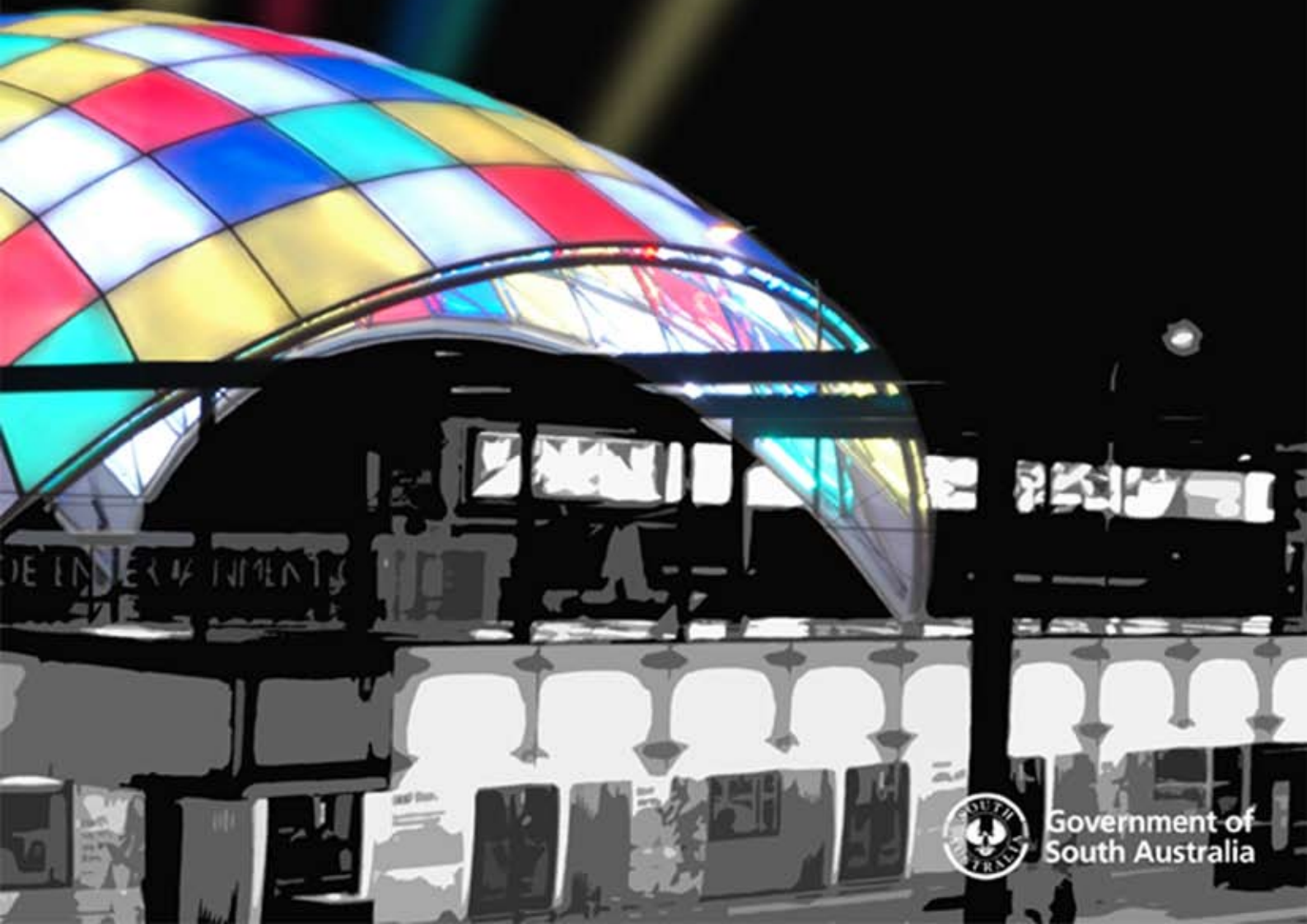


Annual report on the operations of the
Auditor-General's Department
for the year ended 30 June 2011



Government of
South Australia

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2010-11 highlights

Governance

We progressed implementation of our Corporate and Human Resources Strategic Plans for the 2009-10 to 2011-12 planning period (see pages 7 to 15)

We surveyed our staff and their responses helped us to develop our 2011-12 annual plan (see page 14)

We started to develop new protocols for contract audit negotiation and administration (see page 14 to 15)

We launched a new framework for the consistent development and management of our corporate and operational policies and began to update existing policies (see page 15)

Reports

The Annual Report of the Auditor-General for the year ended 30 June 2010 was presented to Parliament

We improved the readability of the Auditor-General's Annual Audit Report to Parliament and standardised the format of management letter reporting to agencies (see page 9)

Audits

147 independent auditor's reports were issued, 11 of them qualified (see page 8)

Audit methodology

We successfully implemented a new audit methodology (IPSAM), supported by extensive in-house developed training programs, manuals, policies and guidance (see page 7)

Quality control

12 audit files were subject to peer review to ensure the audits met our quality standards. The results were communicated to staff (see page 9)

Public interest reviews

We maintained our focus on matters of public interest albeit limited because of our priority resource focus to the implementation of the new IPSAM audit methodology. (see pages 8 to 9)

We have increased our internal capacity for this type of work from 2011-12 onwards (see page 9)

Recruitment

We recruited 10 graduates (see page 13)

Retention

Employee turnover fell to 10 percent (see page 13)

Developing our people

We delivered a comprehensive professional development program with a particular focus on the new audit methodology (see page 11 to 12)

We developed a new framework for professional development which will be implemented next year (see page 13)

Financial management

We operated within budget (see page 18)

We developed a new financial management compliance program to assess our financial management performance (see pages 19 to 20)

Our most significant achievement this year has been delivering the planned implementation of a new audit methodology

Auditor-General's report

'In 2010-11 we successfully implemented a new audit methodology in a project that affected the whole organisation'

This annual report on the operations of the Auditor-General's Department summarises our performance, achievements and corporate governance in 2010-11.

This has been a year of significant change. For some time we have been working towards the implementation of a new auditing methodology and associated software, and it was launched across the Department in 2010-11.

Never have we been better prepared for a project of this significance, which took comprehensive planning, preparation and project management and focused organisational effort to achieve. Through a carefully constructed change management program we have navigated a period of change that affected every area of our operations. Our auditing methodology and associated software underpins systems and processes across the Department, from role descriptions and staff progression and development processes, to corporate systems and IT infrastructure. I am pleased to say that having nearly reached the end of the first full cycle of implementation, we can count this project as one of the major successes of the past few years.

Change of this magnitude is never easy and yet my staff have remained positive and focused. I would like to acknowledge their resilience and willingness to adapt. I also commend the technical team that lead this project and continue to provide excellent support to everyone affected. I appreciate their commitment to the project's success.

This major project limited our attention to our vision to increase our review and reporting focus on matters of public interest. That said we were able to maintain momentum in this area through a dedicated review team and look forward to increasing our capacity for this interesting and varied part of our work next year.

Staff turnover fell to 10 percent this year, and along with some very positive feedback we received through a staff survey it confirms that we have created a workplace that encourages people to stay. Our strength as a provider of learning and development opportunities to our accounting and auditing professionals was recognised nationally when we were acknowledged by CPA Australia as a knowledge partner during the year.

I have a team of staff who are dedicated to making a positive difference to public sector accountability and they work diligently towards this goal. I am very proud of what we have been able to achieve by working together.



