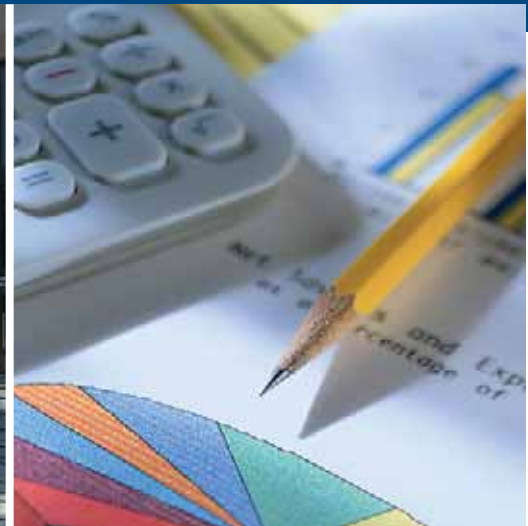




AUDITOR GENERAL'S REPORT

AUDIT RESULTS

- Assurance Audits completed at 3 November 2008
- Opinions on Ministerial Notifications



Report 6
November 2008



**THE PRESIDENT
LEGISLATIVE COUNCIL**

**THE SPEAKER
LEGISLATIVE ASSEMBLY**

AUDIT RESULTS

- ASSURANCE AUDITS COMPLETED AT 3 NOVEMBER 2008**
- OPINIONS ON MINISTERIAL NOTIFICATIONS**

This Report is presented in two parts.

The first part of this Report under section 24 of the *Auditor General Act 2006* (AG Act) covers assurance audit activity to 3 November 2008 and includes:

- opinions and results of audits on the controls, financial statements and key performance indicators (KPIs) of departments, statutory authorities, corporatised entities and subsidiary bodies with reporting dates primarily on 30 June and 31 July 2008
- opinions and results of audits of corporatised bodies reporting under their enabling legislation and other entities audited as requested by the Treasurer
- audit certifications of financial and statistical information produced by agencies to discharge conditions of Commonwealth funding, grants and other legislation
- commentary on agencies' compliance with reporting requirements and other management issues significant enough to bring to the attention of Parliament
- details of continuing and emerging issues and developments that will impact on accountability, audit practice and financial reporting in 2008-09.

The second part of this Report details my opinions formed under section 24(2)(c) of the AG Act on notifications received from Ministers of the Crown under section 82 of the *Financial Management Act 2006*.

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

COLIN MURPHY
AUDITOR GENERAL
12 November 2008

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Auditor General's Overview

2007-08 Assurance Audit Results

This is the third year that agencies with a 30 June balance date have needed to prepare their financial statements and have them audited in time to meet the annual report tabling deadline of 28 September.

It is pleasing to note a continual improvement in meeting these timelines. 2007-08 saw further improvement with 75 per cent of audit opinions issued by our preferred deadline of 19 September, compared with 58 per cent in the prior year. Ninety-seven per cent of opinions were issued by our absolute deadline of 25 September.

Agencies demonstrating better practice in reporting are identified in this report. However, for a number of agencies, reporting deadlines remain a challenge that can only be achieved with substantial effort by agency and audit staff. For these agencies, a fundamental change in approach will be required rather than incremental improvement.

The level of effort and expertise required to meet these reporting requirements is in part driven by the high standards of reporting and accountability within the Western Australian public sector. The standards are recognised internationally as high. Every agency, regardless of size, is a "reporting entity", required to produce General Purpose Financial Statements conforming with Australian Equivalents to International Financial Reporting Standards. The standards provide detailed and rigorous reporting that is entirely appropriate for our trading enterprises and larger government agencies. However, I am concerned that for medium and smaller agencies, most of which are not complex in nature, the value of these detailed reports is not commensurate with the effort that is required to produce and audit them. In this context, I welcome the Australian Accounting Standards Board's project to consider a differential reporting regime.

Opinions on Ministerial Notifications

I am reporting on opinions issued under the AG Act regarding "whether a decision by a Minister not to provide information to Parliament concerning any conduct or operation of an agency is reasonable and appropriate." In each of the 14 instances, my opinion is that the Minister's decision not to provide the requested information to Parliament was reasonable and therefore appropriate.

Executive Summary

This Report contains two parts. In Part 1 we outline the results of our annual assurance audits of agencies with a 30 June or 31 July 2008 reporting date. A similar report on agencies with a 31 December 2008 reporting date, largely universities and TAFE Colleges, is planned to be tabled in the second quarter of 2009.

In Part 2 we report the Auditor General's opinion on the reasonableness of Ministers not to supply requested information to Parliament.

Key Findings

Part 1 – 2007-08 Assurance Audit Results

Audit Opinions

- *171 audit opinions were issued by 3 November 2008, of which 166 related to the 2007-08 financial year. Two agencies were still not ready for their 2007-08 audit at 3 November.*
(Page 7)
- *Two agencies received qualified opinions – one was qualified on controls and the other on performance indicators.*
(Page 10)

Management Issues

- *74 agencies had significant and/or moderate financial management control weaknesses brought to their attention. In total, we identified 352 issues which was a 34 per cent increase over the previous year. This amounts to a marked deterioration in the control environment of many agencies.*
(Page 12)
- *We again found numerous weaknesses in information system (IS) controls, most commonly in security, business continuity planning, change control and IS operations.*
(Page 14)
- *The need for improvement in key performance indicators was identified at 37 agencies. The most common audit recommendations related to the need to improve the relevance of the indicators to agency outcomes and the lack of targets against which performance can be assessed.*
(Page 15)

Other Audit Issues

- *A range of significant procedural and operational control weaknesses were identified at the Office of Shared Services relating to the new payroll and human resource management system, and with purchasing and information systems.*
(Page 17)
- *Reporting and management of contaminated sites disclosures is progressing but the full impact and financial implications are not yet known.*
(Page 19)

Better Practice Agencies

- *We rated 51 agencies as better practice agencies in 2008, compared with 40 in the prior year. Our assessment is based on the quality and timeliness of financial statements and general good financial management practices.* (Page 23)
- *Despite the improvement recognised above:*
 - *many agencies continue to provide financial statements, key performance indicators and supporting working papers for audit that are of poor quality and/or late*
 - *forty-five per cent of agencies did not achieve the date agreed with Audit for submission of their financial statements and key performance indicators for audit.*

The consequence is higher audit cost and a delayed audit opinion. (Page 24)

Part 2 – Opinions on Ministerial Notifications

- *In the period 20 November 2007 to 3 November 2008, 14 ministerial notifications under section 82 of the Financial Management Act 2006 were received relating to two parliamentary questions asked of Ministers in the Legislative Assembly. In each case my opinion is that the Minister’s decision not to provide the requested information to Parliament was reasonable and therefore appropriate.* (Page 26)

Recommendation

All agencies should ensure that:

- financial statements, key performance indicators and supporting working papers supplied for audit are of good quality and are provided in a timely manner
- management control issues brought to their attention during their audit are addressed to ensure the continuing integrity of their financial control environment
- key performance indicators remain relevant and include targets against which their performance can be assessed.

PART 1: 2007-08 ASSURANCE AUDIT RESULTS

1: Audit Opinions

- *171 audit opinions were issued by 3 November 2008, 166 related to the 2007-08 financial year. Two agencies were still not ready for their 2007-08 audit at 3 November.*
- *Two agencies received qualified opinions – one qualified on controls and the other on key performance indicators.*

Introduction

From 1 February 2007 the *Financial Management Act 2006* (FM Act) has governed the financial accountabilities of most agencies while the *Auditor General Act 2006* (AG Act) covers their audit and the activities and role of the Auditor General.

The Auditor General is required to issue an opinion to the responsible Minister on each agency audited. Under the FM Act, the Minister is required to table the audit opinion along with the agency's annual report within 90 days of their end of financial year. Depending on each agency's enabling legislation, the opinion will cover their financial statements and may cover their controls and/or key performance indicators:

- financial statements – assurance that the financial statements and supporting notes are complete, accurate, reliable and comply with relevant legislation and applicable accounting standards
- controls – assessment of the reliability of internal control systems and procedures, both manual and computerised to ensure the integrity of financial and performance information produced and reported
- key performance indicators – assurance that the key performance indicators are relevant, appropriate, based on reliable data and fairly present the performance of the agency in achieving its desired outcomes.

