

Western Australian Auditor General's Report



Audit Results Report

Annual 2016 Financial Audits

- Universities and TAFEs
- Other audits completed since 1 November 2016



Report 7: May 2017

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WESTERN AUSTRALIAN AUDITOR GENERAL'S REPORT

Audit Results Report – Annual 2016 Financial Audits

- Universities and TAFEs
- Other audits completed since 1 November 2016



**THE PRESIDENT
LEGISLATIVE COUNCIL**

**THE SPEAKER
LEGISLATIVE ASSEMBLY**

AUDIT RESULTS REPORT – ANNUAL 2016 FINANCIAL AUDITS

This report has been prepared under the provisions of section 24 of the *Auditor General Act 2006*. The Audit Results Report covers financial audits completed since 1 November 2016 and includes:

- opinions and results of audits on controls, financial statements and key performance indicators of the 4 universities and 5 TAFEs for the year ended 31 December 2016
- opinions and results of 9 audits of university subsidiaries and request audits
- student enrolment and funding information, key financial indicators commonly used to analyse financial health, and graduate survey results for the tertiary education sector
- other audit opinions issued, including statutory authorities, cemetery boards and request audits
- audit certifications of financial and statistical information produced by agencies to discharge conditions of Commonwealth funding, grants and other legislation and Royalties for Regions program agreements.

This finalises my reporting on the 2016 audit cycle.

I wish to acknowledge the assistance provided by the senates, governing councils, vice chancellors, managing directors, chief executive officers, chief finance officers 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. Murphy'.

COLIN MURPHY
AUDITOR GENERAL
11 May 2017

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Auditor General's Overview

This report summarises the results of the annual audits of the 4 public universities and their subsidiaries for the 31 December 2016 reporting year, and the 5 TAFEs from their commencement on 11 April 2016 to 31 December 2016. The report also contains the results of a small number of other annual audits.

We issued clear audit opinions for all universities and TAFEs on their financial statements, controls and key performance indicators (KPIs).

Expenditure, payroll and human resources, IT operations and security of information systems continued to be the main areas of control weaknesses we identified at the universities and TAFEs in 2016. Over a third of the control weaknesses were issues unresolved from the prior year, and an increased proportion were of sufficient concern to require action as soon as practicable.

We have included in this report a brief summary of the restructure of the TAFE sector and details of the main reporting challenges faced by the new TAFEs in their first reporting period.

The report also presents information on universities' overseas ventures, online courses, non-metropolitan campuses and local subsidiaries. Our audits did not identify any particular concerns regarding these operations, but I trust that including this information in a single report will provide Parliament with information that is useful for assessing the overall performance of the tertiary education sector. For similar reasons, we have also included selected financial indicators and key performance information for the TAFEs and universities.

Also worth noting is that all 4 universities achieved our best practice status for good financial controls and reporting practices.

The ongoing efforts by universities and TAFEs to ensure the integrity of their financial controls and external reporting is vital for them to successfully manage the financial aspects of proposed and other higher education reforms.

This report completes the 2016 annual audit cycle. I wish to thank my staff and the staff in the audited agencies who contributed to the audit process.



Executive summary

This Audit Results Report contains the findings primarily from the financial audits of universities and technical and further education institutions (TAFEs) for reporting periods ending on 31 December 2016.

The public tertiary education sector in Western Australia comprises 4 universities and 5 TAFEs (2 metropolitan and 3 regional). TAFE amalgamations resulted in the number of TAFEs reduced from 11 to 5 on 11 April 2016 – refer page 15.

Total revenue of this sector in 2016 was \$3.2 billion (universities \$2.6 billion and TAFEs \$528 million), including Commonwealth and State funding. The universities have combined assets of \$6.1 billion while the TAFEs have assets valued at \$1.3 billion. Further details of the sector's revenue and expenditure are included in Appendix 3.

To ensure that the sector produces timely and accurate financial reports, it is important that management keep proper accounts and records. Key to this is an effective internal control system to alert management to irregularities in electronic environments and manual procedures, and to help them prevent, detect and investigate errors and fraud.

The *Auditor General Act 2006* (AG Act) requires the Auditor General to annually audit the financial statements, controls and KPIs of universities and TAFEs. A clear audit opinion indicates generally satisfactory controls and that the financial statements are complete, accurate, comply with relevant legislation and applicable accounting standards and fairly represent performance during the year and the financial position at year end.

This report, along with the *Audit Results Report – Annual 2015-16 Financial Audits* (Report 24, November 2016), finalises the 2016 financial audit cycle.

Key findings

Audit opinions

- We issued clear audit opinions:
 - on financial statements, controls and KPIs of the 4 public universities and the 5 TAFEs
 - on the financial statements of 9 university subsidiaries and request audits
 - for 13 other smaller agencies
 - for 24 certifications. (Page 7 and Appendices 1 and 2)
- We reported Matters of Significance in the KPI opinions of the 5 TAFEs, mainly to highlight that the Under Treasurer exempted the TAFEs from reporting selected information for this reporting period, due to restructuring of the sector. (Page 8)

Management issues

- There were 62 financial and management control weaknesses identified at the universities and TAFEs. Thirty-two percent were unresolved from the previous year. (Page 10)
- We identified 77 information system control issues at the 4 universities and 5 TAFEs. Thirty-six percent were unresolved issues from the previous year. (Page 13)
- Annual and long service leave liabilities of the TAFEs reduced slightly for the second successive year while universities' liabilities increased by 2.3% in 2016, reversing the 2015 reduction. (Page 12)

Universities' expanded activities

- The universities have progressively expanded their traditional way of delivering education to include overseas operations, online courses and use of local subsidiaries. (Page 20)

Financial performance

- The state's 4 public universities were, for the most part, low to medium risk when measured against selected KPIs, with the risk level reducing slightly overall in 2016. (Page 27)
- Training hours and revenue of TAFEs continued to decline in 2016. (Page 18)
- All 4 universities met our best practice standard for their good financial controls and reporting practices in 2016. (Page 14)

Recommendation

- 1. Universities, TAFEs and other agencies should address identified financial management, KPI and information systems control weaknesses in a timely manner to ensure the continuing integrity of their financial controls and external reporting.**

Audit opinions for universities, TAFEs and others

- We issued clear audit opinions on the financial statements, controls and KPIs of the 4 public universities and the 5 TAFEs and on the financial statements of the 9 university subsidiaries and request audits for the period ended 31 December 2016.
- We reported Matters of Significance in the KPI opinions of the 5 TAFEs.
- In addition, we also issued 13 audit opinions to a range of other agencies and for 24 certifications.

Management of the universities and TAFEs are responsible for keeping proper accounts and records to enable the timely and accurate preparation of financial reports. An effective internal control system should operate to alert management to irregularities in procedures and assist them to prevent, detect and investigate errors and fraud.

The Auditor General is required to issue an audit opinion to the responsible Minister for each university and TAFE. The opinion relates to:

- financial statements – assurance that the financial statements and supporting notes are materially complete, accurate, reliable and comply with relevant legislation and applicable accounting standards
- controls – assurance that the internal control systems and procedures in manual and electronic environments are adequate and ensure that financial transactions comply with legislative requirements
- key performance indicators – assurance that the KPIs are relevant, appropriate, based on reliable data and fairly present the performance of the agency in achieving its desired outcomes.

Clear opinions issued for universities and TAFEs

For the year ended 31 December 2016, we issued clear audit opinions on the financial statements, controls and KPIs of all universities and university subsidiaries. We also issued clear audit opinions for the 5 new TAFEs for their first reporting period from 11 April to 31 December 2016.

Some universities use subsidiary companies to conduct activities on their behalf. The audit opinions we issued for these subsidiaries relate to financial statements only as they are not required to submit KPIs. The financial results of the subsidiaries are included in the consolidated financial statements of their controlling/parent university. Annual reports of subsidiaries are not required to be tabled in Parliament.

UNIVERSITIES Opinion on financial statements, controls and KPIs	Opinion issued
Curtin University of Technology	23/03/2017
Edith Cowan University (ECU)	17/03/2017
Murdoch University	13/03/2017
The University of Western Australia (UWA)	10/03/2017

TAFEs Opinion on financial statements, controls and KPIs	Opinion issued
Central Regional TAFE	23/03/2017
North Metropolitan TAFE	14/03/2017
North Regional TAFE	15/03/2017
South Metropolitan TAFE	20/03/2017
South Regional TAFE	16/03/2017

UNIVERSITIES' SUBSIDIARIES AND REQUEST AUDITS Opinion on financial statements only	Opinion issued
Murdoch University	
Alan and Iris Peacocke Research Foundation	15/03/2017
Innovative Chiropractic Learning Pty Ltd	13/03/2017
Murdoch College Properties Pty Ltd	13/03/2017
Murdoch Retirement Services Pty Ltd	13/03/2017
Murdoch University Foundation	15/03/2017
Murdoch University Veterinary Trust	15/03/2017
The University of Western Australia	
Perth USAsia Centre Limited	05/04/2017
The University Club of Western Australia Pty Ltd	13/03/2017
UWA Accommodation Services Pty Ltd	22/03/2017
UWA Sport Pty Ltd	Audit in progress

Table 1: Audit opinions issued for universities, TAFEs, subsidiaries and request audits

Matters of Significance reported in TAFE opinions

Where we consider a matter relating to the financial statements or KPIs is significant but not warranting a qualified audit opinion, we may include a Matter of Significance (MoS) paragraph with the audit opinion. This is usually to highlight a significant matter that is undisclosed or may not be apparent in the financial statements or KPIs.

Our opinions for the 5 TAFEs, for their first reporting period from 11 April to 31 December 2016, included two MoS in relation to their KPIs:

1. The Under Treasurer exempted the TAFEs from the requirements of Treasurer's Instruction 904 Key Performance Indicators to disclose budget targets for their KPIs and from reporting their key efficiency indicator – 'overall cost per student curriculum hour'. The exemption was approved because of the partial year reporting period and the unavailability of campus level data.
2. The second MoS drew attention to the key effectiveness indicator 'Achievement of Profile Delivery', highlighting that the indicator was calculated using actual and planned Student Curriculum Hours (SCH) for the full year. We agreed with TAFE management's assessment that using full year data to calculate this indicator for the reporting period 11 April to 31 December 2016 did not materially affect the accuracy of the indicator.

