain details of the annual contractual agreement with the Government. (Page 27)

Many small agencies could reduce unnecessary detail in their financial statements without compromising their provision of high quality reports to Parliament. This could achieve savings and free up finance staff to focus on more value-adding responsibilities. (Page 30)

'Best Practice' Agencies (Page 44)

The report acknowledges the top 40 'Best Practice' agencies across two categories for timeliness and quality in their financial and KPI reporting and good financial controls.

Annual Report on State Finances and Other Financial Information

Selected information from the Annual Report on State Finances has been graphed to show trends in the State's net operating result, infrastructure renewal ratio and debt sustainability over the past eight years. (Page 33)

In addition, our report includes selected significant financial transactions of agencies (Page 37) and summaries of agencies' liquidity ratios, borrowings to assets ratios and dividends paid. (Page 40)



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