Appendix 1, commencing on page 28, provides a listing of all audit opinions issued since 29 April 2008.

Summary of Audit Opinions

At 3 November 2008, 171 audit opinions had been issued, primarily for agencies with financial periods ending on 30 June and 31 July 2008.

Audit Opinion issued on	Type of Agency	Number
Financial statements, controls and key performance indicators	Departments	36
	Statutory authorities	100
Financial statements only	Annual Report on State Finances	1
	Corporatised entities	15
	Subsidiary entities with 30 June 2008 year-end	10
	Subsidiary entities with 31 December 2007 year-end	2
	Cemetery boards	3
	Request audits	4
TOTAL NUMBER OF AUDIT OPINIONS ISSUED		171

Table 1: Number and type of audit opinions issued between 29 April 2008 and 3 November 2008

Source: OAG

In addition to opinions, certifications are also issued. Twenty-four audit certifications of financial and statistical information produced by agencies to discharge conditions of Commonwealth funding, grants or other legislation were issued before 3 November 2008 (refer Appendix 2, page 35).

Opinion on the Annual Report on State Finances

The Annual Report on State Finances (ARSF) prepared by the Department of Treasury and Finance (DTF) for the year-ending 30 June 2008 was audited by the Auditor General. The clear opinion was issued to the Treasurer on 22 September 2008 for tabling in Parliament.

The preparation and audit of the ARSF is a requirement under amendments made in 2005 to the *Government Financial Responsibility Act 2000* (GFR Act). The ARSF brings together significant financial information for the Government of Western Australia and includes the consolidated financial results of all¹ agencies. The ARSF can be found at www.dtf.wa.gov.au under Treasury – State Finance Publications.

¹ Agencies that are not consolidated include the universities, GESB and other superannuation boards, the Public Trustee and agencies that hold private funds in trust or fidelity type funds. These agencies are listed at Note 38 to the ARSF and are excluded on the basis of ABS and Australian Accounting Standards of classifications.

The GFR Act requires that the audit opinion state that the ARSF has been prepared in accordance with external reporting standards. These standards comprise both Australian Accounting Standards and the concepts and classifications set out in the publication of the Australian Bureau of Statistics known as Australian System of Government Finance Statistics: Concepts, Sources and Methods (commonly referred to as GFS). The audit approach can be summarised as follows:

- The “Consolidated Financial Statements of the State”, which are a consolidation of the financial results of all agencies, are audited in accordance with Australian Auditing Standards.
- Most of the other tabulated information in the ARSF, which is prepared from the same collection of data from agencies but presented on a GFS basis, is reconciled to the already audited information. This testing confirms that adjustments to convert the information to GFS format have been correctly made.
- Other information included in the ARSF, such as explanatory statements, is checked for consistency with the audited information.

Audits Not Completed or Undertaken

At 3 November, the audit of the Western Australian Sports Centre Trust had not been finalised as the agency needed to update its asset records to substantiate the balances reported in its general ledger.

The audit of one FM Act agency had not commenced by 3 November 2008. The Professional Standards Council has not submitted financial statements and key performance indicators for audit. Three other agencies submitted financial statements but not key performance indicators as required by the FM Act (refer Table 2). Two of these agencies are awaiting repeal of their enabling legislation and one was newly created during the year.

Agency	Reasons for Non-submission of Key Performance Indicators
1. Agricultural Practices Board of Western Australia	The Board has not prepared key performance indicators. Its functions have been transferred but the <i>Agricultural Practices (Disputes) Act 1995</i> has not yet been repealed.
2. Landcare Trust	The Trust has not prepared key performance indicators as it has ceased to operate and does not hold any funds. Legislation to repeal the Trust is required.
3. Commissioner for Children and Young People	The Commissioner commenced operations in December 2007 and has not yet developed key performance indicators as required by the FM Act.

Table 2: Agencies not reporting 2007-08 key performance indicators and their reasons

Source: OAG

Qualified Opinions Issued

Two agencies received qualified opinions as detailed below in Table 3. This is a decrease on last year when four qualified opinions were issued. The full opinion appears in the annual report of each agency.

The Western Australian Alcohol and Drug Authority received the same performance indicator qualification last year.

Agency	Details of Qualification
<p>Peel Development Commission</p> <p>Qualified opinion on controls</p>	<p>Reconciliations between the general ledger and the debtors' ledger, the asset register and the creditors' ledger were not prepared during the reporting period. In addition, a number of monthly bank reconciliations did not reconcile and reconciling items remained unresolved at year end. There was also no supporting documentation for some general journal entries.</p> <p>Subsequent to year-end and as a result of the audit process, these reconciliations were achieved and the unexplained reconciling items resolved. The Commission has indicated that it will take action to rectify the control deficiencies identified above.</p>
<p>Western Australian Alcohol and Drug Authority</p> <p>Qualified opinion on key performance indicators</p>	<p>The following key effectiveness performance indicators of the Authority were based on sample sizes that were considered to be too small to provide reliable estimates of the actual results:</p> <ul style="list-style-type: none"> ● KPI 1.6 "Improvement in the general health, psychological health, social relationships and drug use of clients of not-for-profit organisations funded by the Authority as rated by clients before and after treatment". ● KPI 1.7 "Percentage of clients of not-for profit organisations funded by the Authority who report being satisfied with inpatient and outpatient treatment service". <p>In addition, the responses in respect to KPI 1.6 could not be traced back to a patient, making it impossible to match the pre and post treatment evaluation results.</p> <p>Because of these matters, an opinion on whether these key effectiveness performance indicators fairly represented indicated performance could not be formed.</p> <p>The Authority has advised that it has reviewed the design of its performance indicators for client treatments and these will be progressed through the Outcome Structure Review Group (OSRG) during 2008-09.</p>

Table 3: Qualified audit opinions and comments

Source: OAG

Matter of Significance Reported with Audit Opinion

The Construction Industry Long Service Leave Payments Board audit opinion was unqualified (a “clear” opinion was issued). However, a matter of significance was highlighted with the opinion in relation to the financial position of the Board. At 30 June 2008 the Board had an excess of liabilities over assets of \$28.3 million. As stated by the Board in the Notes to the financial statements, this was mainly due to an increase in actuarial valuation of accrued leave benefits at year-end and a loss on investments during the year.

The annual actuarial assessment of the Construction Industry Long Service Leave Scheme reported that vested benefits at 30 June 2008 were fully covered by the value of the Scheme’s assets. However, because the excess of liabilities over assets may have a potential impact on the long term financial position of the Board, the excess was highlighted with the audit opinion. The Board advised that the steps it is taking to address this matter include seeking the approval of the Minister for an increase in the construction levy.

Qualified Opinions Removed from the Prior Year

The following qualifications were removed at 30 June 2008:

- *Eastern Goldfields Transport Board – opinion on financial statements, controls and performance indicators*

The Board introduced a new ticketing system on 1 March 2007 which continued to operate for the full 2007-08 year. This ticketing system provides adequate controls over accounting for cash fares and information about total passenger boardings.

- *Department for Planning and Infrastructure – opinion on performance indicators*

The Department satisfactorily addressed the low sample sizes that were identified on three of its key effectiveness performance indicators.

- *Department of Treasury and Finance – opinion on controls at the Office of Shared Services*

Inadequate segregation of duties at the Office of Shared Services in respect of payments to suppliers was actioned in 2007. In addition, procedures were implemented during 2007-08 for monitoring of user system access roles.

2. Management Issues

- *74 agencies had significant and/or moderate financial management control weaknesses brought to their attention. In total, we identified 352 issues which was a 34 per cent increase over the previous year. This amounts to a marked deterioration in the control environment of many agencies.*
- *Several factors have contributed to the deterioration in the control environment - one factor that was evident to audit staff was the difficulty faced by some agencies to attract and retain staff with experience in accounting/finance, human resources and payroll processing.*
- *We again found numerous weaknesses in information system (IS) controls, most commonly in security, business continuity planning, change control and IS operations.*
- *The need for improvement in key performance indicators was identified at 37 agencies. The most common audit recommendations related to the need to improve the relevance of the indicators to agency outcomes and the lack of targets against which performance can be assessed.*

The AG Act requires the Auditor General to audit agency accounts and to form an opinion on controls. Our audit assesses the reliability of internal control systems and procedures that are designed to ensure legislative financial compliance and the accurate recording and reporting of financial information and key performance indicators.