We did not report any MoS for the universities.

Thirteen other audit opinions were issued

In addition to the tertiary education sector audits reported above, we issued a further 13 opinions for statutory authorities, cemetery boards and final audits since 1 November 2016. One agency, the Anzac Day Trust, had a Matter of Significance paragraph included in its opinion to highlight the delay in appointing trustees following expiration of the previous trustees' term. Refer to Appendix 1 on page 32.

This report concludes our reporting on agencies' audits for the 2016 year.

Twenty-four audit certifications were issued

Throughout the year, we conduct audit work to certify financial and statistical information produced by agencies. The audit opinion enables agencies to meet conditions of State or Commonwealth funding or specific grant requirements or legislation. The opinion also enables agencies to receive ongoing funding under existing agreements or to apply for new funding.

Our November 2016 Audit Results Report detailed 238 certifications issued by 1 November 2016, including 219 under the Royalties for Regions program – predominantly for the 30 June 2016 period. Since then we have issued a further 24 certifications including 14 under the Royalties for Regions program – refer Appendix 2 on page 33.

Management and reporting issues at universities and TAFEs

- **There were 62 financial and management control weaknesses identified at the universities and TAFEs. Thirty-two percent were unresolved from the previous year.**
- **We identified 77 information system control issues. Thirty-six percent were unresolved issues from the previous year.**
- **Annual and long service leave liabilities of the TAFEs reduced slightly for the second successive year while universities' liabilities increased by 2.3% in 2016, reversing the 2015 reduction.**
- **All 4 universities met our best practice standard for their good financial controls and reporting practices in 2016.**

Financial control and reporting issues

Every agency is responsible for developing and maintaining an internal control system and procedures to ensure legislative compliance and the accurate recording and reporting of financial information and KPIs. The internal control framework of an agency includes the controls for financial and human resource management as well as information systems' procedures and governance processes. Where internal controls are weak, it is more likely that errors or fraud may occur and/or go undetected.

The AG Act requires the Auditor General to form an opinion on the controls of universities and TAFEs. In forming our opinion, we assess compliance with key aspects of legislation. At most of these agencies we also assess the ability of internal control systems and procedures to record and report reliable financial information and KPIs.

We reported 34 financial and management control weaknesses to the universities in 2016, compared to 29 in 2015. Twenty-eight weaknesses were reported to the 5 new TAFEs.

We rated 49 (79%) of the control weaknesses as medium risk meaning they were of sufficient concern to warrant taking corrective action as soon as possible. Normally these matters require procedural improvements. If not addressed, they could escalate to a significant risk. Thirty-two percent were unresolved prior year issues. This was an increase on the previous year when 27% of the weaknesses were unresolved issues.

Issues associated with agency expenditure were the most common type of control weakness we identified this year. Refer to Figure 1 for the types of control weaknesses reported in 2015 and 2016.

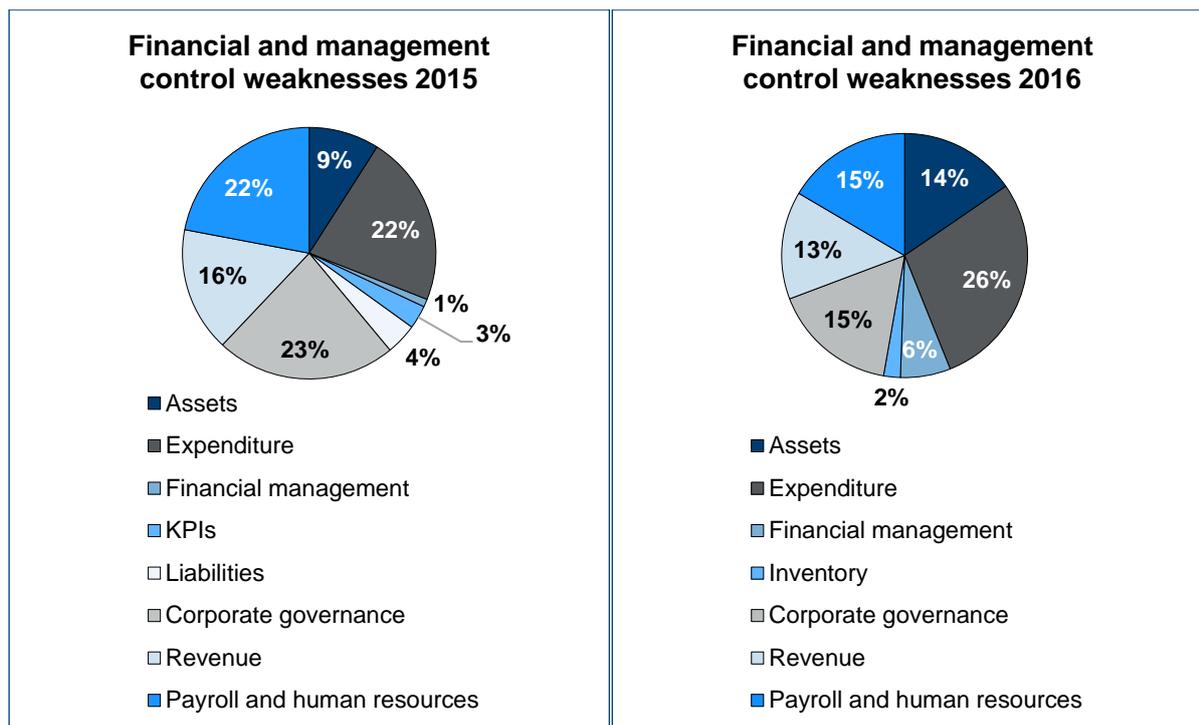


Figure 1: Financial and management control weaknesses for 2015 and 2016

Below is a description of some of the common control weaknesses we identified:

- **Purchasing cards:**
 - Evidence to support expenditure was not submitted and acquitted in a timely manner. We expected to find that cardholders submit documents to support all transactions for review and approval prior to the payment being authorised.
 - Agency procedures did not ensure that purchasing cards were collected from staff when they left the agency, or the cards of those former employees were not cancelled promptly with the bank.
- **Payroll and human resources:**
 - Cost centre reports not reviewed, signed and returned to the payroll unit by cost centre managers. The tertiary education sector often employs lecturers on a part-time or casual basis. Faculty or cost centre managers are not expected to identify every error in the payroll, but are well placed to identify significant errors in employee hours and attendance to provide assurance that staff are paid correctly for the hours they worked.
 - Termination checklists not routinely completed for staff prior to the end of their employment. These checklists are important for ensuring the return of agency property such as access cards, mobile phones, laptops and purchasing cards. The checklist should also include review of payout figures prior to an employee's final salary payment being authorised.
 - Employees taking annual or long service leave without submitting leave forms and receiving approval in advance.
- **Other weaknesses:**
 - Adequate stocktakes not conducted, or where conducted, were not reconciled to the asset register. These inadequate processes make it difficult for management to confirm the accuracy of asset balances reported in the financial statements.

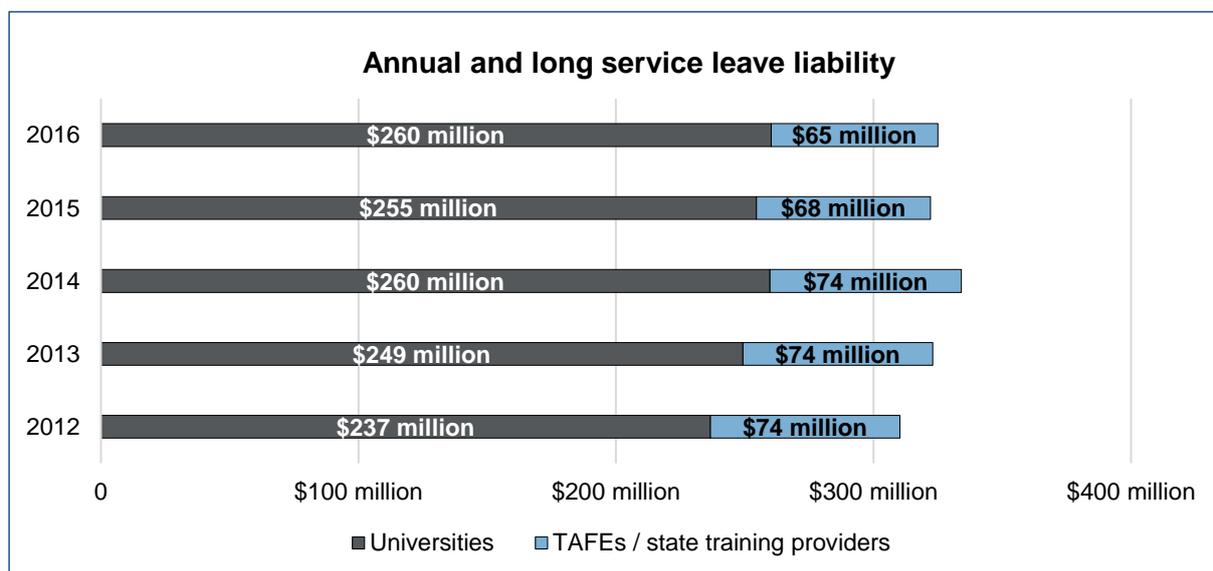
- Service level agreements or leases not supported by a legally binding contract or formal agreement. This exposes the agency to loss or litigation in the event of disagreement between the parties.

Management of leave liabilities

Universities and TAFEs have significant leave liabilities, \$260 million and \$65 million respectively, which require proactive management. Figure 2 shows the movement in total leave liability for the last 5 years.

Total leave liabilities of the universities increased by 2.3% in 2016, reversing the overall reduction in 2015. UWA's liability fell by \$5.9 million, partially due to a redundancy scheme, while the combined increase of the other 3 universities totalled \$11.6 million.