Simon O'Neill
Auditor-General

Key operational statistics

Activity indicators

Employees (FTEs) at 30 June 2011	112
Number of audits at 30 June 2011	155
Independent Auditor's Reports issued in 2010-11	147

Financial indicators

	2010-11	2009-10	2008-09
	\$000	\$000	\$000
Total audit fees raised	12 549	12 072	10 440
Net cost of providing services	13 678	13 401	11 636
Total assets	3 122	3 164	2 902
Total liabilities	3 856	3 788	3 458

Reports presented to Parliament in the last three years

Date presented	Report title
8 February 2011	Report of the Auditor-General - Supplementary report: Agency audit reports: February 2011
24 November 2010	Report of the Auditor-General - Supplementary report: Part C State finances and related matters: November 2010
11 November 2010	Annual report on the operations of the Auditor-General's Department for the year ended 30 June 2010
30 September 2010	Report of the Auditor-General - Annual report for the year ended 30 June 2010 - Part A: Audit overview and Part B: Agency audit reports
2 December 2009	Report of the Auditor-General - Supplementary report: Agency audit report and a matter of specific audit comment
1 December 2009	Annual report on the operations of the Auditor-General's Department for the year ended 30 June 2009
13 October 2009	Report of the Auditor-General – Annual report for the year ended 30 June 2009 - Part A: Audit overview, Part B: Agency audit reports and Part C: State finances and related matters – Some audit observations
2 June 2009	Report of the Auditor-General - Supplementary report: Agency audit reports and a matter of specific audit comment
25 November 2008	Report of the Auditor-General - Supplementary report: Agency audit report
28 October 2008	Annual report on the operations of the Auditor-General's Department for the year ended 30 June 2008
14 October 2008	Report of the Auditor-General – Annual report for the year ended 30 June 2008 - Part A: Audit overview, Part B: Agency audit reports and Part C: State finances and related matters – some audit observations

What we do

‘We contribute to the financial integrity of the South Australian Government on behalf of the Parliament and the people of South Australia’

The Auditor-General

The Auditor-General makes an important contribution to public sector accountability by providing independent assurance to the Parliament that government activities are conducted and accounted for properly and in accordance with the law.

The Auditor-General’s responsibilities are to:

- conduct and report on financial report and controls audits of the accounts and operations of the Treasurer and public sector agencies
- conduct and report on special audits relating to matters of accountability and probity
- examine issues referred by whistleblowers and other members of the community
- examine publicly funded bodies at the request of the Treasurer
- review and report on summaries of confidential government contracts at the request of a Minister
- lead the Auditor-General’s Department as its chief executive.

The agencies we audit

The Auditor-General is the prescribed auditor of 155 public sector agencies. They are listed in Appendix D.

The legislation

Principal legislation

The Auditor-General is appointed by Parliament under the *Public Finance and Audit Act 1987* (the PFAA). The PFAA is part of the important accountability link between the Executive Government, the Parliament and the taxpayers of South Australia. As well as establishing the Auditor-General’s mandate, it prescribes the financial reporting obligations of the Treasurer and public sector agencies.

Other legislation

There are provisions in other Acts that have a direct influence on the Auditor-General and the Department. These include statutes appointing the Auditor-General to audit public sector agencies, legislation covering special Commonwealth and State financial arrangements, and State legislation such as Supply Acts, Appropriation Acts, the Public Corporations Act and the Whistleblowers Protection Act.

Our Annual Report

The Annual Report of the Auditor-General is the main communication between the Auditor-General and the Parliament. It comprises:

- Part A: Audit overview – commentary on financial management, accounting and control matters within the public sector.
- Part B: Agency audit reports – commentary on significant issues of administration, financial management and control in individual public authorities, together with their financial statements, the Auditor-General’s independent auditor’s reports and the Treasurer’s Statements.
- Part C: The State finances and related matters – commentary on the public finances of the State, including the past year’s budgeted and actual results, forecasts and debt and cash management.

The Department

The Auditor-General’s Department is an administrative unit established under the *Public Sector Act 2009* to support the work of the Auditor-General.

The Department’s two main operational areas are auditing services and corporate services, shown in our organisation charts in Appendix A.

Our vision, mission and values

‘Our vision, mission and values underpin what we do’

Our vision

Effectively change our audit practice to increase and improve reporting to the Parliament on matters of public interest

Our mission

Improving public sector accountability through our annual audits of government agencies covering financial reporting, controls and matters of public interest

Corporate objectives

Corporate objective 1

Conducting and reporting on audits, public interest reviews and investigations

Corporate objective 2

Contributing to public sector developments and improving professional relationships

Corporate objective 3

Attracting and keeping highly skilled and committed people

Corporate objective 4

Running an effective business

Our values

Our values strongly shape and influence the way we work and manage our business. They underpin our commitment to delivering the highest quality service

Integrity

Honest, ethical and professional behaviour

Independence

Being independent, impartial and fair

Innovation

Encouraging new ideas and thinking

Respect

Valuing diversity, open communication and collaboration

Quality

Being relevant and using sound methods, good judgment and diligence

Accountability

Transparent decision making and taking responsibility



Our challenges in 2010-11

‘Our planning and our work must address the challenges we face and take advantage of new opportunities as they arise’

During the year we met our major challenges by:

- completing the project to implement a new auditing methodology and associated software
- maintaining as much focus on public interest reviews as was possible given the priority we had to give to the auditing methodology project
- continuing to manage the audit impact of new and ongoing major policy, administrative and service delivery reforms in Government including:
 - the continued implementation of the shared services delivery model for the public sector
 - major infrastructure procurement processes
 - information technology developments
- keeping staff turnover low

And looking ahead

While not all of the challenges we will face can be predicted, next year we expect to be challenged to:

- look for ways to use our new auditing methodology to make efficiency gains in the audit process
- respond to the impact of new and ongoing administrative reforms in government
- continue our focus on increased review and reporting of public interest matters
- keep our staff and give them interesting work to do
- develop our corporate plan for the next triennial planning period

Corporate objective 1

*‘Conducting and reporting on audits,
public interest reviews and investigations’*

Key targets

- implementing a new auditing methodology and associated software
- issuing independent audit and controls opinions for all public sector agencies
- maintaining capacity to conduct public interest reviews
- keeping pace with major public sector developments
- quality assurance through self-evaluation
- improving the way we report

Our performance in 2010-11

Implementing a new auditing methodology

After extensive research, testing and planning our new audit methodology IPSAM – the Integrated Public Sector Audit Methodology developed by the Victorian and Queensland state audit offices – was launched this year.

IPSAM is widely used by public sector audit offices across Australia. It has the benefit of being specifically developed for public sector use. The involvement of a number of audit offices provides us with a long term commitment to the product and its development and the opportunity for knowledge sharing between jurisdictions. There are also technical benefits in terms of improved backup and file access functionality. The IPSAM audit approach is flexible and there will be opportunities to achieve efficiencies in the audit process in the future.

Having put in place the infrastructure, policies and guidance needed to support the auditing methodology and associated software, the implementation phase was resource intensive but relatively smooth. Our implementation plan delivered:

- a skills strategy to ensure extensive training was provided at the outset
- a communication strategy to ensure information was given when and where it was needed
- an impact strategy to manage the way our business and our people were affected.

Overall we believe the Department successfully managed the implementation of IPSAM.

A staff survey was conducted in May 2011 and feedback on the IPSAM implementation was positive, especially in relation to the quality of training, communication processes during transition and the benefits of the new centralised audit file management process.