Our audit includes assessment of each agency's control environment. This involves an assessment of the design of the controls and whether they have been properly implemented and tested to see that they are working reliably. A factor we also consider in assessing the control environment is the existence of suitably skilled and experienced staff. In 2007-08 it was evident that most agencies were experiencing high staff turnover, resulting in increased reliance on less experienced staff and greater work pressures. In this situation, it is important that key internal controls are regularly monitored by management to ensure that they are operating effectively.

When we identify control weaknesses we issue management letters that detail our findings and make recommendations. Control issues are ranked as either:

- significant – potentially presents a significant risk to the agency if not addressed promptly. Such control weaknesses may lead to a qualified opinion
- moderate – of sufficient concern to warrant action being taken as soon as possible
- minor – not of primary concern but still warrant action being taken.

Agency management reviews and comments on the audit findings prior to completion of the audit. Often their policies, procedures or practices are improved at that time. However, where issues remain outstanding, agency responses or any action being undertaken is noted. Where issues recur in following years, these are separately reported to agency management and, if significant, are considered as a basis for a qualified opinion. At the completion of each audit a copy of our management letter is sent to the responsible Minister along with our audit opinion.

Financial and Management Controls

During 2007-08, 87 of the agencies we assessed on controls were advised of issues that required attention. These issues were also brought to the attention of the responsible Ministers at the conclusion of our audits.

In total, 352 control issues were identified of which 35 (15 agencies) were rated significant and 229 (73 agencies) as moderate. This result represents a marked deterioration in many agencies' control environments over the past year when we identified 14 significant issues (8 agencies) and 144 moderate issues (55 agencies).

The main areas of control weakness are explained below and the frequencies of all types of weaknesses are shown in Figure 1.

- **Human resource and payroll controls** – the number of these issues increased from 52 (at 39 agencies) in 2007 to 80 (at 28 agencies) in 2008, and included 11 significant issues requiring prompt attention. They included:
 - poor monitoring and analysis of volume and types of payroll errors
 - incomplete review by managers of the payrolls for their cost centres
 - inadequate checking of changes to the payroll, including commencements and terminations
 - evidence missing from employees' personnel files to support pay variations.

Several factors have contributed to these issues. One factor that was clearly evident to audit staff was the difficulty faced by some agencies to attract and retain staff with experience in human resources and payroll processing. Nevertheless agencies need to ensure that this does not result in key controls lapsing in relation to payroll, human resources and related recordkeeping.

- **Expenditure controls** – weaknesses in expenditure controls were evident at 37 agencies and represented 24 per cent of the total identified control weaknesses. They included:
 - inadequate payment approvals, review of changes to supplier master files and identification of end of year accounts payable accruals
 - inadequate segregation of purchasing, goods receipt and payment duties
 - raising and authorising of purchase orders after goods had been ordered and received and a lack of supporting evidence for some payments including credit card payments.

- **Asset controls** – weaknesses in asset controls were evident at 22 agencies and represented 12 per cent of the total identified control weaknesses. Failure to maintain an up-to-date asset register, properly revalue assets, conduct adequate stock-takes and reconcile assets held to the reported value in the general ledger continued to be notable weaknesses.
- **Account maintenance and financial statement preparation** – 30 agencies were advised of issues relating to their financial statements. These included inadequate reconciliation procedures for bank accounts, assets and other ledgers and authorisation of journal entries. Deficiencies in or the lack of internal quality control and review procedures for year-end closing processes and financial statement sign off were other key weaknesses.

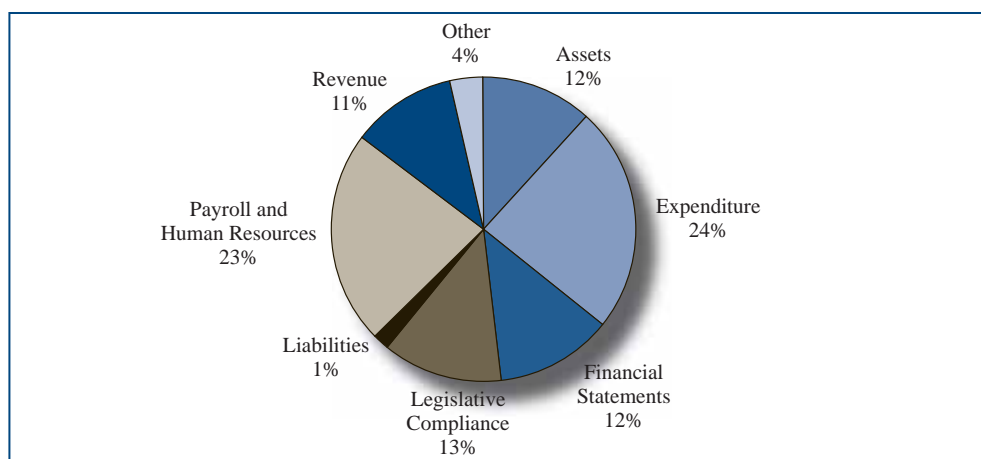


Figure 1: All management issues, other than IS controls, reported to 87 agencies

Control weaknesses relating to expenditure and payroll and human resources issues were the most common types of weaknesses.

Source: OAG

Information Systems (IS) Controls

Information systems are important to most aspects of agency and government operations underpinning many of the key public services they provide. It is vital that agencies implement appropriate controls to maintain reliable, secure and resilient information systems.

We undertake two types of IS audits. These are audits of general computer controls and audits of application controls.

- **General computer controls** – These audits are undertaken at those agencies assessed as having complex computer environments. Two hundred and twelve weaknesses were identified, with 152 rated as significant or moderate. This was a 13 per cent increase on last year when 188

issues were identified, with 124 rated as significant or moderate. Most of the weaknesses we identified related to security, business continuity planning, change control and IS operations and were generally inexpensive to resolve. However, if not resolved they leave agencies potentially vulnerable to significant disruption and costs.

The purpose of general computer control audits is to determine whether controls are designed, implemented and operating effectively to provide assurance about the reliable and secure processing of financial information.

- **Computer application controls** – this year we audited six major applications at six agencies. These included core finance systems as well as specialised business systems. Thirty-six weaknesses were found, of which 19 were rated as significant or moderate. Weaknesses in security and change management made up the majority of the findings.

Computer application audits involve an in-depth focus on the step by step processing of data and the controls around that data. This includes an assessment of the business rules configured within the software that controls the work flow and processing of data.

Note – We intend to table a more detailed report on the results of our information system audits in early 2009. This report will consolidate the results of our audits of agencies with a 30 June 2008 balance date with our upcoming work on those agencies with a 31 December 2008 balance date.

Key Performance Indicators (KPIs)

One agency received a qualified opinion on its key performance indicators for 2007-08 (see page 10). Thirty-six other agencies were advised of a total of 51 issues relating to weaknesses with their KPIs. In the prior year a total of 23 issues were raised with 17 agencies.

The following (as shown in Figure 2) were the most common types of recommendations we made:

- the need to improve the relevance of some indicators
- inclusion of targets so that users are aware of the extent to which actual performance met targets. This is a requirement of the Treasurer's Instructions.
- better recording of KPI related information to ensure its completeness and verifiability by audit
- the need for the agency to improve the checking of data used in the KPIs to ensure its integrity. This includes information received from third parties.