The total leave liability of TAFEs fell slightly for the second successive year. Redundancies resulting from the restructuring of the TAFEs in April 2016, and the voluntary separation scheme funded by the Department of Training and Workforce Development (DTWD) in 2015 contributed to this reduction.



Source: Annual financial statements of universities and TAFEs

Figure 2: Combined universities and combined TAFEs' leave liabilities

Large leave liabilities have an adverse effect on an organisation's net assets position. Institutes need to continue to closely manage these liabilities for a number of reasons. Large balances can lead to difficulties in raising sufficient cash to pay out balances as and when staff resign or retire, and generally, at a higher pay rate than when the entitlement accrued. It is also important that staff take regular leave for their health and wellbeing. Agencies also need to be aware that in rare instances, the non-taking of leave is an indicator of staff wishing to conceal fraud.

Challenges that impact successful leave management include:

- service delivery pressures
- ad hoc management of leave, including lack of planning.

Factors that help to reduce leave liabilities include:

- close monitoring of leave plans to ensure that staff schedule and take their entitlement of annual leave each year and extinguish their long service leave within a few years of entitlement

- policies that encourage staff to take part of their leave as a cash payout or reduce their long service leave entitlement on a pro rata basis before they accrue their full entitlement.

Information system control issues

Each year we audit the information system (IS) controls at universities and TAFEs. The audit determines whether controls are designed, implemented and operating effectively to enable reliable and secure processing of financial and key performance information.

We identified 77 IS control weaknesses of which we rated 66% as moderate weaknesses, meaning corrective action should be taken as soon as possible. We rated the remaining 26 (34%) as minor, with none assessed as significant.

Of the issues raised, 28 (36%) were carried over from previous audits. Our next annual information systems audit report, which is expected to be tabled in the second quarter of 2017, will provide more detail of our IS audit results.

Security and IT operations continued to be the main areas with control weaknesses. Security issues accounted for 35% of the findings. Types of security weaknesses included system vulnerabilities, weak passwords and unauthorised and inappropriate access. Weaknesses associated with IT operations made up 43%, which include the processing and handling of information, monitoring and logging user activity, management and review of access privileges.

If not addressed, IS control issues have the potential to compromise the confidentiality, integrity and availability of computer systems. Figure 3 shows the distribution of our findings.

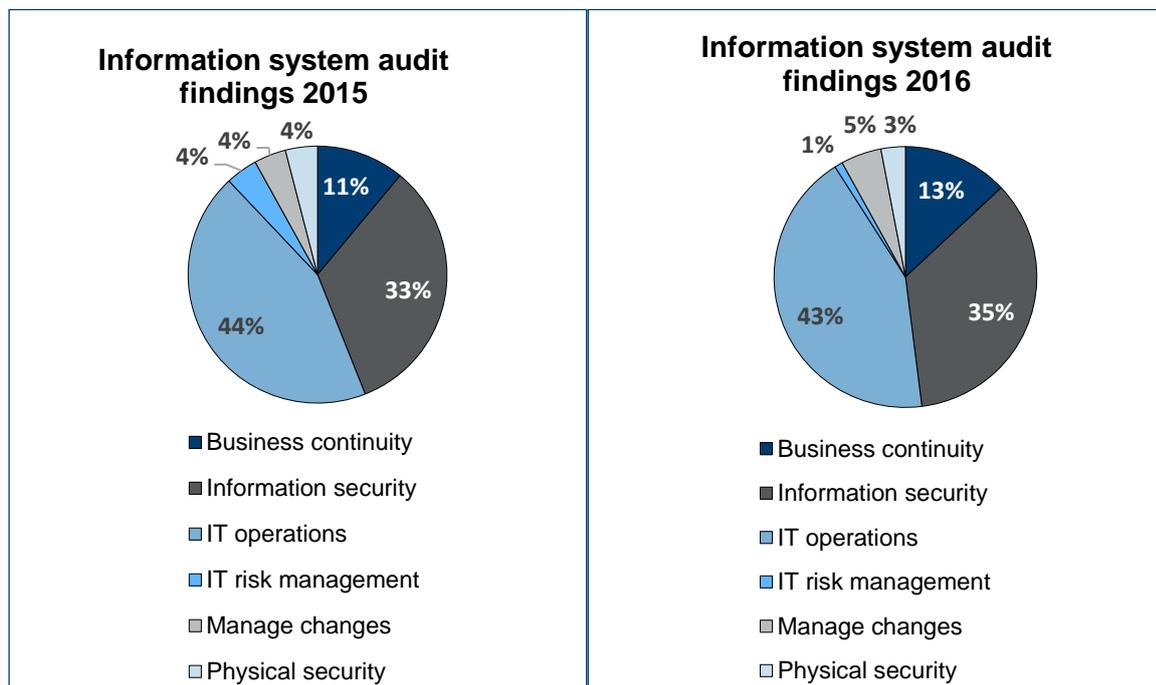


Figure 3: Information systems audit findings in 2015 and 2016

Timeliness and quality of financial statements and KPIs

Timely preparation of financial statements and KPIs, and being audit ready, enables agencies to release resources for other important tasks. The universities submitted their statements within the planned timelines, with 3 submitting earlier than the previous year. The quality of the universities' financial statements continued to be good.

The new TAFEs experienced a number of challenges to produce good quality financial statements in a timely manner for their first reporting period. These included amalgamation of systems and related information and records, and staffing changes. At some TAFEs, this resulted in delays in preparing, or errors in the financial statements and KPIs. However these were most likely 'teething' problems that can be overcome for 2017 reporting.

All universities were rated as best practice for financial reporting and controls

All 4 universities demonstrated best practice in their financial controls and reporting in 2016.

Our criteria for achieving best practice status include:

- clear opinions on their financial statements, controls and KPIs
- audit ready early, ideally by 31 January
- 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 (before the audit process begins)
- key staff available during the audit process
- assessment of the number and significance of control weaknesses identified by our audit.

TAFEs in 2016

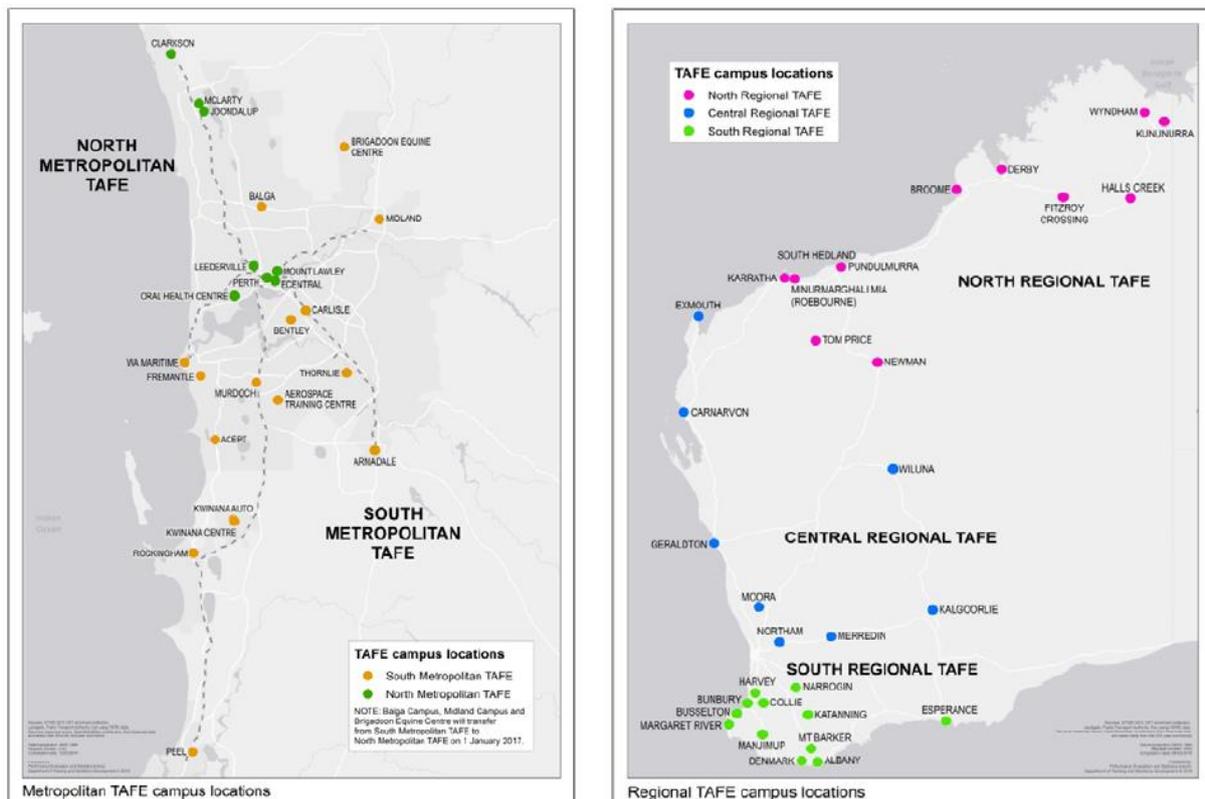
This section of the report provides observations from our 2016 TAFE audits and information on the TAFE sector.

TAFE restructure

The 11 state training providers (STP) were restructured on 11 April 2016, into the following 5 new TAFEs:

- Central Regional TAFE
- North Metropolitan TAFE
- North Regional TAFE
- South Metropolitan TAFE
- South Regional TAFE.

New Governing Councils were appointed and the TAFEs continued delivering vocational education and training across the 70 campus locations as shown in the maps below.



Source: Department of Training and Workforce

Figure 4: Regional and metropolitan TAFE campuses at 31 December 2016

Note: The campuses at Balga and Midland and the Brigadoon Equine Centre transferred from South Metropolitan TAFE to North Metropolitan TAFE on 1 January 2017.

Central Regional TAFE's Wiluna campus facility was transferred to the WA Department of Education on 1 November 2016.

Each new TAFE was created by combining 2 or 3 of the previous STPs. This presented many challenges for the TAFEs, prior to their first audit for the period 11 April to 31 December 2016, including:

- data migration and merger of databases
- multiple locations and changes to responsibilities and roles
- voluntary severances
- key performance indicators
- TAFE financial results and liquidity for the first reporting period.