Not surprisingly when asked about the challenges of implementing IPSAM most people commented on the increased time and effort it has taken. This was expected in the first year of implementation, and we planned for this impact by removing public interest review responsibilities from field audit portfolios this year. This enabled teams to priority focus on getting the new audit process right. In this way we were able to complete all audit work within planned timeframes.

Issuing independent audit and controls opinions

Five audit directorates are directly engaged in work to discharge the Auditor-General’s audit mandate. They are made up of 16 field audit teams, an information technology audit section and a public interest review team.

We issued **147** independent auditor’s reports in 2010-11, most for agencies with financial years ending on 30 June 2010 or 31 December 2010. **1** related to an earlier year.

One measure of our audit performance is the time it takes us to issue an audit opinion to our clients, although delays can occur for many reasons that are outside of our control. The table below shows a slight improvement in our timeliness in 2010-11.

Table: Audit activity output measures for the three years to 30 June 2011

	2010-11	2009-10	2008-09
Number of independent auditor’s reports issued	147	170	176
Number of qualified audit opinions issued	11	24	25
Average working days between an agency’s end of financial year and issuing an Independent Auditor’s Report	84	91	*115

** When environmental management was restructured by the Government in 2005-06, the Auditor-General was appointed to audit an additional 82 boards during the transitional period. Only a small number of these Boards continue in existence today, but all experienced major delays in preparing and submitting financial statements for audit. These delays had a residual impact on the average time taken to issue IAR’s in 2008-09. Without the impact of these Boards, the average time taken to issue an opinion in 2008-09 would have been 103 working days.*

Also relevant to understanding how we have performed is the number of hours we commit to audits and the fees paid to contract auditors. This is best measured by audit year rather than financial year. An audit year generally runs from 1 November to 31 October, because an audit finishes when an opinion is issued for financial reports usually prepared as at 30 June.

The actual hours charged and fees paid to contract auditors for financial report and controls opinion audits for the past three audit years are shown in the table below. These hours and fees are recovered from public sector agencies and provide a measure of the resources we commit to undertaking the audits of public sector agency audits.

Table: Hours charged to audits and fees paid to contract auditors for the past three completed audit years

	2009-10 audits	2008-09 audits	2007-08 audits
Conduct of audits	87 300	84 500	83 200
Management of audits	10 000	10 400	10 000
Total hours charged	97 300	94 900	93 200
Contract audit fees	\$1 783 000	\$1 907 000	\$1 003 000

Maintaining capacity to conduct public interest reviews

All public interest review (PIR) work is directed by the Auditor-General. It is undertaken by staff working in the PIR team, the information technology audit team or field audit depending on the nature and scope of the review. Our PIR strategy requires careful consideration of strategic factors like staffing structure, audit product mix and the competing demands of our statutory audit mandate.

In 2009-10 we advanced towards our goal of increasing and improving our review and reporting focus on PIRs, in part by giving field audit teams more time for PIR work. This year we had to put that strategy on hold to give our field teams the time they needed to implement IPSAM. The planned introduction of a new performance audit methodology was also delayed and will now be implemented for trial in the latter part of 2011-12. Despite this we were able to maintain focus on PIR work, and we have increased internal capacity of the PIR team from 3 to 4 senior auditors effective 2011-12.

Some of the areas of government activity that were subject to either ongoing or new review focus were:

- ICT developments, particularly in the health sector
- e-commerce and e-Procurement
- whole-of-government telecommunications arrangements
- public private partnerships.

Review outcomes are reported to Parliament either in the annual report of the Auditor-General or included in a separate supplementary report.

Keeping pace with major public sector developments

Shared services

The Government's shared services initiative has changed the administrative arrangements of some fundamental aspects of public sector operations. The initiative has transferred high volume administrative functions such as payroll, accounts payable, accounts receivable and financial reporting to a central service provider, Shared Services SA (SSSA). Last year saw the completion of the financial reporting transition, which had a notable impact on the audit of agency financial reports and key financial reconciliations in 2010-11. Once again additional audit review requirements had to be established and communication protocols with SSSA revisited. An internal workgroup has been established to coordinate our responses to developments in this area.

Commentary on the shared services initiative is included in the Auditor-General's Annual Audit Report to Parliament.

Quality assurance through self-evaluation

Peer reviews

Ensuring that effective quality control policies and procedures are in place is a professional audit requirement. The Department's peer review program is an independent 'post event' review of audit files to ensure that audits meet quality standards and consistently apply the principles of our audit methodology. 12 audit files that were peer reviewed in 2010-11 using a program that had been modified to take into account our transition to a new methodology. The overall standard of these files was good and importantly demonstrated consistency between the audit evidence gathered during the audit and the conclusions drawn. The results were communicated to senior managers.

Improving the way we report

In 2010-11 we continued to make improvements in the written expression and readability of our reports by:

- providing advanced editorial skills training to corporate services managers to improve the way our internal reports and communications are written
- adopting strategies for improved readability in the Auditor-General's Annual Audit Report to Parliament
- implementing the template we developed last year to improve the consistency and formatting of our management letter communications to agencies.

Corporate objective 2

‘Contributing to public sector developments and improving professional relationships’

Key targets

- engaging with our community on contemporary issues in accounting and auditing
- participating in Australasian Council of Auditors-General (ACAG) committees and forums

Our performance in 2010-11

Engaging with our community

We are active in our professional community and participate in debate on emerging issues in accounting, auditing and the public sector. We dedicate resources to participate in this area and keep our staff up to date with developments in accounting and auditing.

We also maintain our statutory relationship with the Parliament, and the Auditor-General met with the Economic and Finance Committee of Parliament on two occasions this year. We provided feedback on the 2011 model financial statements to the Government Accounting and Reporting branch (GAR) of the Department of Treasury and Finance and liaised with them on emerging issues in accounting, auditing and the public sector.

In addition members of the Executive gave presentations at the Government Accounting Information Forum and Senior Finance Officers meetings arranged by GAR.

Participating in ACAG committees and forums

The Australasian Council of Auditors-General (ACAG) is an association established by Auditors-General in Australia, Fiji, New Zealand and Papua New Guinea and our involvement benefits us by providing strong networks to other audit offices throughout the region. ACAG promotes public sector auditing through the exchange of experiences and information and provides opportunities for members to improve our own effectiveness and efficiency..

In addition to participating in ACAG business meetings, the Auditor-General chairs ACAG’s Financial Reporting and Auditing Committee (FRAC). FRAC provides Auditors-General and ACAG with strategic and technical advice on developments in accounting, financial reporting and financial auditing and develops and coordinates Auditors-General’s responses to Australian and international financial auditing and accounting exposure drafts/discussion papers. During the year FRAC developed and coordinated 15 responses to Australian and international financial auditing and accounting exposure drafts/discussion papers.

In addition members of the Department have actively participated in the following ACAG committees/forums :

- practice management group
- audit quality assurance panel
- universities audits workgroup.

Corporate objective 3

‘Attracting and keeping highly skilled and committed people’

Key targets

- meeting the development needs of our staff
- managing policy to keep pace with legislative reform

Our performance in 2010-11

Meeting the development needs of our staff

Our workforce is highly skilled, with all audit and many corporate services staff holding or working towards professional qualifications. CPA and ICAA members receive support with their professional education fees and study leave is provided to staff working towards qualifications related to their work.

We invest in continuing professional development to help our staff maintain their technical knowledge and improve their performance, abilities and skills. Most training is planned and conducted through the Department’s annual professional development program. Training needs are identified through consultation with Executive and staff, the performance review and development process, staff surveys and informal feedback.