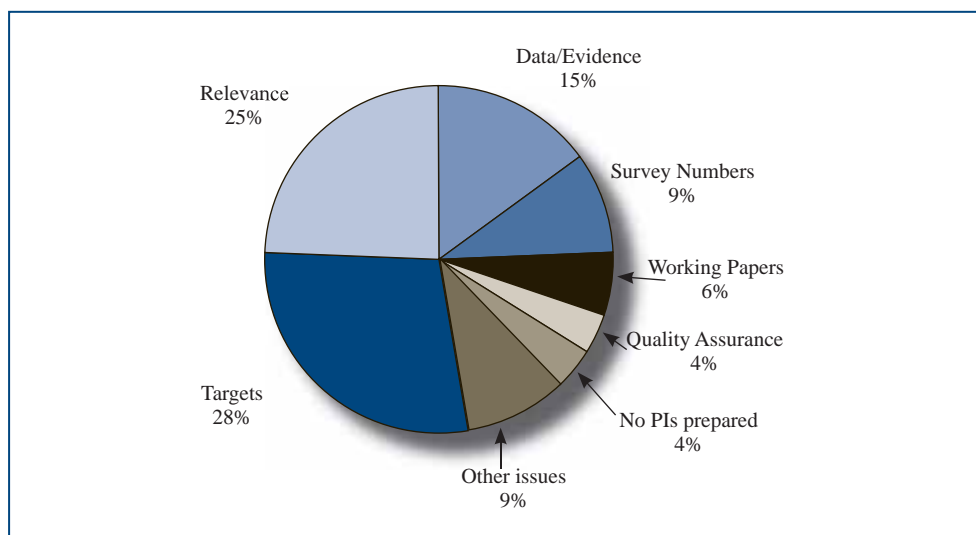


Figure 2: Issues relating to key performance indicators reported to 37 agencies

Source: OAG

Improving KPIs in Government

The findings from our 2008 audits indicate the continuing opportunities for improvement of KPIs in Government. We use the audit process to assist in the continuous improvement of KPI reporting with a view to minimising the risk of a qualified opinion in future periods. We do this in two ways:

- A representative of the OAG participates in an advisory capacity on the Outcome Structure Review Group (OSRG), which is convened by the Department of Treasury and Finance to assist agencies when it is necessary to amend or enhance their KPIs.
- Based on our observations and testing during the annual audit of agencies' KPIs, we make recommendations for improvement either in the current period or for future periods.

We are also interested in encouraging discussion about KPIs and opportunities for further development. To this end we recently supported a senior public servant from another agency under a fellowship program to investigate current issues and trends that may contribute to continuous improvement in the performance measurement systems of agencies. The resulting issues paper can be viewed under "Other Publications" on our website at www.audit.wa.gov.au.

3: Other Audit Issues

- *A range of significant procedural and operational control weaknesses were identified at the Office of Shared Services relating to the new payroll and human resource management system, and with purchasing and information systems.*
- *Reporting and management of contaminated sites disclosures is progressing but the full impact and financial implications are not yet known.*
- *Eighteen agencies have a legislative requirement to prepare a Statement of Corporate Intent (SCI) for tabling by their Minister in Parliament. The 2008-09 SCIs of only six agencies were tabled within the timeframe required by their legislation.*

Detailed in this part of the Report are four issues of reporting, accounting treatment and legislative compliance that were dealt with during the year including:

- shared service arrangements
- recent compliance with contaminated sites disclosure requirements
- timely tabling of annual reports – correction to prior advice
- Statements of Corporate Intent.

Shared Service Arrangements

In December 2003 the Government endorsed a business case and a high level implementation plan for reforming the delivery of back office corporate services in the public sector. Under this arrangement, three shared service centres are to deliver financial and human resource transaction functions of individual agencies.

The establishment of the three shared services has required agencies to revise their processing of financial transactions, and how they monitor unusual transactions and their financial position. It has also required us to change the way we gain assurance about the financial statements and controls of the involved agencies. Our approach requires us to review the controls at the shared service centres as part of the annual audits of agencies. A description of the approach was documented in Report 11, November 2007.

The three shared services are:

- Office of Shared Services (OSS) – a business unit of the Department of Treasury and Finance (DTF), based at Cannington. At 30 June 2008, 23 of the eventual 90 agencies had transitioned to OSS, up from 15 when we reported last year. Last year the audit opinion for DTF was qualified in respect of controls over payments at the Office of Shared Services. These control weaknesses have now been remedied and the qualification removed.

- Education and Training Shared Services Centre (ETSSC) – a business unit of the Department of Education and Training which provides services to the Department, 10 TAFE colleges and three other related agencies.
- Health Shared Services – providing shared services to the Department of Health, metropolitan public hospitals and four other health agencies that comprise the health shared service cluster.

Findings in 2007-08

Office of Shared Services, Cannington (OSS)

Our audit of controls relating to OSS identified a range of needed improvements to procedures including to payroll, expenditure, purchasing, timeliness of creditor payments and information systems. Three of these areas are described below:

- **New payroll system** – between November 2007 and June 2008, the first three agencies transitioned to the new Oracle payroll system. Our review of the controls and of internal audit work, including data migration and payroll reconciliations, identified a number of issues:
 - documentation was unavailable to support salary variations we tested until several weeks after the time of our audit visit. In some cases this was several months after the actual payment was made.
 - a lack of compliance with management’s requirement for 100 per cent checking of salary variations such as terminations, overtime and higher duty allowances. This increased the likelihood of errors passing undetected.
 - in several instances, system functionality has not yet been implemented and staff have had to use manual “workarounds” to process routine transactions such as new starters and amendments to salary. Manual workarounds increase the risk of input or transposition errors. Management advised that functionality updates are proposed.
- **Controls over purchasing – agency responsibilities.** We identified a serious control weakness at an agency that was operating on the OSS procurement system. The agency’s controls did not complement those at OSS, and as a result there was inadequate segregation of duties in the processing of purchasing transactions.

We recommend that agencies using OSS and those scheduled for transition in the future, review their end-to-end processes in conjunction with those of OSS to ensure that they provide comprehensive control.

- **Information system controls** – we noted a number of areas where system management and security requires improvement. These control weaknesses are not of such significance as to warrant issuing a qualified opinion on controls. Nevertheless, they are of concern in a shared services environment because of the potential to impact many transactions. The issues have been reported to management, who have indicated that remedial action will be taken.

Education and Training Shared Services Centre (ETSSC)

Control weaknesses of moderate significance were noted in relation to payments, journal entries, payroll and information system controls. These were reported to management, who have agreed to take remedial action.

Health Shared Services

A number of information system control weaknesses of moderate significance were noted. Although classified as moderate, these findings are of concern because of the potential to impact many transactions. These were reported to management, who have agreed to take remedial action.

Contaminated Sites Disclosures

In November 2007 we reported for the first time on activity relating to the *Contaminated Sites Act 2003* (the CS Act). The CS Act provides for the identification, recording, management and remediation of contaminated sites.

All agencies (and land owners generally) are required by the CS Act to disclose all land owned, vested or leased that is contaminated or suspected of being contaminated to the Department of Environment and Conservation (DEC). The CS Act provided a six month period of grace for compliance, to 31 May 2007, as a transitional provision. Thereafter, unless a program of identifying and reporting is agreed with DEC, penalties for not reporting apply.

At 1 September 2008 DEC had received reports on approximately 3 000 sites across the State (up from 1 200 in 2007). Once it receives a report, DEC conducts its own assessments to confirm the status of sites. The Department has formally assessed more than 700 sites, of which:

- 13 per cent were either “not substantiated” reports or “not contaminated” in fact
- 62 per cent were “possibly contaminated” and required further investigation by the agency or landowner to confirm the existence or extent of contamination
- two per cent were classified as “decontaminated” and suitable for all uses

- three per cent were “contaminated” and suitable for restricted use
- six per cent had been “remediated” and were suitable for restricted use
- 14 per cent were “contaminated” and required remediation.

State Government agencies are involved in 100 of these sites. DEC cannot provide figures on the overall proportion of sites reported which involve government agencies.

To date, 40 agencies have reported contaminated sites. DEC has advised that 12 of these agencies have expended considerable effort and reported suspected and known contaminated sites systematically. DEC is unable to comment on whether the reporting by the other 28 agencies has been systematic or comprehensive, because the responsibility for identifying and reporting contaminated sites rests with individual agencies.

The cost of remediating contaminated sites or suspected contaminated sites may represent a liability or contingent liability that should be recognised in the financial reports of affected agencies. Agencies have a liability in their balance sheet if the site has been or probably will be classified as “contaminated – remediation required”, the agency is responsible for remediating the site under the CS Act and a reliable estimate can be made of the remediation costs.

Agencies have a contingent liability if the site has been classified as “possibly contaminated – investigation required” and the agency will be responsible for remediation if the site is found to be contaminated. In these circumstances, the contingent liability is reported in the Notes to their financial statements.