Data migration and merger of databases

The financial transactions of the 5 new TAFEs continued to be recorded in the financial systems of the former STPs for several months after the 11 April 2016 commencement date of the TAFEs. During the latter half of 2016, the finance and human resources (HR) data of the STPs were progressively migrated by DTWD into the databases of the new TAFEs. The last data migration, for North Metropolitan TAFE, was completed in January 2017.

DTWD engaged a consultant to complete a review of the data migration process. They examined processes and various key data sets that were migrated from the old systems into the new TAFE finance and HR systems.

We reviewed data and other evidence and confirmed that financial balances from the previous STPs were completely and accurately transferred to the newly created TAFEs. Our audit procedures included:

- review of the work of internal audit and consultants
- review of various reconciliations performed by Training Business Services
- comparisons of employee leave data in the legacy to the new systems to ensure that the leave balances were migrated accurately
- testing of non-current asset opening balances, including values and useful lives, to ensure that the written down values of the old STPs and the remaining useful lives of the assets had been correctly brought forward to the new TAFEs
- checking that other balances had been accurately transferred.

Multiple locations and changes to responsibilities and roles

With the amalgamation of TAFEs and their management structures, some key personnel and functions were immediately or gradually relocated. This did not adversely affect the availability of relevant TAFE management to address audit matters when they arose. However our audit teams needed to travel to several locations to complete the audits, including:

- Central Regional TAFE – HR in Northam and Geraldton and finance in Geraldton, Northam and Kalgoorlie
- North Regional TAFE audit – HR team in Karratha and finance in Broome
- South Regional TAFE – HR and finance in Albany, student revenue and KPIs in Bunbury.

Voluntary severances

During the TAFEs' first reporting period, voluntary redundancy payments totalling \$7.2 million were approved. We reviewed a sample of redundancy payments and were satisfied that the payments were correctly calculated in accordance with government policies and legislation, and reported in the financial statements.

Key performance indicators

When the new TAFEs were created, the existing Outcome Based Management (OBM) framework and associated KPIs were retained, without the approval of the Under Treasurer as required by Treasurer's Instruction 904. Approval was not requested until December 2016 and was given on 25 January 2017, which was after the TAFEs' first reporting period.

Also on that date, the TAFEs received Under Treasurer exemption from disclosing budget targets for their KPIs and from reporting the key efficiency indicator 'Overall Cost per Student Curriculum Hour' because of the partial year reporting period and the unavailability of campus level data. Due to the exemptions, the only audited KPIs reported by each TAFE for their first reporting period were the percentage of target student curriculum hours delivered, and results of the student satisfaction survey.

Partially due to this late clarification of which KPIs were to be reported for 2016, most TAFEs were late in submitting their KPIs for audit.

DTWD and the TAFEs, in consultation with Treasury, are currently preparing a new post-restructure OBM framework and KPIs to be reported by the TAFEs for 2017.

TAFE financial results and liquidity for the first reporting period

An important financial issue faced by the 5 new TAFEs in their first period of operation has been a decrease in the value of land and buildings. This followed a revaluation by the Valuer General at 1 July 2016, and was mainly due to the current economic environment. The new TAFEs' lack of any asset revaluation reserve¹ meant they were required to treat the revaluation decrements as expenses in the income statement. This contributed significantly to the TAFEs recording a deficit financial result for their first reporting period.

Although all 5 TAFEs recorded deficits for the period, they nevertheless had a favourable liquidity ratio at 31 December 2016.

The liquidity or current ratio is a traditional way of assessing an entity's ability to meet its debts as and when they fall due. A ratio of more than 1 is generally accepted as low risk. Table 2 shows that on this basis, all 5 TAFEs were low risk. However, care should be taken in concluding on the broader financial position of an agency solely on this indicator which compares current assets to current liabilities.

Liquidity / current ratio	2016
Central Regional TAFE	1.6
North Metropolitan TAFE	1.8
North Regional TAFE	1.7
South Metropolitan TAFE	1.4
South Regional TAFE	1.7

Table 2: Liquidity / current ratios for TAFEs at 31 December 2016

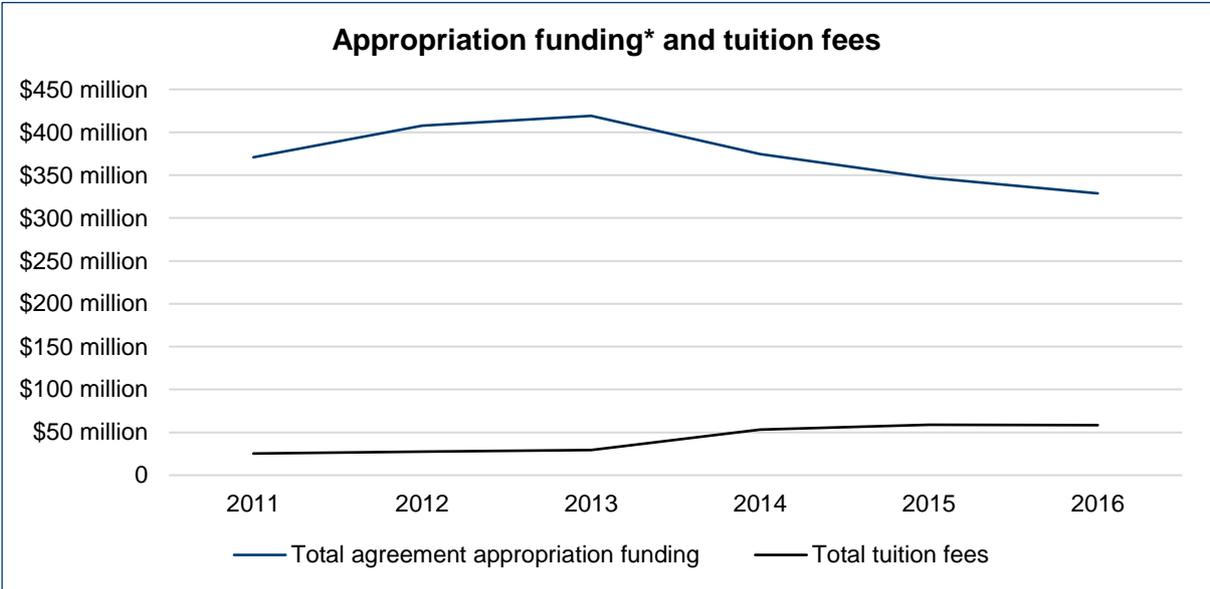
¹ Australian Accounting Standards do not allow the reserves of amalgamated organisations to carry over to the new entity.

TAFE funding and student enrolments

Changes to TAFE fee policy in recent years created challenges for the TAFEs due to a reduction in appropriation funding from government and a higher student fee structure. The impact of these changes is mainly on student enrolment numbers and the balance between fee income from students and the level of government funding, which is based on the hours of training delivered.

DTWD administers Commonwealth and State government funding to TAFEs. Funding is based on a delivery and performance agreement (agreement) between the DTWD and the TAFE. Each agreement considers the State’s strategic training needs as well as the needs of the local community, individuals and the training plans of industry in the provider’s region.

Since 2013, funding to TAFEs under agreements with DTWD has declined by \$90.4 million or 21.6%, as shown in Figure 5. Tuition fees collected from students increased by \$29.2 million, or 99.5% for the same period. Figure 5 also shows that, between 2015 and 2016, revenue from student fees was relatively constant, while appropriation funding continued to decline.

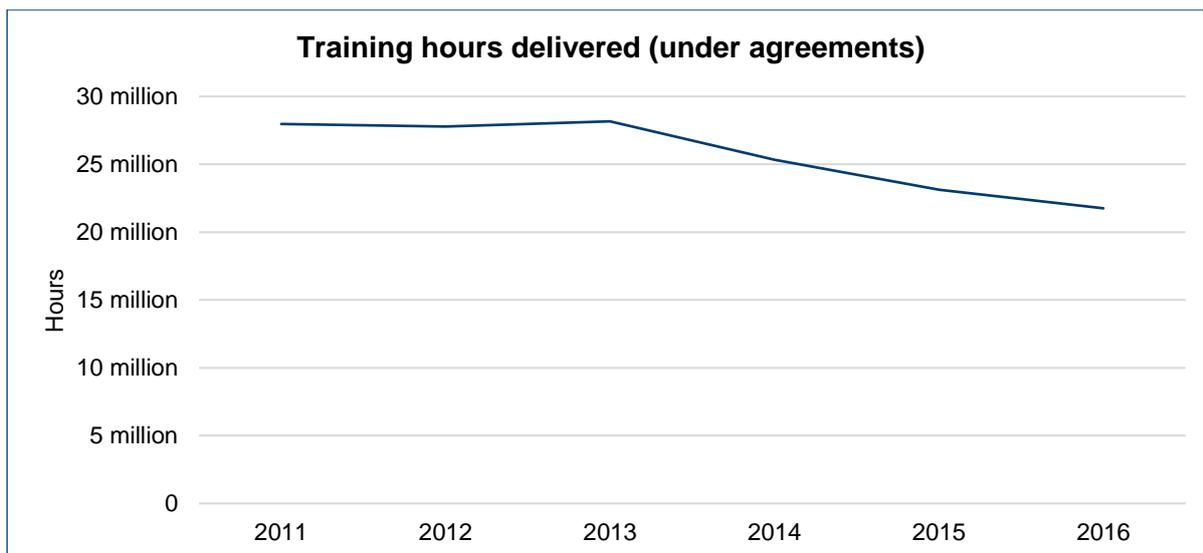


Source: Audited financial statements of TAFEs

Figure 5: TAFEs’ appropriation and tuition fee collections

* Funding under delivery and performance agreements.

Student curriculum hours is the measure used for reporting the quantum of student enrolments at TAFEs. As shown in figure 6, there has been a 22.9% decline in the training delivered in the last 3 years, from 28.2 million hours in 2013 to 21.8 million hours in 2016.