A major project was undertaken this year to develop the change management program for IPSAM implementation. Essential to the plan was the identification of training needs required to support the implementation of IPSAM that needed to be included in the 2010-11 professional development program. As a consequence the 2010-11 professional development program had a significant focus on training to support the new methodology and software.

Our training and development expenditure for all employees was seven percent of salaries and five percent of total employee expenses, higher than last year because of the extensive training required for the implementation of IPSAM. This focus on methodology training was also responsible for the drop in leadership and management development expenditure this year.

Table: Training and development costs in 2010-11

Training and development	Total cost	% of total employee expenses
Total training and development expenditure	\$530 000	5.2%
Leadership and management development expenditure	\$29 000	0.3%

The focus on IPSAM training this year was intensive. All audit operational staff received IPSAM software and audit methodology tuition through an in-house developed program. Around 3300 hours of training was delivered through this program. Graduate training programs were also revised to reflect the new auditing methodology and associated software.

Other courses delivered through the 2010-11 program covered:

- employee induction
- new clarity auditing standards
- government accounting and taxation updates
- ethics

OUR PERFORMANCE

- change management
- behavioural interviewing
- advanced editing skills
- values, culture and employee engagement training for senior managers.

Staff are also supported to attend external courses, conferences and seminars that are relevant to their development.

Appendix E has the full details of the courses attended by our staff this year.

CPA recognised employer status

The Department has a long standing relationship with CPA Australia, and this year became the first organisation in South Australia to achieve CPA Australia's recognised employer status. The recognised employer program formally recognises organisations that provide learning and development at best practice standards. Through a rigorous assessment process we demonstrated our commitment to the professional development of our accounting and auditing professionals to the required level. This gives us a distinct recruitment advantage in being able to promote our status as a recognised knowledge partner, and our staff are rewarded with simplified requirements for meeting their continuing professional development obligations with CPA Australia.

We are very proud of achieving a status that is so highly regarded by our professional community.

Managing policy to keep pace with legislative reform

The commencement of the *Public sector Act 2009* significantly changed the way the public sector is managed, by providing a set of governing principles within which chief executives can develop policies and practices that are responsive to the needs of their agencies. While transitional arrangements have been in place since the legislation was passed, we needed to review and update our extensive suite of human resources policies to reflect this modern employment framework.

This significant package of work commenced in 2010-11 and we made good progress through the year to redraft our policies and release them for staff consultation. The work will be finished in 2011-12.

Disability action plan

This year we formalised our disability action plan to meet the SA Government's commitment for promoting independence. The plan is aimed at ensuring that people with disabilities can access our information, workplace and services and that we meet legislative requirements for equal opportunity. The action plan has been endorsed and its implementation will continue in 2011-12.

Performance review and development

Our performance review and development (PRD) process has been integral to developing the capabilities of our people since it was launched many years ago. It gives everyone the opportunity for feedback about the quality of their work and their development needs.

Table: PRD review status

Employees who have had:	Percentage of total workforce
A review within the last 12 months	53%
A review older than 12 months	41%
No review	7%

Participation in the PRD process fell in 2010-11 with only half of our workforce having a review performed within the last year. Feedback we sought through a staff survey suggests that we need to improve the way our reviews are documented and tailor the review process for staff who have held their roles for some time. These suggestions are being considered and we aim to improve our performance in this area next year.

Looking ahead to our training needs in 2011-12

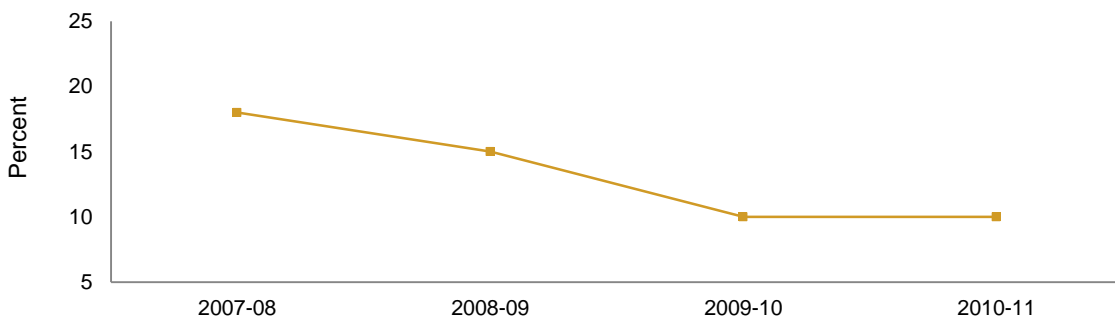
In a major project this year, a new framework for professional development was endorsed for release in 2011-12. It better aligns the training we deliver with our core position competencies, mapping the learning and development activities needed to meet the development objectives for each stage of career. For an auditor this means they will receive a program of technical, personal and management skills training that is tailored to support them through the transition from roles at the base audit analyst level into middle and senior management. Future annual professional development program will be developed using this new framework.

We will also plan to establish induction programs for staff transitioning to each level of field auditor to help them adapt to their changing roles and responsibilities.

Staff recruitment

We continue to maintain close links with Universities and professional accounting organisations, and to explore options to increase the potential pool of applicants for audit positions. Lower turnover in recent years has meant that there are not as many positions to fill each year. Temporary and casual staff are brought in during periods of peak demand.

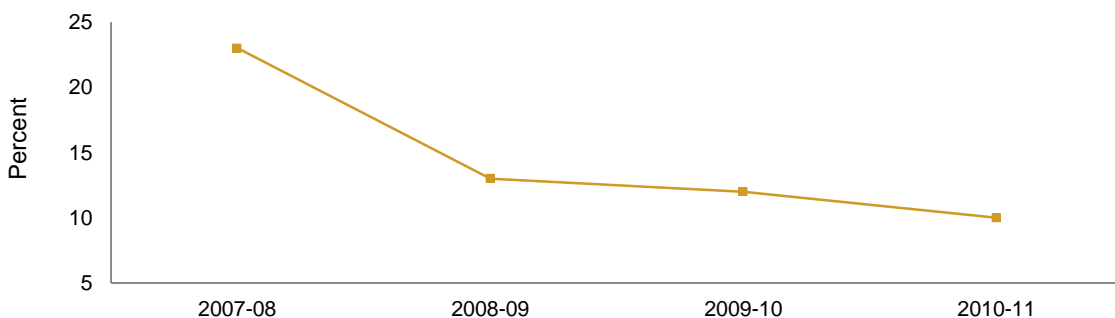
Graph: Graduates appointed in the past four years



Staff turnover

Staff turnover fell to 10 percent in 2010-11. Slow growth in the administrative and finance sectors in South Australia over the past year is likely to have had an impact.

Graph: Employee turnover for the past four years



Appendix B contains additional statistics and more information about the profile of our workforce

Corporate objective 4

'Running an effective business'

Key targets

- maintaining a culture of open communication and consultation with staff
- developing new protocols for contract audit negotiation and administration
- implementing the new policy development framework
- meeting our OHSW targets

Our performance in 2010-11

Open communication and consultation with staff

We seek regular feedback from our staff because we know how important their perceptions and input are to the achievement of our goals.

This year we conducted a 'mini poll' to develop the 2011-12 annual plan, the final plan under our current corporate plan. Only a small number of the usual staff survey questions were included, because to a large extent our course for the coming year is already set. Feedback was sought in key areas where we could find flexibility to change or introduce new strategies based on the strength of responses. We also sought comments on the progress of the IPSAM implementation project as part of our change management strategy, and suggestions for possible future public interest reviews.