The Government has established a fund to assist agencies with these costs. At the end of July 2008 the fund, which is administered by DEC, had allocated \$2.7 million to four agencies although only \$1.2 million had been distributed. A further \$7.7 million was available for allocation. DEC has received applications for funding from another 13 agencies and expects that the fund will be over-subscribed. However, DEC has been advised that further funds will be made available in coming years to meet future needs.

In September DEC commenced developing procedures for assuring that sites are assessed and treated appropriately. The resulting monitoring and inspection program will play an important role in assuring the success of the CS Act.

Managing contaminated sites will have ongoing impact on agencies. We will continue to take an interest in this area, and may in the future examine agency activity more closely.

Timely Tabling of Annual Reports

In Report 11 of November 2007 we reported a concern that the FM Act was different to the now repealed Financial Administration and Audit Act in that documents submitted to the Clerk of a House of Parliament were not deemed tabled if the Parliament was not sitting. We raised this concern because it had implications for the legislated requirement to table annual reports within 90 days of the end of the financial year.

Subsequent legal advice we have received has clarified the situation and eliminated the concern that these reports were not deemed tabled. The legal advice is that under Section 83 of the FM Act, a document is deemed tabled on the day it is transmitted to the Clerk, notwithstanding that the deemed tabling date will not be recorded in the Minutes, or Votes and Proceedings of the House, until the date of the next parliamentary sitting day of that House. Nevertheless, DTF have advised that they intend to submit an amendment to clarify Section 83 of the Act.

Statements of Corporate Intent

Eighteen agencies have a legislative requirement to prepare a Statement of Corporate Intent (SCI) for tabling by their Minister in Parliament. The SCI of all 18 agencies are required to be tabled by mid-July, being early in the financial year to which they relate. The 2008-09 SCIs of only six agencies were tabled by mid-July 2008, being within the timeframe required by their legislation.

SCIs are required to be prepared annually by agencies that operate at arm's length from government. They contain details of the annual contractual agreement between each agency and the Government and are a key governance and accountability mechanism.

Most enabling legislation requires the agency's Board and Minister to reach agreement on the SCI as soon as possible and in any event, not later than the start of the financial year. Furthermore, the Minister is not to approve the SCI except with the concurrence of the Treasurer. Once agreed, the Minister is to table the SCI in Parliament within 14 days.

Table 4 lists the 18 agencies required to table SCIs. The SCIs of the Western Australian Treasury Corporation and the Western Australian Land Information Authority were tabled on 26 February 2008 and 11 March 2008 respectively. The SCIs of the four electricity corporations were deemed tabled on 8 July 2008. The SCIs of the other 12 agencies are yet to be tabled. Some of the agencies whose SCIs were not tabled by mid-July have advised that subsequent delays occurred as a result of the election and change of government.

<p>CORPORATISED ENTITIES</p> <p>Horizon Power – Regional Power Corporation *</p> <p>Synergy – Electricity Retail Corporation *</p> <p>Verve Energy – Electricity Generation Corporation *</p> <p>Water Corporation</p> <p>Western Australian Land Authority</p> <p>Western Power – Electricity Networks Corporation *</p> <p>STATUTORY AUTHORITIES</p> <p>Forest Products Commission</p> <p>Racing and Wagering Western Australia</p> <p>Western Australian Land Information Authority *</p> <p>Western Australian Treasury Corporation *</p>	<p>PORT AUTHORITIES</p> <p>Albany Port Authority</p> <p>Broome Port Authority</p> <p>Bunbury Port Authority</p> <p>Dampier Port Authority</p> <p>Esperance Port Authority #</p> <p>Fremantle Port Authority</p> <p>Geraldton Port Authority</p> <p>Port Hedland Port Authority</p>
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* 2008-09 SCI has been tabled in Parliament

SCI for 2007-08 is also yet to be tabled at 3 November 2008

Table 4: Agencies with legislative requirement to prepare and have their annual Statement of Corporate Intent tabled in Parliament

Although we have reported this corporate governance issue for the last eight years, there has been little improvement in the number of SCIs being tabled by mid-July of the year to which they relate. It is recommended that the agencies required to table SCIs consult with ministerial support staff with a view to achieving timely tabling of future SCIs.

4. Better Practice Agencies

- *We rated 51 agencies as better practice agencies in 2008, compared with 40 in the prior year. Our assessment is based on the quality and timeliness of financial statements and general good financial management practices.*
- *Despite the improvement recognised above:*
 - *many agencies continue to provide financial statements, KPIs and supporting working papers for audit that are of poor quality and/or late*
 - *forty-five per cent of agencies did not achieve the date agreed with Audit for submission of their financial statements and performance indicators for audit.*

The consequence is higher audit cost and a delayed audit opinion.

Quality and Timeliness

For FM Act agencies, the responsible Minister is required to table the agency’s annual report, containing audited financial statements and key performance indicators, within 90 days of the agency’s end of financial year. This deadline in 2008 for agencies with 30 June reporting dates was 30 September². We complete our audits and issue opinions progressively from July through September with the objective of providing agencies and Ministers with the agency audit opinion at least two clear working days prior to the end of the 90 day deadline. This enables the audit opinions to be included in the annual reports prior to tabling. In 2008 our deadline was 25 September.

In 2008 we issued 130 of the 134 opinions under the FM Act (97 per cent) for 30 June reporting agencies by 25 September. Three other opinions were issued by 30 September. The remaining opinion, for the Western Australian Sports Centre Trust, had not been issued by 3 November as the agency needed to update its asset records to substantiate the balances reported in its general ledger.

The following table shows the progress in issuing audit opinions:

Date of Audit Opinions	% of opinions issued (2008) FM Act	% of opinions issued (2007) FM Act	% of opinions issued (2006) FAAA
By 19 September	75 %	58 %	44 %
By 25 September (or equivalent in prior years)	97 %	98 %	85 %

Table 5: Percentage of opinions issued to meet annual report tabling within 90 days

Source: OAG

² In 2008 the 90 day deadline fell on Sunday 28 September. In this circumstance, the limit extends to the next working day which was Tuesday 30 September, given that Monday 29 September was a public holiday.

Our capacity to complete all audits on time is heavily dependent on the quality and timeliness of the financial statements, key performance indicators and supporting working papers that agencies provide to us for audit. Although some agencies provide good quality financial statements for audit (refer below), too many others provide documents of unsatisfactory quality. Furthermore, 45 per cent of agencies did not achieve the date agreed with Audit for submission of their financial statements and performance indicators for audit. These two aspects, quality and timeliness, reflect poorly on the management of the agencies and can delay the issuing of opinions and the tabling of annual reports. It also causes audit costs to rise – often significantly.

Common issues we encounter are:

- failure by agencies to commence preparation of their financial statements and key performance indicators before year-end
- failure to resolve contentious or new accounting issues before year-end
- inadequate quality review of the financial statements and key performance indicators before submitting for audit
- lack of evidence in the working papers provided for audit to support all balances in the financial statements
- unavailability of key agency staff during critical periods of the audit.

Better Practice Agencies

Fifty-one agencies (34 per cent) displayed better practice in managing their financial reporting in 2007-08 (refer Table 6). Twenty-three agencies are acknowledged for their ongoing appearance on this list (marked *) and, of these, six (marked **) have achieved better practice status for five consecutive years. We applaud these agencies for producing quality and timely financial statements and their general good financial practices.

Our criteria for agencies to achieve better practice status include:

- clear opinions on their financial statements, controls and key performance indicators
- good quality financial statements and key performance indicators, supported by reliable working papers and submitted for audit within the agreed timeframe
- key staff available during the audit process
- attention given to addressing management control issues raised by Audit
- an internal audit function that was an effective corporate governance tool for agency management
- annual report tabled within 90 days of end of financial year (for FM Act agencies).

The criteria are rated from strongly agree (5) through to strongly disagree (1). Analysis of the results for the agencies that did not display better practice showed:

- the common reasons for larger agencies being rated as poor included not having their statements and working papers ready by the agreed date for commencement of their audit, poor quality financial statements and working papers and unavailability of key staff.
- the common reasons for smaller agencies being rated as poor included failure to meet the agreed date for submission of their statements for audit and quality of their financial statements, key performance indicators and working papers. The internal audit function of many of these smaller agencies was also not rated highly.