Source: Audited KPIs of TAFEs

Figure 6: TAFEs’ delivery and performance agreement profile hours for last 5 years

TAFE student satisfaction

The DTWD administers the student satisfaction survey for TAFEs. This annual survey is a measure of the quality of the service provided by the TAFEs.

The student satisfaction rating reports the number of ‘satisfied’ and ‘very satisfied’ respondents to the survey. Table 3 compares satisfaction ratings provided by students studying in 2016, against the average of all TAFEs. For additional comparability, we have included the previous year’s overall result, when 11 state training providers delivered vocational education and training.

Student satisfaction	2016
Central Regional TAFE	92.2%
North Metropolitan TAFE	86.4%
North Regional TAFE	92.3%
South Metropolitan TAFE	88.7%
South Regional TAFE	89.7%
State average 2016	88.9%
State average 2015 (for 11 former STPs)	87.8%

Source: Audited KPIs of TAFEs

Table 3: Student satisfaction survey results for TAFE students

Universities – local operations, online courses, subsidiaries and overseas ventures

Most Australian universities provide teaching activities or learning opportunities through online courses, domestic subsidiary companies, offshore campuses and overseas ventures. These raise the profile of the university, help attract foreign students to WA campuses and raise revenue for the university as well as contributing to the economic development of the foreign countries.

All 4 WA public universities operate non-metropolitan campuses and offer online courses to improve the accessibility of their courses to students. In addition, 3 universities conduct educational programs through overseas ventures, predominantly in Asia.

Engaging in these activities requires different financial, management, business modelling and risk assessment skills to those needed for core on-campus university business. Our 2016 audits did not identify any noteworthy audit issues in relation to these additional activities. However, it is important that management not only closely monitors the university's core on-campus business, but also the activities offered online, through subsidiaries and overseas.

The following summary of information, provided by the universities, illustrates the extent and complexity of their activities.

Local operations

Campuses of the four WA public universities have traditionally been located in the Perth metropolitan area but now all 4 universities have regional campuses which offer various tertiary education courses.

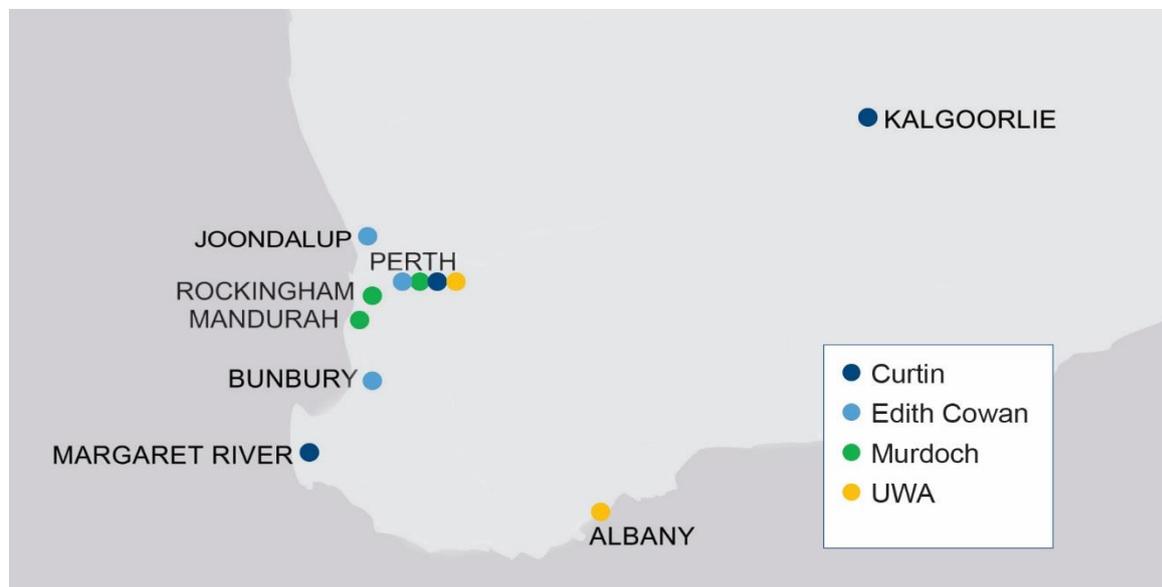


Figure 7: Location of WA public universities' campuses in Western Australia

Overseas ventures of universities

Three universities conduct a range of overseas educational activities. The types of activities include joint ventures, offshore campuses, or sending academic staff overseas to a foreign institution. The universities receive revenue from these arrangements.

Curtin University

Curtin has the most overseas operations of the WA universities. It has two offshore campuses – in Malaysia and Singapore (Table 4) which are operated by third parties through individual formal contracts. Degrees are issued in the name of Curtin University.

Offshore campus	Contract arrangement	Courses offered	2016 total revenue
Sarawak, Malaysia Purpose built campus opened in 2002	Owned and operated by a local third party entity. Curtin has no ownership interest in the entity.	Undergraduate and postgraduate degrees in science, engineering, business and humanities.	\$5.2 million
Curtin Singapore campus Campus opened 1 December 2008	Owned and operated by a local third party entity. Curtin has no ownership interest in the entity.	Undergraduate and postgraduate degrees in science, engineering, health sciences, business and humanities.	\$7.2 million

Source: Curtin

Table 4: Curtin's overseas campuses

Curtin also delivers its degree programs through other institutions, predominantly in Asia. Individual formal contracts are signed between the institutions and Curtin. Curtin advised that in 2016 it received \$4.8 million in total revenue from the overseas ventures listed below.

Country	Commenced	Courses offered	2016 total revenue
China	Two contracts commenced in 2011 and 2015	Business	\$0.2 million
Hong Kong	Three contracts commenced in 2009, 2010 and 2012	Business and humanities	\$0.8 million
Malaysia	2013	Humanities	\$0.1 million
Mauritius	2014	Business and humanities	\$3.1 million
Sri Lanka	2015	Science and engineering	\$0.6 million
Vietnam	2016	Humanities	\$0.1 million

Source: Curtin

Table 5: Overseas delivery arrangements of Curtin

Murdoch University

Murdoch forms partnerships with offshore institutions that offer a Murdoch degree for their enrolled students. A formal partnership contract, signed by both parties, sets out the general terms and conditions including academic, financial, administrative and managerial arrangements. Murdoch licenses the use of their intellectual property, which includes the use of Murdoch's name, learning material and lecturers, in exchange for a percentage of the student fees earned by the offshore institution. Degrees are issued in Murdoch University's name.

Country	Commenced	Courses offered	2016 total revenue
Dubai	2008	Undergraduate courses in commerce, media, communication, computer science and postgraduate courses in business administration, human resource management and education.	\$1.3 million
Singapore	2006 with new agreement in 2016	Undergraduate courses in commerce, communication, media, hospitality and tourism management, humanities and social sciences, information technology, business law and postgraduate courses in business administration, human resources management and professional accounting.	\$16.3 million
Singapore	2008 discontinued 2017	Undergraduate courses in commerce, communication, media, hospitality and tourism management, humanities and social sciences, information technology and journalism plus postgraduate courses in business administration.	\$0.3 million

Source: Murdoch

Table 6: Overseas delivery arrangements of Murdoch

The University of Western Australia

UWA partnered with overseas higher learning facilities to provide teaching facilities outside Australia and awards its degrees to students who enrol and fulfil the requirements of courses. Formal agreements are set up to identify the roles of UWA and the partnering/learning institution in that country.

Country	Commenced	Courses offered	2016 total revenue
China	1999	Doctor of Education (being phased out - teaching out last students)	\$42,000
	2004	Asian studies and communication studies	\$439,000
Singapore	2003	Biomedical science, chemistry, molecular biology and biotechnology, and pharmaceutical science	\$2.8 million
	2004	Master of Education	\$79,000
	2010	Arts (being phased out – teaching out last students)	\$17,000

Source: UWA

Table 7: Overseas ventures of UWA

Online courses

Students enrolled for study at university campuses often have opportunities to participate in lectures or tutorials online. However, there are some students who study exclusively online. All 4 universities offer a range of undergraduate and postgraduate courses online. The only requirement to attend a campus is for examinations or for verification purposes.

Two universities, Curtin and Murdoch, offer online courses through Open University Australia (OUA) to their registered students. OUA is a consortium of 7 Australian public universities which offers online higher education for students, the majority based in Australia but available to students globally. The courses are developed and approved by each university and details provided to the Commonwealth Department of Education and Training.

Fees for online subjects are agreed between each university and OUA and are set in line with HECS fee regulations. Revenue from student unit enrolment fees is divided between the two parties in proportions specified in their agreement. Individual unit fees ranged from \$782 to \$1,305 in 2016, while the split ranged from 55:45 to 50:50. Australian students can apply for Commonwealth HECS-HELP for their online units.

We were advised by the universities that in 2016, ECU delivered units online to 22% of their Equivalent Full Time Student Load (EFTSL), Curtin to 12% of their EFTSL, Murdoch to 4.3% of their EFTSL, while UWA had only 29 students (0.04% of EFTSL) enrolled in online units.

Online courses	Learning areas	Number of students
Curtin University		
Online course enrolments of OUA students in Australia	Undergraduate and postgraduate courses including agriculture, allied health, foreign language, law, accounting, administration, economics, commerce, mathematics, statistics, behavioural science, social studies, computing.	10,964
Online course enrolments in Australia, not through OUA	Undergraduate and postgraduate courses including arts, business administration, commerce, education, engineering, environmental science, health sciences, information and library studies, as well as uni-ready and enabling program units.	1,076
Online course enrolments of overseas students	Bachelor of Commerce subjects only.	50
Edith Cowan University		
Online course enrolments in Australia	Undergraduate and postgraduate courses including law, teacher education, business, psychology, social work and health science and enabling program units.	5,135
Online course enrolments of overseas students	Undergraduate and postgraduate courses including business, geostatistics, cyber security and counter terrorism.	25
Murdoch University		
Online course enrolments of OUA students in Australia	Undergraduate courses in security, community development, international aid, sustainable development and post graduate courses in energy and metallurgy.	3,525
University of Western Australia		
Online course enrolments in Australia	Graduate courses in teaching and medical science.	29

Source: Curtin, ECU, Murdoch and UWA

Table 8: Online courses offered by the 4 public universities in Western Australia

Local subsidiaries of universities

Two universities, Murdoch and UWA, use local subsidiary companies to conduct activities on their behalf, as shown in Table 9.