Participation in the survey was lower than usual at 63 percent, possibly because of the survey's limited scope. Survey results indicated that most people who responded:

- feel that the Department is committed to developing staff knowledge and skills
- are satisfied with the flexible working arrangements we provide
- are happy with the level of communication from Executive about what is happening in the Department.

However the survey did identify that we could do better in aspects of performance recognition and the PRD process, which will be areas of focus for us in 2011-12.

The survey provided useful insight into the IPSAM project, which will help us in structuring how we manage major organisational change in future. Suggestions for public interest reviews and future training courses were considered during the annual planning process.

Developing new protocols for contract audit negotiation and administration

The Auditor-General contracts a number of audits to the private sector where audit resources or specialist skills are not available internally. \$1.8 million was paid to contract auditors in 2010-11. Towards the end of the year we started work on a new strategic framework for managing our contracting out strategy, covering:

- the establishment of a procurement planning cycle
- needs analysis and developing a procurement strategy
- procurement documentation and standard contracts
- criteria for contractor evaluation and selection
- contract deliverables

- contract management and administration
- integration with internal budget processes
- professional and government requirements.

Work on this strategy will continue in 2011-12.

Implementing the new policy development framework

Last year we developed a formal policy framework for consistency in policy development and review. It was launched in 2010-11, supported by documentation templates for ease of application. A centralised policy index is maintained on the Department's intranet. Through the year around 30 policies were issued under the new framework. The process to align all remaining policies with the framework and identify any gaps where new policies are needed will continue through 2011-12.

Meeting our Occupational Health Safety and Welfare (OHSW) targets

The Department has exempt employer status under Section 60(4) of the *Workers Rehabilitation and Compensation Act 1986*. To maintain this status we must comply with five performance standards for self-insurers.

The Department's OHSW committee develops and monitors compliance with policies and procedures, and drives new initiatives in OHSW. The committee also develops and coordinates delivery of the annual OHSW training program. Membership of the committee comprises management and employee representatives and the Department's OHSW coordinator.

Our OHSW and Injury Management Action Plan sets objectives and actions for each performance standard and the OHSW committee is responsible for implementing the Plan. A quarterly performance report measuring results against key performance targets is prepared. Independent reviews indicate that we have a high level of compliance with these standards.

Our high standard of workplace safety and low level of incidents continued through 2010-11.

Appendix F contains specific data on this.

Our strategic management framework

‘The framework provides a systematic and disciplined approach to planning and managing what we do’

Our strategic management framework provides the structure for planning and managing our audit and corporate responsibilities. It drives how we:

- identify challenges and emerging issues through environmental scanning and staff consultation
- choose the activities that will most benefit our short and long term performance, and plan and allocate the resources needed to get them done
- monitor our progress and measure our performance against what we planned to do.

The key outputs of this cycle are our planning documents:

Corporate and Human Resources Strategic Plans

Establish our vision, mission and values and our intended corporate direction over the longer term – usually three years – expressed as corporate objectives and key strategic actions.

Annual Plans

Translate the broad direction of the Corporate and Human Resources Strategic Plans into specific actions and responsibilities for each year.

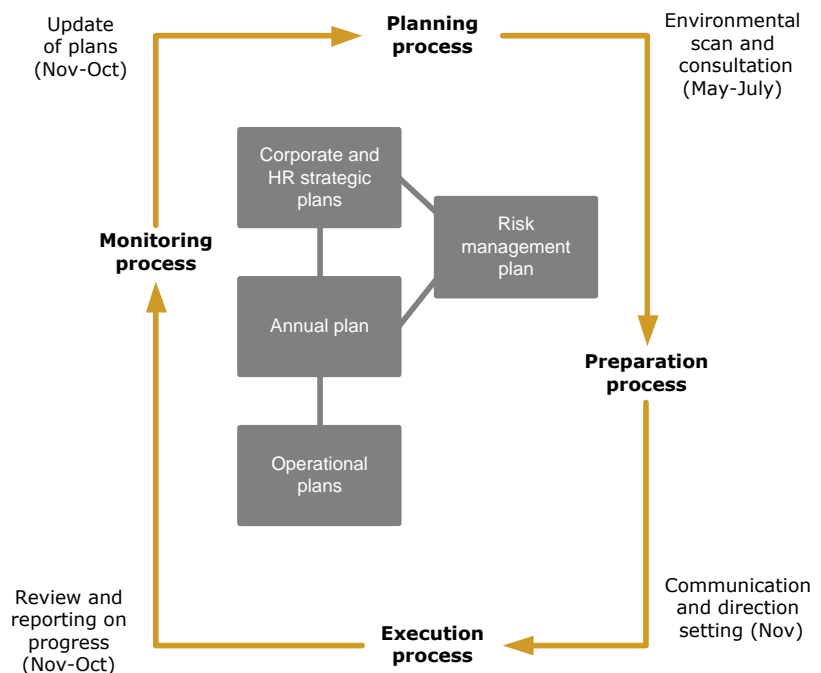
Risk Management Policy and Plan

Identifies risks that may block the achievement of our plans, and opportunities for us to do things better. Describes existing risk control approaches and proposed actions to improve current controls or mitigate emerging risks.

Operational Plans

Prepared by each work team, these detailed work programs translate strategies and actions in the Annual Plan into specific accountabilities and outcomes for each team.

Together these documents are the accountability statements we use to monitor our performance as an organisation. Monthly reports on the status of our planned activities are prepared and communicated to all staff.



Our governance and communication structures

‘Effective corporate governance and good communication are the keys to achieving our vision’

Executive

Comprising the Auditor-General, Deputy Auditor-General and our four Directors of Audits, the Executive is responsible for departmental governance. The Executive meets monthly to oversee: strategic direction; policy setting; organisation structure and resource allocation; business planning; risk management; organisational performance and accountability. Minutes of these meetings are communicated to all staff.

This group also meets weekly to address operational matters that arise between formal Executive meetings. All decisions are formally reported through the Executive meeting. Minutes of these meetings are communicated to all staff.

Senior Management Group

The Senior Management Group is made up of the Executive, Principal Audit Managers and Corporate Managers. Meetings are held at least quarterly to maintain strong communication across the Department and as a forum for consultation on policy and procedural matters as they arise.

Departmental information forums

Involving all staff, these meetings are held at least twice a year to ensure matters of importance to the Department’s operations are communicated effectively to everyone.

Directorate/Section meetings

Each year managers translate strategies in the Corporate Plan into specific accountabilities, actions and outcomes for their work teams. Regular meetings are held between Directors and managers to monitor these plans and discuss local management issues.

Issues raised in these meetings that have a broader departmental implication or cannot be resolved at this level are referred to the Executive.

Appendix G explains our important external relationships

Our financial report

Funding

The Department's operations are funded by appropriations from the Consolidated Account. Special Act funding is received for the Auditor-General's salary.

Budget performance

The Department administers one budget program: Auditing services. This covers all audit responsibilities prescribed under the PFAA under two sub-programs:

- Prescribed audits – annual audits where the Auditor-General is the prescribed auditor
- Special investigations – work associated with:
 - special investigations requested by the Treasurer
 - reviewing summaries of confidential Government contracts at the request of a Minister.