Departments	Statutory Authorities
Department of Agriculture and Food	Agricultural Produce Commission
Department of Consumer and Employment Protection	Agriculture Protection Board of Western Australia
Department of Environment and Conservation	Art Gallery of Western Australia (Board of)
Department of Industry and Resources	Bunbury Water Board *
Department of the Registrar, Western Australian Industrial Relations Commission **	Burswood Park Board
Department of Water	Coal Industry Superannuation Board *
Office of Inspector of Custodial Services	Construction Industry Long Service Leave Payments Board
Office of the Public Sector Standards Commissioner	East Perth Redevelopment Authority *
Police Service *	Government Employees Superannuation Board *
	Great Southern Development Commission *
	Housing Authority
	Insurance Commission of Western Australia **
	Kimberley Development Commission
	Legal Contribution Trust
	Metropolitan Cemeteries Board
	Midland Redevelopment Authority
	Mid West Development Commission *
	National Trust of Australia (W.A.)
	Parliamentary Commissioner for Administrative Investigations
	Perth Market Authority
	Public Transport Authority of Western Australia
	Public Trustee *
	Rural Business Development Corporation
	Small Business Development Corporation
	South West Development Commission **
	State Government Insurance Corporation *
	Subiaco Redevelopment Authority *
	Western Australian Health Promotion Foundation *
	Western Australian Meat Industry Authority
	Western Australian Tourism Commission *
	Western Australian Treasury Corporation *
	Wheatbelt Development Commission *
	WorkCover Western Australia Authority *
	Zoological Parks Authority
Corporatised Entities	
Albany Port Authority	
Broome Port Authority	
Dampier Port Authority *	
Electricity Retail Corporation - Synergy *	
Fremantle Port Authority **	
Regional Power Corporation – Horizon Power	
Water Corporation **	
Western Australian Land Authority **	

* Also acknowledged as better practice agencies in 2006-07 ** Agencies rated as better practice agencies for the last five years.

Table 6: Better practice agencies for 2007-08

Source: OAG

PART 2: OPINIONS ON MINISTERIAL NOTIFICATIONS

- *In the period 20 November 2007 to 3 November 2008, 14 ministerial notifications under section 82 of the Financial Management Act 2006 were received relating to two parliamentary questions asked of Ministers in the Legislative Assembly. In each case my opinion is that the Minister's decision not to provide the requested information to Parliament was reasonable and therefore appropriate.*

Introduction

Section 82 of the FM Act requires Parliament and the Auditor General to be given written notice where a Minister decides that it is reasonable and appropriate not to provide requested information to Parliament. Usually this will be an outcome from a parliamentary question. Further, section 24(2)(c) of the AG Act requires the Auditor General to form an opinion on the reasonableness and appropriateness of a Minister's decision not to provide information to Parliament. This opinion is to be reported to Parliament.

This is the second occasion where an opinion on ministerial notifications has been given. The first was in Report 11 – November 2007. The methodology and approach for reaching the opinion was also described in that report and is described in our Audit Practice Statement which can be viewed at www.audit.wa.gov.au under “Other Publications”.

Opinions on Ministerial Notifications Received

In the period 20 November 2007 to 3 November 2008, 14 ministerial notifications under section 82 of the FM Act were received relating to two parliamentary questions asked of Ministers in the Legislative Assembly. No notifications were received relating to questions asked in the Legislative Council. In each case, the Auditor General's opinion is that the Minister's decision not to provide the requested information to Parliament was reasonable and therefore appropriate.

The 14 ministerial notifications received related to two different parliamentary questions.

Each notification was examined as to the commercial confidentiality and/or significance in nature of the information and the Minister's reason for not providing the information.

Legislative Assembly Question Number	Number of Ministerial Notifications Received	Date of Question/s	Nature of Question
2807-2811, 2813-2817, 2819-2821 with notice	13	16 October 2007	Website tendering process and domain name registration
3026 on notice	1	26 February 2008	Website costs

Table 7: Details of Ministerial Notifications Received

Source: OAG

No notifications were received relating to information that was considered commercially confidential or significant in nature. Reasons given by the Ministers for not providing information were that it required an unreasonable allocation of resources to source and collate the information requested, or similar reasons.

Further Advice

Following the issuing of an opinion based on available information that deems the matter not to be significant, the Auditor General remains open to receive further information suggesting that the matter may be significant, and to consider whether that further information warrants a revised opinion.

APPENDIX 1: SUMMARY OF AUDIT OPINIONS

Audit opinions issued for 171 audits completed between 29 April 2008 and 3 November 2008, primarily for agencies with 30 June and 31 July 2008 end of financial year, are summarised in the following table. The audit opinion is issued to the responsible Minister for each government agency and is printed in full in the agency's annual report. The annual report is tabled in Parliament by the Minister and also posted on the agency's website.

Results of annual audits of government agencies and other entities are tabulated in two categories:

The Legislature – This category includes the results of the audits of the three parliamentary departments.

Ministerial Portfolios – The Government of the day assigns responsibility for the administration of government agencies to individual Ministers. The results of audits conducted under the AG Act and agencies' enabling legislation are reported on this basis. The following tables are based on the ministerial responsibilities at 30 June 2008. There have been changes to these ministerial portfolios since that date, but opinions for the 2007-08 year were mostly directed to the Ministers as listed here.

The results of other audits, involving financial statements only, are also reported under this category with:

- Annual Report on State Finances under the *Government Financial Responsibility Act 2000* reported to the Treasurer
- subsidiary bodies, conducted under the *Corporations Act 2001*, reported with the related agency
- request audits under section 19 of the *Auditor General Act 2006* are reported to the Treasurer.

Key to Table of Audit Opinions

The table lists each agency audited and the date their opinion on controls, financial statements and performance indicators was issued. Qualified opinions or any other notes appear against the agency's name. Where the opinion relates to financial statements only, a “❖” appears in the final column.

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

The Legislature

Parliamentary Departments

Agency	Opinion Issued
Administration of the Legislative Assembly	19/09/2008
Administration of the Legislative Council	19/09/2008
Parliamentary Services Department	19/09/2008

Ministerial Portfolios

Premier; Minister for Federal-State Relations; Trade; Innovation; Science; Public Sector Management

Agency	Opinion Issued
Department of the Premier and Cabinet	17/09/2008
Governor's Establishment	22/09/2008
Office of the Public Sector Standards Commissioner	18/09/2008
Parliamentary Commissioner for Administrative Investigations	18/09/2008

Deputy Premier; Treasurer; Minister for State Development

Agency	Opinion Issued
Annual Report on State Finances ❖	22/09/2008
Department of Industry and Resources (shared responsibility with Minister for Resources)	19/09/2008
Department of Treasury and Finance	17/09/2008
Economic Regulation Authority	22/08/2008
Office of Native Title	20/08/2008
State Supply Commission	17/09/2008
Western Australian Treasury Corporation	20/08/2008
Request Audits	
Director of Legal Aid and Others in Trust ❖	08/08/2008
Ngala Inc ❖	03/10/2008
SB Investment Trust ❖	29/08/2008
Tertiary Institutions Service Centre (Inc) ❖	22/09/2008

❖ *Opinion relates to financial statements only*

Minister for Agriculture and Food; Forestry; the Mid West and Wheatbelt; Great Southern

Agency	Opinion Issued
Agricultural Practices Board of Western Australia	25/08/2008
Agricultural Produce Commission	12/09/2008
Agriculture Protection Board of Western Australia	12/09/2008
Department of Agriculture and Food	11/09/2008
Subsidiary: InterGrain Pty Ltd ❖	31/10/2008
Forest Products Commission	23/09/2008
Great Southern Development Commission	19/09/2008
Landcare Trust	25/08/2008
Mid West Development Commission	05/09/2008
Perth Market Authority	17/09/2008
Potato Marketing Corporation of Western Australia	15/08/2008
Rural Business Development Corporation	12/09/2008
Western Australian Meat Industry Authority	19/09/2008
Wheatbelt Development Commission	11/09/2008

Minister for Local Government; Racing and Gaming; Multicultural Interests and Citizenship; Government Enterprises; Goldfields-Esperance; Youth