Universities' subsidiaries	2016 total revenue (\$000)	2016 financial result (\$000)
Murdoch University		
Innovative Chiropractic Learning Pty Ltd is a trading entity for the Murdoch University Chiropractic Clinic which operates to support the clinical outcomes for students enrolled in Murdoch University's chiropractic science program.	1,048	47
M.U.F.T Company Ltd is a wholly owned subsidiary that acts as trustee for the Murdoch University Foundation and Murdoch University Veterinary Trust.	0	0
Murdoch College Properties Pty Ltd is a wholly owned subsidiary which currently holds the Murdoch College building that is being sub-leased to Murdoch University.	796	425
Murdoch Investments Company Pty Ltd is a wholly owned subsidiary of Murdoch University which in turn owns Murdoch Retirement Services Pty Ltd (see below).	0	0
Murdoch Retirement Services Pty Ltd manages the operation of the St Ives Murdoch Retirement Village for the purposes of providing an additional revenue stream for Murdoch University to support the enhancement of education.	12,599	(45,804)
Murdoch Singapore Pte Ltd is a wholly owned subsidiary based in Singapore established to further enhance student learning experiences and the University's strategic interests in Singapore.	16,721	280
Murdoch University Foundation is a not-for-profit charitable trust receiving donations from both public and private sectors to fund for the operational needs of the university.	1,655	684
Murdoch University Veterinary Trust is managed by a board and operates to collect donations and sponsorships to service funding needs of Murdoch's Veterinary and Biomedical Schools.	425	60
Murdoch Ventures Pty Ltd is a wholly owned subsidiary established as a vehicle for investments in research related companies.	1	1
The Alan and Iris Peacocke Research Foundation. A trust resulting from a bequest received by Murdoch (as trustee for the Foundation) which supports doctoral research scholarships in agriculture, horticulture and medical research.	203	61
University of Western Australia		
The University Club of Western Australia Pty Ltd serves as a formal meeting place and hospitality venue on the UWA campus for club members (UWA alumni and staff) and others. The facilities are available for public hire for corporate meetings, seminars, weddings and other functions.	\$13,400	(\$331)

Universities' subsidiaries	2016 total revenue (\$000)	2016 financial result (\$000)
UWA Accommodation Services Pty Ltd is the approved participant under the Commonwealth Government's National Rental Affordability scheme for assisted student accommodation.	\$5,676	\$0
UWA Sport Pty Ltd is the hub of sports, recreation and fitness at UWA offering a range of fit, healthy activities for staff, students and the general public. Activities include gym, group fitness, and other short courses through Recreate.	\$4,632	\$92

Source: Murdoch and UWA

Table 9: Local subsidiaries of WA public universities at 31 December 2016

Universities – selected significant financial transactions and financial performance

This section of the report details significant 2016 financial transactions that we noted during our audits. It also provides a summary of selected key financial ratios and information commonly used for assessing financial performance or for analysing the financial health of the entities. Most of this information was reported in each university's annual report but is presented here for the convenience of Parliament. By reporting these items, we are not implying that we have any residual concern with these transactions.

Selected significant financial transactions

Assets

- Curtin's Property, Plant and Equipment increased by \$95 million (11%) to \$975 million during 2016. Completion of projects on Building 410 Medical School Facility and Building 304 Research Facility as well as progress on the Greater Curtin Main Street roadworks and redevelopment of student housing accommodation at Agricola College in Kalgoorlie contributed to this increase.
- ECU entered into a joint venture arrangement with Navitas to establish the Edith Cowan College (ECC) in Joondalup. ECC commenced in October 2016 offering students a range of university pathway and English language programs. ECU has a 50% interest in ECC and expects revenue from ECC to increase in the next financial year after a full year of operation.
- Murdoch's investment properties increased by 4% to \$243.7 million at the end of 2016. These properties include the St Ives Retirement Village and a building rented by Wesfarmers.

Revenue

- ECU's Fees and Charges increased by \$18.1 million (22%) due to the indexation of fees and higher number of international onshore fee paying students. The University adopted a vision for revenue growth in 2014, and has been implementing strategies to grow its revenue, particularly in international student enrolments.
- Murdoch's subsidiary, Murdoch Retirement Services Pty Ltd, donated \$34 million to the university in 2016.

Expenditure

- Employee related expenses of UWA increased by \$27 million principally due to redundancy expense of \$35 million. This was partially offset by a reduction in the leave liability provision.

Key financial ratios of universities

The Commonwealth Department of Education and Training uses a number of benchmark indicators to assess the financial performance of universities. These measures include liquidity, diversity of revenue, dependence on international student fees, operating result and borrowings to equity ratio.

We have used each university's audited financial statements² to show performance against these indicators for the 5 years ending 31 December 2016. Table 10 summarises the risk ratings inferred by these indicators.

2016 – Universities	
Liquidity / current ratio	3 universities rated as low risk and 1 as high risk
Diversity of revenue	2 universities rated as low risk and 2 as medium risk
Dependence on international students	2 universities rated as low risk and 2 as medium risk
Operating results	All 4 universities rated as low risk
Borrowings to equity ratio	2 universities rated as low risk and 2 as medium risk

Table 10: University financial risk inferred by selected 2016 financial performance ratios

Liquidity / current ratio

The liquidity or current ratio assesses an entity's ability to meet their debts as and when they fall due. The traditional accounting formula is current assets divided by current liabilities.

The Commonwealth considers a ratio of more than 1 is low risk and below 0.75 to be high risk. Based on this rating, 3 universities were low risk and one, UWA, was high risk when assessed on this indicator alone for 2016.

Liquidity / current ratio	2012	2013	2014	2015	2016	Trendline 2012 ↔ 2016
Curtin	1.4	1.2	1.4	1.3	1.2	
ECU	2.3	2.7	2.4	1.7	1.7	
Murdoch	2.1	2	2	1.9	1.9	
UWA	1.1	1.4	1.2	1	0.7	

Table 11: Liquidity ratio for universities

As the liquidity ratio recognises current assets only, we have also shown in Table 12, details of the universities' total current and non-current cash and other financial assets and the percentage change in 2016.

Current and non-current cash and other financial assets (\$m)	2013	2014	2015	2016	% change 2015 to 2016
Curtin	554	563	549	504	-8.2%
ECU	252	281	287	315	+9.8%
Murdoch *	157	163	172	195	+13.4%
UWA *	672	759	779	830	+6.5%

Table 12: Investments of universities (cash and other financial assets)

* Investments of university only, excluding subsidiaries

Diversity of revenue – dependence on Australian Government funding

One way universities can reduce their financial risk is by diversifying their revenue sources. Each university has a different capacity to generate revenue, depending on factors such as location, size, courses offered, extent of research activity, perceived standing and student profiles.

² Financial ratios are calculated using the university figures, not their consolidated results.

The Commonwealth considers universities with 55% or less of revenue received from Australian Government funding a low risk and between 55 and 65% to be medium risk. Australian Government financial assistance includes Commonwealth Grants Scheme and other grants, HECS-HELP and FEE-HELP payments. For 2016, Murdoch and UWA rated as low risk while Curtin and ECU were a medium risk for this indicator.

Diversity of revenue	2012	2013	2014	2015	2016	Trendline 2012 ↔ 2016
Curtin	51%	53%	55%	56%	57%	
ECU	65%	64%	65%	64%	62%	
Murdoch	48%	51%	53%	56%	50%	
UWA	52%	51%	55%	53%	52%	

Table 13: Diversity of revenue (dependence on Australian Government funding) ratio

Dependence on overseas student fees

Universities can diversify their revenue sources by encouraging overseas students to study their courses. However, the general view is that universities should not be overly dependent on this source of income.

The Commonwealth considers universities with 15% or less of operating revenue from fee-paying overseas students to be low risk and between 15 and 25% to be medium risk. Based on these criteria, Murdoch and UWA rated as low risk while Curtin and ECU were medium risk.

Overseas student fees ratio	2012	2013	2014	2015	2016	Trendline 2012 ↔ 2016
Curtin	23%	19%	19%	19%	20%	
ECU	15%	14%	15%	17%	20%	
Murdoch	13%	16%	17%	18%	11%	
UWA	10%	10%	11%	11%	13%	

Table 14: Fees from overseas students as a proportion of total operating revenue

Operating result

Universities are not-for-profit organisations but their operating result is a useful measure of financial performance. Large deficits or a trend of consecutive deficits indicate a need for review and analysis.

All 4 universities reported a surplus for 2016.

Operating result	2012	2013	2014	2015	2016	Trendline 2012 ↔ 2016
Curtin	10%	7%	6%	7%	4%	
ECU	7%	8%	7%	7%	6%	
Murdoch *	23%	12%	2%	0%	11%	
UWA #	11%	13%	10%	3%	3%	

Table 15: Operating result as a percentage of total operating revenue

* Murdoch received revenue of \$34 million from its subsidiary, Murdoch Retirement Services Pty Ltd, in 2016. Without this revenue the ratio would have been 2%. Revenue from this subsidiary also impacted the ratio for 2012.

UWA recognised an impairment of \$18.2 million on its special (museum) collection in 2015. Without this impairment, the ratio would have been 5%.

Borrowings to equity ratio

Legislation permits universities to finance their activities by borrowing. The Commonwealth considers universities with 7% or less of their equity represented by borrowings to be low risk. Greater than 10% rates as high risk.

ECU and UWA were medium risk on this indicator while the other universities remained low risk. ECU made significant borrowings in 2012 to fund building programs.

Borrowings to equity ratio	2012	2013	2014	2015	2016	Trendline 2012 ↔ 2016
Curtin	2%	2%	2%	2%	1%	
ECU	11%	10%	11%	11%	9%	
Murdoch	1%	1%	1%	1%	1%	
UWA	7%	8%	7%	7%	8%	

Table 16: Borrowings to equity ratio

Note: Curtin's borrowings exclude amounts for the Chemistry Centre (WA), which are offset by lease revenue.