Table: Financial performance for the three years to 30 June 2011

	Budget 2010-11	Actual		
		2010-11	2009-10	2008-09
		\$000	\$000	\$000
Net cost of providing services	13 695	13 678	13 401	11 636
Total audit fees raised	12 529	12 549	12 072	10 440
Total assets	2 865	3 122	3 164	2 902
Total liabilities	3 616	3 856	3 788	3 458

Net cost of providing services

Contract audit fees

\$1.81 million was paid to contract auditors in 2010-11, compared to \$1.98 million last year. A significant proportion of the work done by contractors relates to our extensive audit responsibilities in the health sector.

Consultants

Consultants are sometimes used to provide expert advice on matters associated with an audit or a particular aspect of the Department's operations. Consultancy expenses were \$87 000 in 2010-11 (\$144 000 in 2009-10).

Table: Consultancies in 2010-11

Consultancies	Details	\$'000
Under \$10 000	1 consultancy	2
\$10 000 - \$50 000 KPMG	1 consultancy: <i>Taxation services for the audit of the WorkCover Corporation of South Australia</i>	15
Above \$50 000 KPMG	1 consultancy: <i>Actuarial services for the audit of the WorkCover Corporation of South Australia</i>	70
Total	3 consultancies	87

Payment performance

Treasurer's Instruction 11 'Payment of creditors' accounts' requires undisputed accounts to be paid within 30 days of receiving an invoice unless a specific due date applies. We report monthly to the Department of Treasury and Finance on our payment performance. Our payment performance held steady this year with 98 percent of invoices paid by the due date, again exceeding the Department of Treasury and Finance's benchmark of 90 percent.

Table: Payment performance in 2010-11

Timing of payments	Number	Percentage	Value \$'000	Percentage
Paid by the due date	934	98%	4 404	97%
Paid late, within 30 days of due date	17	2%	148	3%
Paid more than 30 days after due date	2	-	4	-
Total	953	100%	4 556	100%

Audit fees

Audit fees are charged to agencies on a cost recovery basis. This revenue is paid into Consolidated Account and treated as an administered in the Department's financial report.

Fraud management

We aim for a workplace that is free of fraud. Internal controls are in place to either prevent or detect fraud.

Our staff are bound by the Employee Conduct Standards of the *Public Sector Act 2009* and the Code of Ethics for the South Australian public sector. We have a policy on ethical conduct in the workplace that offers protection to genuine whistleblowers who disclose information about suspected illegal or fraudulent activities. We also have a fraud management policy. This year values and culture training was provided to all staff with management responsibilities as a follow-up to the November 2010 update of the policy.

We are not aware of any actual, suspected or alleged incidents of internal fraud affecting the Department in 2010-11.

In recent years the Department has identified instances of suspected fraud by external parties in the taxi industry. In response we initially established comprehensive internal controls to monitor electronic taxi ticket usage. During the year there were further instances of the fraudulent presentation of electronic taxi tickets by external parties. These were investigated and reported to the service provider. In some cases legal action was taken by the service provider on the basis of evidence provided by our staff.

In response the Department has now reverted to using manual taxi vouchers which carry a much lower risk of fraud. No suspected fraud has been identified since this change was made.

Financial management compliance

Treasurer's Instruction 28 'Financial Management Compliance Program' requires Chief Executives to implement effective financial management for accountability and good governance. This year the Department developed a new financial management compliance program to assess the adequacy of its policies, procedures and controls over:

- income

FINANCIAL SUMMARY

- expenditure
- assets and liabilities
- budgeting and reporting
- risks and internal controls

The program requires regular assessments using a financial management compliance checklist to assign performance ratings to each area. A rating system of 1 (not effective) to 5 (highly effective) was used, and all areas received a rating of 3 or above. At level 3 appropriate processes are in place but overarching plans or policies to support these functions are in draft format. These areas will be addressed in 2011-12.

Auditor-General's Department

Statement of Comprehensive Income for the year ended 30 June 2011

	Note	2011 \$'000	2010 \$'000
Expenses:			
Employee expenses	3	9 863	9 462
Supplies and services:	4		
Contractors		1 805	1 980
Office accommodation and service costs		668	599
Computing and network processing costs		231	211
Staff development and training		174	152
Other expenses		147	150
Motor vehicle		154	144
Consultancies		87	144
FBT		57	53
Staff travel and accommodation		53	50
Shared Services SA charges		49	48
Report printing		33	26
Temporary staff		25	21
		3 483	3 578
Depreciation and amortisation		333	328
Net loss from the disposal of non-current assets	5	-	34
Total expenses		13 679	13 402
Income:			
Other income		1	1
Total income		1	1
Net cost of providing services		13 678	13 401
Revenues from (payments to) SA Government:			
Appropriations and contingency provision grant	6	13 568	13 333
Net result		(110)	(68)
Total comprehensive result		(110)	(68)

Net result and total comprehensive result are attributable to the SA Government as owner

**Statement of Financial Position
as at 30 June 2011**

	Note	2011 \$'000	2010 \$'000
Current assets:			
Cash and cash equivalents	7	2 354	2 495
Receivables	8	191	173
Total current assets		<u>2 545</u>	<u>2 668</u>
Non-current assets:			
Computing and office facilities	9	395	413
Intangible assets	10	182	83
Total non-current assets		<u>577</u>	<u>496</u>
Total assets		<u>3 122</u>	<u>3 164</u>
Current liabilities:			
Payables	11	455	349
Cash advance - Imprest account		3	3
Employee benefits	12	852	994
Provision for workers compensation	13	5	4
Total current liabilities		<u>1 315</u>	<u>1 350</u>
Non-current liabilities:			
Payables	11	232	250
Employee benefits	12	2 292	2 174
Provision for workers compensation	13	17	14
Total non-current liabilities		<u>2 541</u>	<u>2 438</u>
Total liabilities		<u>3 856</u>	<u>3 788</u>
Net assets		<u>(734)</u>	<u>(624)</u>
Equity:			
Opening balance - deficit		(624)	(556)
Increase (Decrease) in net assets		(110)	(68)
Total equity		<u>(734)</u>	<u>(624)</u>

Total equity is attributable to the SA Government as owner

Commitments 14

Statement of Changes in Equity for the year ended 30 June 2011

	Retained earnings \$'000	Total \$'000
Balance at 30 June 2009	(556)	(556)
Total comprehensive result for the year 2009-10	(68)	(68)
Balance at 30 June 2010	(624)	(624)
Total comprehensive result for the year 2010-11	(110)	(110)
Balance at 30 June 2011	(734)	(734)

All changes in equity are attributable to the SA Government as owner

Statement of Cash Flows for the year ended 30 June 2011

		2011 Inflows (Outflows) \$'000	2010 Inflows (Outflows) \$'000
Cash flows from operating activities:	Note		
Cash outflows:			
Employee expenses		(9 946)	(9 180)
Supplies and services		(3 735)	(3 912)
Cash inflows:			
Other income		1	1
GST refunds from ATO		385	353
Cash flows from SA Government:			
Appropriations and contingency provision grant	6	13 568	13 333
Net cash provided by (used in) operating activities	15.2	273	595
Cash flows from investing activities:			
Cash outflows:			
Purchase of computing and office facilities	9.2	(257)	(268)
Purchase of intangible assets	10.2	(157)	(61)
Cash provided by (used in) investing activities		(414)	(329)
Net increase (decrease) in cash and cash equivalents held		(141)	266
Cash and cash equivalents at 1 July		2 495	2 229
Cash and cash equivalents at 30 June	7,15.1	2 354	2 495

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of the Auditor-General's Department

The Department's main statutory responsibilities are to audit the public accounts and the accounts of public authorities and to report the results to Parliament in accordance with the requirements of the PFAA.