Agency	Opinion Issued
Burswood Park Board	16/09/2008
Department of Local Government and Regional Development	16/09/2008
Department of Racing, Gaming and Liquor	22/09/2008
Gaming and Wagering Commission of Western Australia	23/09/2008
Gold Corporation	17/09/2008
Goldfields-Esperance Development Commission	19/09/2008
Government Employees Superannuation Board	29/08/2008
Subsidiary: GESB Wealth Management Pty Ltd ❖	04/09/2008
Insurance Commission of Western Australia	09/09/2008
Lotteries Commission	16/09/2008
Metropolitan Cemeteries Board	22/09/2008
Racing and Wagering Western Australia (01/08/2007 - 31/07/2008)	13/10/2008
Racing Penalties Appeal Tribunal of Western Australia	23/09/2008
State Government Insurance Corporation	09/09/2008
Western Australian Greyhound Racing Association (01/08/2007 - 31/07/2008)	17/10/2008
Cemeteries Act Audits	
Albany Cemetery Board ❖	28/10/2008
Bunbury Cemetery Board (01/07/2006 – 30/06/2007) ❖	30/06/2008
Geraldton Cemetery Board (01/07/2006 – 30/06/2007) ❖	30/06/2008

Cemetery Boards audited under the Cemeteries Act do not have a statutory date for submitting financial statements.

Other cemetery board audits will be reported in the 31 December 2008 audit cycle.

❖ *Opinion relates to financial statements only*

Minister for Police and Emergency Services; Community Safety; Water Resources; Sport and Recreation

Agency	Opinion Issued
Bunbury Water Board	17/09/2008
Busselton Water Board	17/09/2008
Department of Sport and Recreation	22/09/2008
Department of Water	22/09/2008
Fire and Emergency Services Authority of Western Australia	17/09/2008
Fire and Emergency Services Superannuation Board	24/09/2008
Police Service	19/08/2008
Professional Combat Sports Commission	22/09/2008
Water Corporation ❖	19/08/2008
Western Australian Institute of Sport	22/09/2008
Western Australian Sports Centre Trust	Audit in Progress

Attorney General; Minister for Health; Electoral Affairs

Agency	Opinion Issued
Animal Resources Authority	22/09/2008
Commissioner for Equal Opportunity	15/09/2008
Corruption and Crime Commission	18/09/2008
Department of the Attorney General	17/09/2008
Department of Health	22/09/2008
Law Reform Commission of Western Australia	15/09/2008
Legal Aid Commission of Western Australia	13/08/2008
Legal Contribution Trust (01/01/2008 – 30/06/2008)	19/09/2008
Legal Costs Committee	15/09/2008
Local Health Authorities Analytical Committee	23/09/2008
Minister for Health in his capacity as the Deemed Board of Metropolitan Public Hospitals	22/09/2008
Office of Health Review	22/09/2008
Office of the Director of Public Prosecutions	19/09/2008
Office of the Information Commissioner	08/09/2008
Parliamentary Inspector of the Corruption and Crime Commission	08/09/2008
Professional Standards Council (01/07/2006 – 30/06/2007)	03/11/2008
(01/07/2007 – 30/06/2008)	Not submitted
Public Trustee	17/09/2008
Quadriplegic Centre Board	22/09/2008
Queen Elizabeth II Medical Centre Trust	22/09/2008
WA Country Health Service	23/09/2008
Western Australian Alcohol and Drug Authority (Qualified opinion on KPIs)	22/09/2008
Western Australian Electoral Commission	19/09/2008
Western Australian Health Promotion Foundation	11/08/2008

❖ Opinion relates to financial statements only

Minister for Housing and Works; Indigenous Affairs; Heritage; Land Information

Agency	Opinion Issued
Aboriginal Affairs Planning Authority	23/09/2008
Country Housing Authority	15/09/2008
Department of Housing and Works	04/09/2008
Department of Indigenous Affairs	23/09/2008
Heritage Council of Western Australia	19/09/2008
Housing Authority	04/09/2008
Subsidiaries: Homeswest Loan Scheme Trust ❖	01/09/2008
Keystart Bonds Limited ❖	01/09/2008
Keystart Housing Scheme Trust ❖	01/09/2008
Keystart Loans Limited ❖	01/09/2008
Keystart Scheme Management Pty Ltd ❖	01/09/2008
Keystart Support (Subsidiary) Pty Ltd ❖	01/09/2008
Keystart Support Pty Ltd ❖	01/09/2008
Keystart Support Trust ❖	01/09/2008
National Trust of Australia (W.A.)	17/09/2008
Western Australian Building Management Authority	04/09/2008
Western Australian Land Information Authority	10/09/2008

Minister for Planning and Infrastructure

Agency	Opinion Issued
Albany Port Authority ❖	17/09/2008
Armadale Redevelopment Authority	15/09/2008
Broome Port Authority ❖	19/09/2008
Bunbury Port Authority ❖	28/08/2008
Commissioner of Main Roads	28/08/2008
Dampier Port Authority ❖	19/09/2008
Department for Planning and Infrastructure	19/09/2008
East Perth Redevelopment Authority	19/09/2008
Eastern Goldfields Transport Board	22/09/2008
Esperance Port Authority ❖	25/09/2008
Fremantle Port Authority ❖	29/08/2008
Geraldton Port Authority ❖	25/09/2008
Midland Redevelopment Authority	29/08/2008
Port Hedland Port Authority ❖	19/09/2008
Public Transport Authority of Western Australia	11/09/2008
Subiaco Redevelopment Authority	19/09/2008
Western Australian Coastal Shipping Commission	22/09/2008
Western Australian Land Authority ❖	29/08/2008
Western Australian Planning Commission	19/09/2008

❖ Opinion relates to financial statements only

Minister for Disability Services; Tourism; Culture and the Arts; Consumer Protection

Agency	Opinion Issued
Board of the Art Gallery of Western Australia	27/08/2008
Department of Culture and the Arts	23/09/2008
Disability Services Commission	05/09/2008
Library Board of Western Australia	12/09/2008
Perth Theatre Trust	18/09/2008
Real Estate and Business Agents Supervisory Board	17/09/2008
Rottneet Island Authority	17/09/2008
Screen West (Inc)	10/09/2008
Settlement Agents Supervisory Board	17/09/2008
Swan Bells Foundation Incorporated	03/09/2008
Western Australian Museum	18/09/2008
Western Australian Tourism Commission	11/09/2008

Department of Consumer and Employment Protection reported under Minister for Employment Protection – shared responsibility

Minister for Education and Training; South West

Agency	Opinion Issued
Building and Construction Industry Training Board	19/09/2008
Country High School Hostels Authority	18/09/2008
Curriculum Council	26/09/2008
Department of Education and Training	19/09/2008
Department of Education Services	30/09/2008
South West Development Commission	29/08/2008
Trustees of the Public Education Endowment Trust	19/09/2008
Universities' subsidiaries (01/01/2007-31/12/2007)	
ECU Resources for Learning Ltd ❖	09/07/2008
UWA Business School Executive Programs Ltd ❖	08/05/2008

Minister for Energy; Resources; Industry and Enterprise

Agency	Opinion Issued
Chemistry Centre (WA)	30/09/2008
Coal Industry Superannuation Board	18/09/2008
Electricity Generation Corporation - Verve Energy ❖	22/09/2008
Electricity Networks Corporation - Western Power ❖	12/09/2008
Electricity Retail Corporation - Synergy ❖	27/08/2008
Independent Market Operator ❖	24/09/2008
Minerals and Energy Research Institute of Western Australia	19/09/2008
Office of Energy	03/09/2008
Regional Power Corporation - Horizon Power ❖	10/09/2008
Western Australian Gas Disputes Arbitrator	22/08/2008

Department of Industry and Resources reported under Minister for State Development – shared responsibility

❖ *Opinion relates to financial statements only*

Minister for Employment Protection; Regional Development; Fisheries; the Kimberley, Pilbara and Gascoyne

Agency	Opinion Issued
Coal Miners' Welfare Board of Western Australia	29/08/2008
Construction Industry Long Service Leave Payments Board	17/09/2008
Department of Consumer and Employment Protection (shared responsibility with Minister for Consumer Protection)	17/09/2008
Department of Fisheries	23/09/2008
Department of the Registrar, Western Australian Industrial Relations Commission	08/08/2008
Gascoyne Development Commission	08/09/2008
Kimberley Development Commission	17/09/2008
Pilbara Development Commission	25/09/2008
WorkCover Western Australia Authority	28/08/2008