Universities' graduate survey information

This section of the report provides a summary of survey results of students graduating from the 4 universities. As this information is not consistently reported in the annual reports of universities it is summarised here for the convenience of Parliament.

Tables 17 and 18 present graduate responses to the Graduate Outcome Survey, a national online course evaluation survey conducted by the Social Research Centre on behalf of the Australian Government Department of Education and Training. Until 2015, Graduate Careers Australia conducted the previous Australian Graduate Survey.

The survey instrument changed in 2016, including a shift in the reported population from the term 'bachelor' to 'undergraduate'. As a result, prior year data in tables 17 and 18 has been reworked by the Department to be as comparable as possible.

Graduates are surveyed approximately 4 months after completing their courses, so the 2016 information relates to students who completed their studies in 2015.

Graduate satisfaction of undergraduate students

Table 17 presents the survey results of graduates who were satisfied with their overall undergraduate study experience. This varies slightly from the previously reported 'satisfied with the quality of their course'.

Graduate satisfaction	2013	2014	2015	2016
Curtin	80.4%	79.8%	80.1%	81.9%
ECU	86.9%	85.1%	84.5%	84.8%
Murdoch	82.3%	82.2%	85.4%	80.5%
UWA	82.3%	78.7%	77.0%	74.4%
Western Australian university average	83.5%	81.7%	82.2%	81.3%
National university average	83.7%	83.1%	83.8%	80.6%

Source: Unpublished Australian Graduate Survey and Graduate Outcome Survey data from the Australian Government Department of Education and Training

Table 17: Graduate satisfaction survey results for university graduates

Graduate destination of undergraduate students

Table 18 shows the proportion of domestic undergraduate level graduates in employment, including full-time, part-time or casual, as a percentage of graduates in the labour force. The numerator now includes all graduates who are employed, irrespective of whether they want to work more hours. Previously, the indicator only included those who were achieving their 'desired level of employment'.

Graduate destination	2013	2014	2015	2016
Curtin	92.2%	87.9%	87.8%	87.6%
ECU	90.8%	87.5%	89.7%	86.3%
Murdoch	88.3%	86.9%	84.8%	84.8%
UWA	92.7%	89.0%	88.8%	83.2%
Western Australian university average	92.0%	88.8%	88.9%	86.4%
National university average	90.1%	89.5%	89.8%	86.5%

Source: Unpublished Australian Graduate Survey and Graduate Outcome Survey data from the Australian Government Department of Education and Training

Table 18: Graduate destination survey results for university graduates

The above information and additional university survey results are available on the Quality Indicators for Learning and Teaching (QILT) website. QILT is administered by the Social Research Centre on behalf of the Australian Government Department of Education and Training.

Appendix 1: Other audit opinions issued since 1 November 2016

31 December 2016 reporting date	Opinion issued
Statutory authorities	
Opinion on financial statements, controls and KPIs	
Legal Contribution Trust — for 6 months ending 31/12/2016	09/03/2017
The Anzac Day Trust (Matter of Significance paragraph in opinion. Details below)	09/03/2017

30 June 2016 reporting date	Opinion issued
Independent Market Operator	24/11/2016
Cemetery Boards – audited under the <i>Cemeteries Act 1986</i>	
Financial statements only. There is no statutory deadline for the Boards to submit their financial statements	
Albany Cemetery Board	09/12/2016
Bunbury Cemetery Board	15/12/2016
Chowerup Cemetery Board	19/12/2016
Dwellingup Cemetery Board for year ended 30 June 2014 and year ended 30 June 2015	21/12/2016 21/12/2016
Kalgoorlie-Boulder Cemetery Board	13/12/2016
Subsidiaries	
Financial statements only. There is no statutory deadline for submission of financial statements for audit	
South West Hub Joint Venture	22/11/2016
South West Hub Pty Ltd	22/11/2016

Final audits	Opinion issued
Financial statements only	
South West Cogeneration Joint Venture 01/07/2015 – 30/06/2016	03/04/2017
Potato Marketing Corporation of Western Australia 01/07/2016 – 31/12/2016	24/03/2017

Matter of Significance reported with audit opinion

The Anzac Day Trust's opinion included a Matter of Significant paragraph as the Trust did not have appointed Trustees for the period from 1 January to 17 July 2016. The 3 year tenure of the Trustees ceased on 26 November 2015 in accordance with section 14 of the *Anzac Day Act 1960*. As a result, the governance requirements of the Act were not met during this period. The Minister appointed trustees for 3 years, effective from 17 July 2016.

Appendix 2: Certifications issued since 1 November 2016, including Royalties for Regions

Unless stated, the certifications were for the year ended 30 June 2016. The statements prepared by management were confirmed and no adverse reports were issued.

Client	Certification relates to	Date certification issued
Commissioner of Main Roads	Interstate Road Transport Act 1985	22/11/2016
	National Land Transport Act 2014 <ul style="list-style-type: none"> Black Spot Projects Land Transport Infrastructure Projects 	22/11/2016 22/11/2016
	Statement of Amounts Expended or Retained for Expenditure under the National Partnership on Infrastructure Projects in Western Australia	22/11/2016
Department of Fire and Emergency Services	Heavy Rescue Air Cache Expansion Program (Road Trauma Trust Account Funding)	02/12/2016
Department of Local Government and Communities	Local Government (Financial Assistance) Act 1995: Commonwealth funding to local government authorities	19/12/2016
Electricity Generation and Retail Corporation	Compliance with Electricity Corporations (Electricity Generation and Retail Corporation) Regulations 2013, Part 2, Division 3, on Segregation Obligations for year ended 31 December 2016	21/02/2017
Public Transport Authority of Western Australia	Nation Building Program (National Land Transport) Act 2009 projects: <ul style="list-style-type: none"> Grain Freight Re-sleeping Project Trial of Low Profile Concrete Sleepers Project 	17/11/2016 17/11/2016
	National Partnership Agreement on the Implementation of Major Infrastructure Projects in Western Australia 2009-2014 <ul style="list-style-type: none"> Perth City Link Project 	17/11/2016

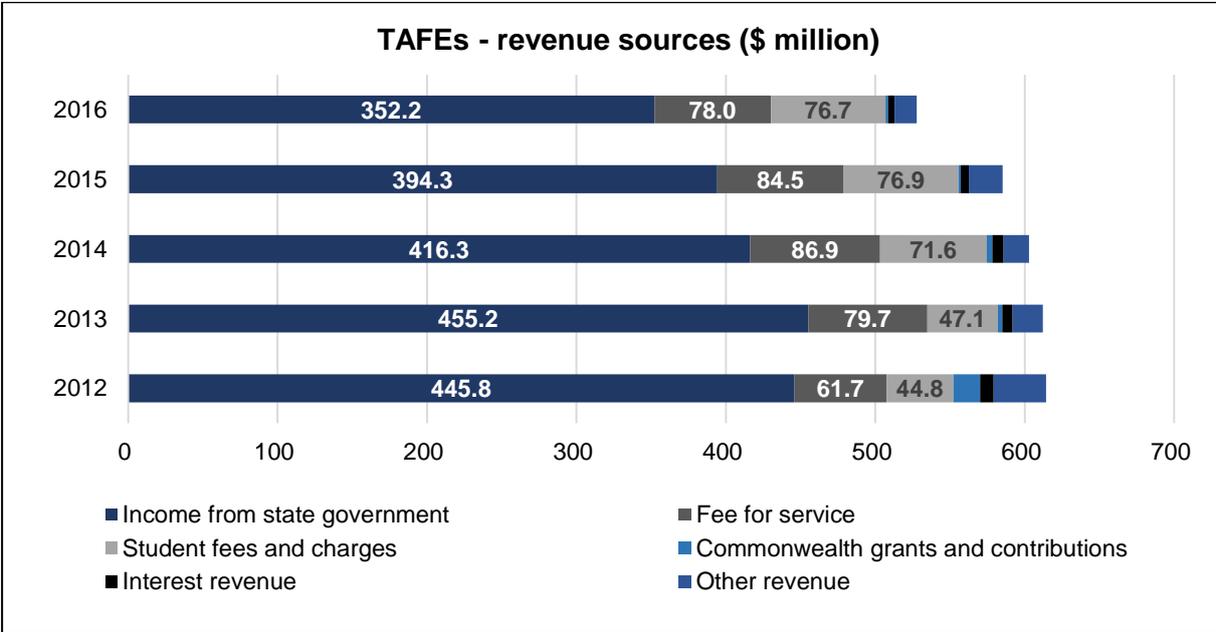
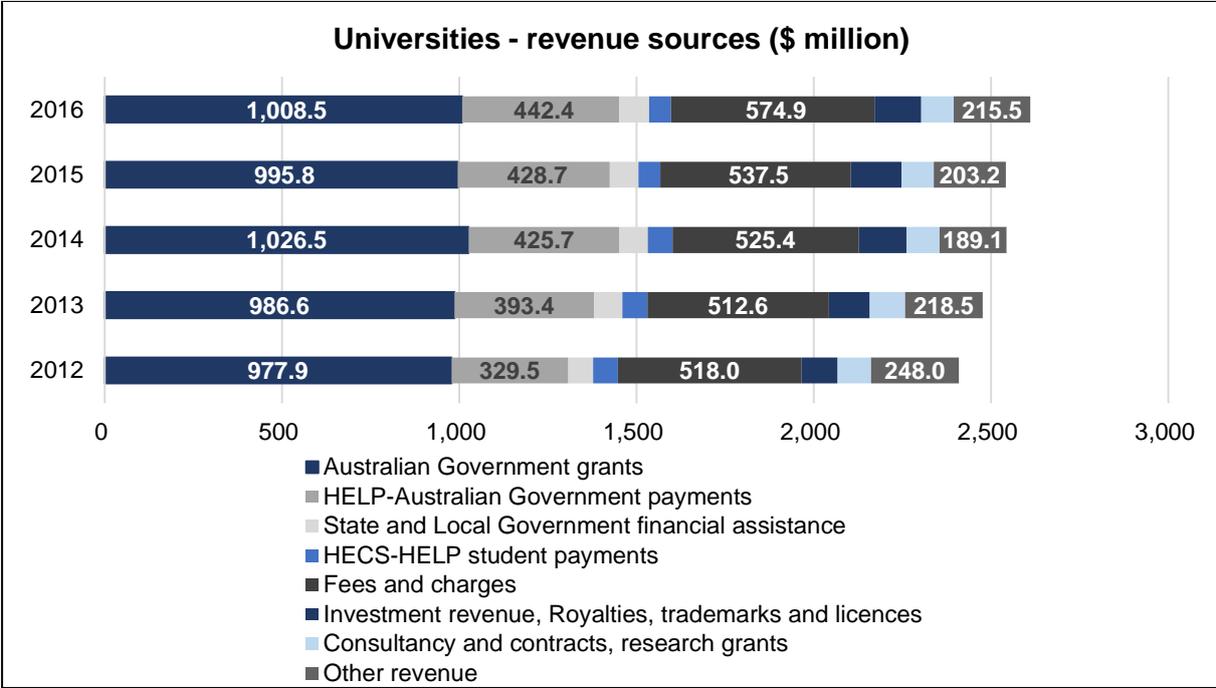
Royalties for Regions certifications