The Department's sole activity is the provision of auditing services covering all the audit responsibilities prescribed under the PFAA. Within this activity class there are two activities:

Prescribed audits

Includes all audit work to be undertaken for agencies where the Auditor-General is the prescribed auditor and the Department must annually conduct the audit as prescribed by the PFAA. During the year the Department spent \$13.679 million (\$13.402 million) on this activity.

Special investigations

Includes all work defined in the PFAA that is specifically requested by the Parliament, Treasurer or Minister to be undertaken by the Auditor-General. The Auditor-General may be requested to undertake work associated with:

- conducting and reporting on special investigations when requested by the Parliament or Treasurer
- reviewing summary documents of confidential government contracts and reporting on the adequacy of each document as a summary of the contents of the contract when requested to do so by a Minister.

These projects have specific terms of reference requested by the referring party and are treated as a separate subprogram. Consistent with the legislative requirement of audit independence the reports are presented directly to the Parliament. During 2010-11 and 2009-10 the Department incurred no expenditure on this activity.

2. Summary of significant accounting policies**(a) Statement of compliance**

The financial statements are general purpose financial statements that have been prepared in accordance with applicable AASs and TIs and APSs issued pursuant to the PFAA.

The accounts are presented on the accrual basis of accounting using historical cost accounting which does not take into account changing money values.

The financial statements has been prepared based on a 12 month operating cycle and is presented in Australian currency.

Except for the amendments to AASB 2009-12, which the Department has early-adopted, AASs and AASB interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Department for the reporting period ending 30 June 2011.

The Department's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with the historical cost convention.

The Statement of Cash Flows has been prepared on a cash basis.

(b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Department's accounting policies. Areas involving a higher degree of judgement, or where assumption and estimates are significant to the financial statements are outlined in the applicable notes
- compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following note disclosures in these financial statements:
 - (a) Revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature.
 - (b) Employees whose normal remuneration is equal to or greater than the base executive remuneration level and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly to those employees.
 - (c) Expenses incurred as a result of engaging consultants (reported in the Statement of Comprehensive Income).

(c) Reporting entity

The Department produces both departmental and administered financial statements. The Departmental financial statements report on the use of assets, liabilities, income and expenses controlled or incurred by the Department. The administered items financial statements report on the income, expenses, assets and liabilities which the Department administers on behalf of the SA Government but does not control.

(d) Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where a specific APS or AAS has required a change.

Where applicable the comparatives have been restated to assist users understanding of the current reporting period and do not replace the original financial statements for the preceding period.

(e) Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000).

(f) Taxation

The Department is not subject to income tax. The Department is liable for payroll tax, FBT and GST. Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred by the Department on a purchase of goods or services is not recoverable from the ATO it is recognised as part of the cost of acquisition of an asset or as part of an item of expense
- receivables and payables which are stated with the amount of GST included.

The net GST receivable/payable to the ATO has been recognised as a receivable in the Statement of Financial Position.

Cash flows are reported on a gross basis in the Statement of Cash Flows. The GST component of the cash flows arising from investing or financing activities, which are recoverable from, or payable to, the ATO have however been classified as operating cash flows.

(g) Income and expenses

Income and expenses are recognised in the Statement of Comprehensive Income only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

Income and expenses have been classified according to their nature in accordance with APF II, APS 3.5 and have not been offset unless required or permitted by another accounting standard.

The loss on the disposal of non-current assets is recognised when control of the asset has passed to the recipient.

(h) Revenues from (payments to) SA Government

Parliament approved funding appropriations are received for the full accrual cost of services. The appropriation is paid into a Special Deposit Account titled 'Auditor-General's Department Operating Account'. Appropriations for accrued expenses are deposited in a Special Deposit Account in the name of the Auditor-General's Department at DTF titled 'Accrual Appropriation Excess Funds'. Use of the funds requires the approval of the Treasurer. Pursuant to TI 3, paragraph 3.8, this money is deemed to be controlled by the public authority in the name of which the money is recorded.

Administered items are funded by Parliamentary appropriations on a cash basis.

(i) Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature.

The Department has a clearly identifiable operating cycle of 12 months. Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within 12 months after the reporting date have been classified as current. All other assets and liabilities are classified as non-current.

(j) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and deposits held at call.

(k) Receivables

Receivables arise in the normal course of audit services to other agencies. Receivables are generally settled within 14 days after the issue of an invoice.

Prepaid salaries are recognised, and are measured as the amount paid for employee service periods passed the reporting date.

(l) Inventories

Consumable supplies are not recognised in the Statement of Financial Position as the value of these supplies is not considered to be material.

(m) Non-current asset acquisition and recognition

Assets are recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition, less accumulated depreciation.

All non-current physical assets with a value greater than \$2000 are capitalised in accordance with APF III, APSs 2.15 and 2.16.

The acquisition of software is capitalised when the expenditure meets the definition criteria of an intangible asset and when expenditure is greater than or equal to \$2000 in accordance with APF III, APSs 2.15 and 2.16. The Department has no internally generated intangible assets.

(n) Revaluation of non-current assets

The revaluation of non-current assets or group of assets is only performed when its fair value at the time of acquisition is greater than \$1 million and estimated useful life is greater than three years in accordance with APF III, APS 3.3.

All non-current assets with a limited useful life are systematically depreciated over their useful lives.

(o) Depreciation/Amortisation of non-current assets

All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. The useful lives of all major assets are reassessed on an annual basis.

Depreciation/Amortisation for non-current assets is determined as follows:

<i>Class of asset</i>	<i>Depreciation method</i>	<i>Useful life (years)</i>
Computing and office equipment	Straight-line	3
Laptop computer equipment	Straight-line	2
Leasehold improvements	Straight-line	3
Computer software	Straight-line	3

(p) Payables

Payables include employee on-costs, creditors and accrued expenses.

Employee on-costs include superannuation contributions and payroll tax with respect to outstanding liabilities for salaries, long service leave and annual leave.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid. Creditors include all unpaid invoices received relating to the normal 12 month operating cycle.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

All amounts are measured at their nominal amount and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

(q) Employee benefits

Provision has been made for employee benefits liabilities arising from services rendered by employees to balance date in accordance with AASB 119. Employee benefits comprise salaries, annual leave and long service leave.

Salaries

Liabilities for salaries are recognised, and are measured as the amount unpaid at current pay rates in respect of employee service periods up to the reporting date.

Annual leave

Liabilities for annual leave are recognised, and are measured as the amount unpaid at the pay rate at which the liability is expected to be settled in respect of employee service periods up to the reporting date. Annual leave is expected to be paid within 12 months.

Sick leave

No liability is recognised, as all sick leave is non-vesting and the average sick leave taken by employees is considered to be taken from the current year's accrual, as it is estimated to be less than the annual entitlement for sick leave.

Long service leave

Long service leave is recognised on a pro-rata basis for the employee service periods up to the reporting date. DTF has advised that a benchmark of five years service can be used for a shorthand estimation of long service leave liability in accordance with the provisions of AASB 119. This advice has been adopted and the long service leave liability as at 30 June 2011 has been calculated at nominal amounts based on current salary rates for employees with five or more years service.

The long service leave to be taken in the 12 months to 30 June 2012 has been estimated by adding the estimated termination payments in this period to the estimated long service leave to be taken by ongoing employees in the 12 months (based on previous years' experience). The basis of calculation is similar to that used in previous years.