Minister for Corrective Services; Small Business

Agency	Opinion Issued
Department of Corrective Services	18/09/2008
Office of the Inspector of Custodial Services	08/08/2008
Small Business Development Corporation	17/09/2008

Minister for the Environment; Climate Change; Peel

Agency	Opinion Issued
Botanic Gardens and Parks Authority	18/09/2008
Department of Environment and Conservation	19/09/2008
Peel Development Commission	(Qualified opinion on controls) 23/09/2008
Keep Australia Beautiful Council (WA)	17/09/2008
Swan River Trust	22/09/2008
Zoological Parks Authority	19/09/2008

Minister for Child Protection; Communities; Women's Interests; Seniors and Volunteering

Agency	Opinion Issued
Commissioner for Children and Young People	(KPIs not prepared) 18/09/2008
Department for Child Protection	16/09/2008
Department for Communities	12/09/2008

APPENDIX 2: AUDIT CERTIFICATIONS

Audit work is also undertaken throughout the year to certify financial and statistical information produced by departments and statutory authorities. This assists agencies to discharge conditions of Commonwealth funding, grants or other legislation. This service to agencies ensures that they meet conditions of their funding agreements in a timely manner and are in a position to receive ongoing funding or apply for future funding under existing or new agreements.

The following certifications were completed between 29 April 2008 and 3 November 2008 for activities largely occurring during 2007-08. In all cases, managements' assertions were confirmed and no adverse reports were issued.

Client	Certification Relates to	Date Issued
Armadale Redevelopment Authority	Wungong Urban Water Cycle Project: Statement of Income and Expenses for the year-ended 30/06/2008 under the Australian Government Water Fund Funding Agreement through the Commonwealth Department of the Environment, Water, Heritage and the Arts.	24/09/2008
Coal Industry Superannuation Board (Trustee of)	Australian Prudential Regulation Authority (APRA) annual return forms: Statement of financial performance, statement of financial position and other information in the APRA return for the year ended 30/06/2008.	23/10/2008
Coal Industry Superannuation Board (Trustee of)	Registrable Superannuation Entity (RSE) Licensee Responsibilities: Compliance with risk management plan and systems to manage and monitor future compliance with the Risk Management Strategy in place for the year ended 30/06/2008.	23/10/2008
Coal Industry Superannuation Board (Trustee of)	Superannuation Industry (Supervision) Act 1993: Compliance with requirements of Act and Regulations under Financial Sector (Collection of Data) Act 2001, the Corporations Act 2001 and Corporation Regulations 2001 for the year ended 30/06/2008.	23/10/2008
Curtin University of Technology	Higher Education Funding Act 1988: Specified categories of research income for year-ended 31/12/2007 reported in Table 1 of the Higher Education Research Data Collection.	27/06/2008
Department for Child Protection / Department for Communities	Ngala Early Parenting Centre: Statement of Receipts and Payments of the Ngala Early Parenting Centre are in accordance with the terms and conditions of the Community Development Ministerial Body Agreement for the year ended 30/06/2008.	03/10/2008
Department for Child Protection / Department for Communities	Ngala Early Parenting Community Service: Statement of Receipts and Payments of the Ngala Early Parenting Community Service are in accordance with the terms and conditions of the Community Development Ministerial Body Agreement for the year ended 30/06/2008.	03/10/2008
Department for Child Protection / Department for Communities	Family Centre Management Service (Noranda): Statement of Receipts and Payments of the Family Centre Management Service are in accordance with the terms and conditions of the Community Development Ministerial Body Agreement for the year ended 30/06/2008.	03/10/2008
Department of Corrective Services	Provision of Parenting and Support Services for Bandyup Women's Prison: Statement of Receipts and Payments of Ngala Inc's Provision of Parenting and Support Services for Bandyup Women's Prison are in accordance with the terms and conditions of the service agreement for the year ended 30/06/2008.	03/10/2008
Disability Services Commission	Commonwealth-State/Territory Disability Agreement: Acquittal of revenue and expenditure for the jurisdiction of Western Australia for the year-ended 30/06/2008.	08/10/2008
Department of Education and Training	Australian Vocational Education and Training Management Information Statistical Standard (AVETMISS): Summary AVETMISS financial data for Western Australia for year-ended 31/12/2007.	27/06/2008

AUDIT RESULTS

APPENDIX 1: SUMMARY OF AUDIT OPINIONS (CONTINUED)

Client	Certification Relates to	Date Issued
Department of Education and Training	Commonwealth-State Agreement for Skilling Australia's Workforce 2005-08: Assessment of Department of Education, Employment and Workplace Relations scope and boundary expenditure for year-ended 31/12/2007.	27/06/2008
Edith Cowan University	Higher Education Funding Act 1988: Specified categories of research income for year-ended 31/12/2007 reported in Table 1 of the Higher Education Research Data Collection.	26/06/2008
Fire and Emergency Services Superannuation Board (Trustee of)	Australian Prudential Regulation Authority annual return forms: Statement of financial performance, statement of financial position and other information in the APRA return for the year ended 30/06/2008.	29/10/2008
Fire and Emergency Services Superannuation Board (Trustee of)	Registrable Superannuation Entity (RSE) Licensee Responsibilities: Compliance with risk management plan and systems to manage and monitor future compliance with the Risk Management Strategy in place for the year ended 30/06/2008.	29/10/2008
Fire and Emergency Services Superannuation Board (Trustee of)	Superannuation Industry (Supervision) Act 1993: Compliance with requirements of Act and Regulations under Financial Sector (Collection of Data) Act 2001, the Corporations Act 2001 and Corporation Regulations 2001 for the year ended 30/06/2008.	29/10/2008
Department of Health	Ngala Inc Helpline Service: Statement of Receipts and Payments of Ngala Inc's Helpline Service are in accordance with the terms and conditions of the Community Development Ministerial Body Agreement for the year ended 30/06/2008.	03/10/2008
Department of Local Government and Regional Development	Local Government (Financial Assistance) Act 1995: Statement of payments of Commonwealth funding to local government authorities by the State of Western Australia for year-ended 30/06/2008.	02/10/2008
Murdoch University	Higher Education Funding Act 1988: Specified categories of research income for year-ended 31/12/2007 reported in Table 1 of the Higher Education Research Data Collection.	25/06/2008
Quadriplegic Centre Board	Department of Health: Income and expenditure statement for Board's Home Visiting Service for year-ended 30/06/2008.	22/09/2008
Rural Business Development Corporation	AAA FarmBis Program: Financial statements for the Farm Business Improvement program for the year ended 30/06/2008.	08/10/2008
Rural Business Development Corporation	Rural Adjustment Scheme 1985-88 and 1992: Rural Adjustment Scheme financial return for the year ended 30/06/2008.	08/10/2008
The University of Western Australia	Higher Education Funding Act 1988: Specified categories of research income for year-ended 31/12/2007 reported in Table 1 of the Higher Education Research Data Collection.	25/06/2008
Western Australian Electoral Commission	Electoral Distribution Act 1907: Financial statement of Electoral Distribution Commissioners' Expenses for the period 16/06/2007 to 30/05/2008.	27/06/2008

Appendix 2: Certifications issued

Source: OAG

APPENDIX 3: ACRONYMS AND ABBREVIATIONS

AG Act	<i>Auditor General Act 2006</i>
ARSF	Annual Report on State Finances
CS Act	<i>Contaminated Sites Act 2003</i>
DEC	Department of Environment and Conservation
DET	Department of Education and Training
DTF	Department of Treasury and Finance
ETSSC	Department of Education and Training Shared Service Centre
FAAA	<i>Financial Administration and Audit Act 1986</i> (Replaced by FM Act)
FM Act	<i>Financial Management Act 2006</i>
GFR Act	<i>Government Financial Responsibility Act 2000</i>
KPI	Key performance indicator
OSS	Office of Shared Services, part of the Department of Treasury and Finance
OSRG	Outcome Structure Review Group
TAFE	Technical and Further Education
TI	Treasurer's Instruction, under authority of FM Act

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