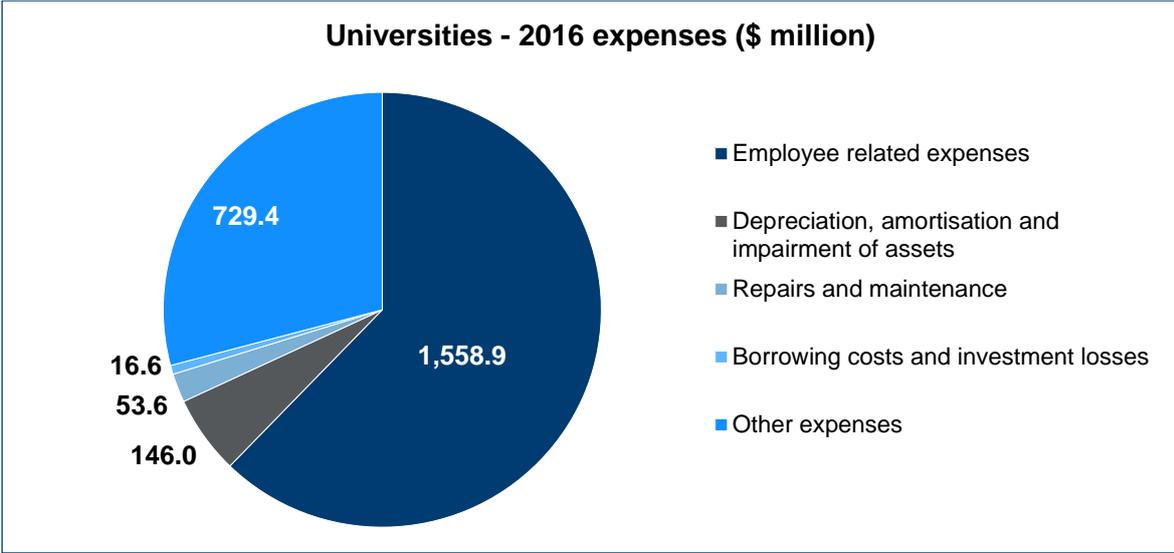
Delivering agency	Royalties for Regions approved projects	Date certification issued
Department of Commerce	Regional Workers Incentives – District Allowance Administration	24/11/2016
Department of Fisheries	Marine Parks Management – Ngari Capes Marine Park – Final acquittal 19/10/2012 – 15/12/2016	19/12/2016
Department of Regional Development	Seizing the Opportunity Agriculture – Infrastructure Audit and Infrastructure Investment Fund – Final audit 01/07/2016 – 31/12/2016	28/02/2017
Department of the Attorney General	Carnarvon Police and Justice Complex – Final acquittal 17/06/2011 – 30/06/2016	31/01/2017

Delivering agency	Royalties for Regions approved projects	Date certification issued
Department of the Premier and Cabinet	ANZAC Centenary – Restorative works at Mt Clarence, Albany – Final acquittal 19/06/2013 – 27/11/2014	20/04/2017
Department of Transport	Portlink Planning Studies Phase 1 – Final acquittal 12/06/2012 – 13/12/2016	06/04/2017
Housing Authority	Delivering Affordable Housing to Key Workers in the Avon Valley	28/11/2016
	Exmouth Service Worker Housing 2014-2015 – 17/07/2014 to 30/06/2015	28/11/2016
	Exmouth Service Worker Housing 2015-2016	28/11/2016
	Fairbridge Farm, Evelyn Cottage	28/11/2016
	Government Regional Officers: Housing (GROH) Boost	28/11/2016
	Non-Government Organisational Housing Strategic Intervention – Stage 2	28/11/2016
Library Board of Western Australia	Better Beginnings Program – Final acquittal 01/07/2010 – 30/06/2015	16/11/2016
Small Business Development Corporation	Regional Buy Local Initiative Stage 2 – Final audit 01/07/2016 – 31/12/2016	06/02/2017

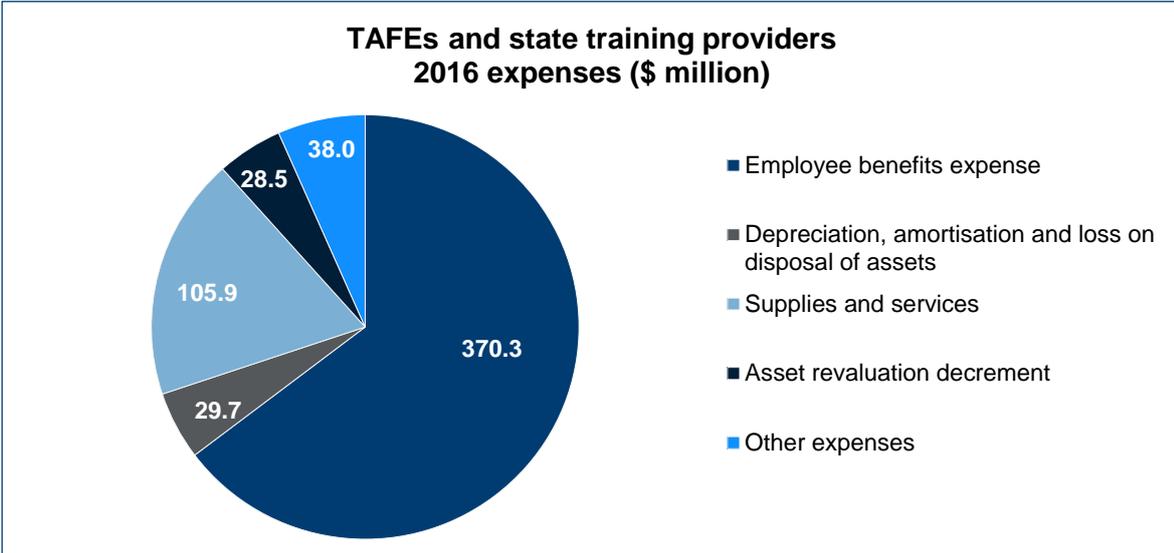
Appendix 3: Universities' and TAFEs' expenditure and sources of revenue

The following breakdown of revenue sources for the past 5 years and details of the main types of revenue and expenditure are provided for the information of Parliament.





Total expenses of universities was \$2,504 million in 2016.



Total expenses of TAFEs and state training providers in 2016 was \$572 million.

Glossary

Agency	Term used to describe clients audited by the Auditor General, including departments, statutory authorities, corporations, subsidiaries, cemetery boards and request audits.
AG Act	<i>Auditor General Act 2006</i>
Clear opinion (or unqualified opinion)	Auditor General's opinion expressed when an audit concludes that in all material respects the financial statements and KPIs are presented fairly in accordance with the enabling legislation of the agency, Australian Accounting Standards (including Australian Accounting Interpretations) and the Treasurer's Instructions.
DTWD	Department of Training and Workforce Development (Western Australian)
EFTSL	Equivalent Full Time Study Load – used by universities as a comparable measure of student enrolments.
Financial audit	Work performed to enable an opinion to be expressed regarding a report about financial or performance matters prepared by the party who is accountable for the financial transactions or the performance summary.
FM Act	<i>Financial Management Act 2006</i>
IS	Information systems, primarily computerised systems.
KPI	Key performance indicator – information about service performance or outcome achievement.
Management letter	Letter to agency management that conveys significant audit findings and results of the audit. A copy is also sent to the responsible Minister.
Materiality	Magnitude of an omission or misstatement of accounting or performance information that, in the light of context or circumstances, makes it probable that the judgement of a reasonable person relying on the information would have been changed or influenced.
OBM	Outcome based management
Qualified opinion	Auditor General's opinion expressed when an audit identifies that the financial statements or KPIs are likely to be misleading to users, controls were inadequate, there was material conflict between applicable financial reporting frameworks, or an unavoidable limitation on audit work.
Significance	Relative importance in the circumstances, in relation to audit objectives, of an item, event or information, or problem the auditor identifies.
STP	State training providers, restructured as TAFE colleges in April 2016.
TAFEs	TAFEs from April 2016, previously state training providers. An acronym for technical and further education but now used as name for colleges providing vocational education and training.
Treasurer's Instructions	Prescribed requirements at a minimum level with respect to financial administration that have the force of law and must be observed by public sector agencies under the FM Act.
VET	Vocational education and training

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- UWA Accommodation Services Pty Ltd, 10, 27
- UWA Sport Pty Ltd, 10, 27

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6	Opinions on Ministerial Notifications	13 April 2017
5	Accuracy of WA Health's Activity Based Funding Data	11 April 2017
4	Controls Over Purchasing Cards	11 April 2017
3	Tender Processes and Contract Extensions	11 April 2017
2	Opinion on Ministerial Notification	6 April 2017
1	Opinion on Ministerial Notification	30 March 2017

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