Superannuation

Contributions are paid to several superannuation schemes operated by the SA Government and are treated as an expense when they occur. The liability for payments to beneficiaries is assumed by the South Australian Superannuation Board. The liability outstanding at the reporting date for any contributions due but not yet paid to the South Australian Superannuation Board is included in payables.

(r) Provisions

The workers compensation provision is an actuarial estimate of the outstanding liability at 30 June 2011 provided by a consulting actuary engaged through the Public Sector Workforce Relations Division of DPC. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

The Department is responsible for the payment of workers compensation claims.

(s) Leases

The Department has entered into two operating leases. The two leases are for office accommodation and motor vehicles.

Operating leases

Under the operating leases, the lessor effectively retains the entire risks and benefits incidental to ownership of the leased items.

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis which is representative of the benefits derived from the leased assets.

(t) Events after the end of the reporting period

There have been no events subsequent to 30 June 2011 that have had a material impact on the information disclosed in these financial statements.

3. Employee expenses	2011	2010
Employee benefits:	\$'000	\$'000
Salaries	7 464	7 105
Annual leave	703	657
Long service leave	331	334
Total employee benefits	<u>8 498</u>	<u>8 096</u>
Employee on costs:		
Superannuation	877	896
Payroll tax	482	464
Total employee on-costs	<u>1 359</u>	<u>1 360</u>
Workers compensation	6	6
Total employee expenses	<u>9 863</u>	<u>9 462</u>

4. Supplies and services provided by entities within SA Government	2011	2010
	\$'000	\$'000
Office accommodation and service costs	661	597
Staff development and training	1	2
Other expenses	49	46
Motor vehicle	111	104
Shared Services SA charges	50	48
Total supplies and services provided by entities within SA Government	872	797

5. Net loss from the disposal of non-current assets		
Net book value of non-current assets disposed	-	34
Total net loss from disposal of non-current assets	-	34

No proceeds were received from the disposal of non-current assets.

6. Funding of the Department

Appropriations to the Department in 2010-11 amounted to \$13.561 million (\$13.221 million) and there was a contingency provision grant of \$7000 (\$112 000).

Appropriations under Special Acts are reported under administered items.

7. Cash and cash equivalents

Deposits with the Treasurer	2 351	2 492
Imprest account and cash on hand	3	3
Total cash and cash equivalents	2 354	2 495

Deposits with the Treasurer

These include funds held in the Accrual Appropriation Excess Funds Account. The balance of these funds is not available for general use, ie funds can only be used in accordance with the Treasurer's/Under Treasurer's approval.

Interest rate risk

Deposits with the Treasurer are non-interest bearing for the Department. The Department's only interest bearing asset is an Imprest Account and the exposure to interest rate risk is insignificant.

The weighted average interest rate for the Imprest account was 4.55 percent (3.51 percent).

The carrying amounts of cash and cash equivalents represents fair value.

8. Receivables	2011	2010
Current:	\$'000	\$'000
GST input tax recoverable	151	163
Prepayments - salaries	30	-
Other	10	10
Total current	191	173

The current receivable amounts are with non-SA Government entities.

Interest rate and credit risk

GST input tax credits are recoverable from the ATO and as such there is no interest rate or credit risk and the carrying amount represents fair value. With respect to the other receivables (prepayments - salaries and other) there is no interest rate risk and the carrying amount represents fair value. The credit risk associated with these other receivables are insignificant.

9. Computing and office facilities

9.1 *Classes of computing and office facilities*

Computing and office equipment - at cost	593	533
Accumulated depreciation	(459)	(414)
	134	119
Laptop computer equipment - at cost	442	334
Accumulated depreciation	(269)	(137)
	173	197
Leasehold improvements - at cost	562	497
Accumulated depreciation	(474)	(400)
	88	97
	395	413

There were no indications of impairment of non-current assets at 30 June 2011.

9.2 <i>Reconciliation of carrying amount</i>	Carrying amount				Carrying amount
	01.07.10	Additions	Disposals	Depreciation	30.06.11
Computing and office equipment	119	84	-	69	134
Laptop computer equipment	197	108	-	132	173
Leasehold improvements	97	65	-	74	88
Total computing and office facilities	413	257	-	275	395

	Carrying amount				Carrying amount
	01.07.09	Additions	Disposals	Depreciation	30.06.10
Computing and office equipment	162	32	-	75	119
Laptop computer equipment	170	183	34	122	197
Leasehold improvements	157	53	-	113	97
Total computing and office facilities	489	268	34	310	413

10. Intangible assets	2011	2010
10.1 <i>Classes of intangible assets</i>	\$'000	\$'000
Computer software - at cost	698	610
Accumulated amortisation	(516)	(527)
	182	83

There were no indications of impairment of non-current assets at 30 June 2011.

10.2 <i>Reconciliation of carrying amount</i>	Carrying amount				Carrying amount
	01.07.10	Additions	Disposals	Amortisation	30.06.11
Computer software	83	157	-	58	182
Total intangible assets	83	157	-	58	182

	Carrying amount				Carrying amount
	01.07.09	Additions	Disposals	Amortisation	30.06.10
Computer software	40	61	-	18	83
Total intangible assets	40	61	-	18	83

11. Payables	2011	2010
Current:	\$'000	\$'000
Employee on-costs	207	222
Creditors	246	124
Accrued expenses	2	3
Total current	455	349

Non-current:		
Employee on-costs	232	250
Total non-current	232	250
Total payables	687	599

Payables to entities within the SA Government	269	256
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Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. All payables are non-interest bearing. The carrying amount of payables approximates fair value due to the amounts being payable on demand.

12. Employee benefits	2011	2010
Current:	\$'000	\$'000
Salaries	-	202
Annual leave	598	528
Long service leave	254	264
Total current	852	994

12. Employee benefits (continued)	2011	2010
Non-current:	\$'000	\$'000
Long service leave	2 292	2 174
Total non-current	2 292	2 174
Total employee benefits	3 144	3 168
13. Provision for workers compensation		
Current:		
Provision for workers compensation	5	4
Total current	5	4
Non-current:		
Provision for workers compensation	17	14
Total non-current	17	14
Total provision	22	18
Carrying amount at 1 July	18	16
Workers compensation payments	-	(1)
Increase (Decrease) in provision	4	3
Carrying amount at 30 June	22	18

The workers compensation provision is based on an actuarial assessment provided by the Public Sector Workforce Relations Division of DPC.

14. Commitments

Operating lease commitments

The Department's operating leases are for the leasing of office accommodation and motor vehicles.

Office accommodation

Office accommodation is leased from the Building Management Division of the Department for Transport, Energy and Infrastructure. The lease expires on 30 June 2015. The rental amount is based on floor space, with the rental rate reviewable by Department for Transport, Energy and Infrastructure every two years.

Motor vehicles

Motor vehicles are leased from the Fleet SA business unit of DTF. The vehicles are leased for a specified time period or a specified number of kilometres, whichever occurs first. The lease rate is determined according to the type of vehicle being leased and the number of months of the lease period. The lease rates are reviewed annually by Fleet SA.

At the reporting date the Department had the following obligations under non-cancellable operating leases (these obligations have not been recognised as liabilities):	2011	2010
	\$'000	\$'000
Not later than one year	699	660
Later than one year but not later than five years	1 884	2 443
Total operating lease commitments as lessee	2 583	3 103

Remuneration commitments

At the reporting date the Department had commitments for the payment of salaries and other remuneration under fixed-term employment contracts (these obligations have not been recognised as liabilities):

Not later than one year	703	1 000
Later than one year but not later than five years	509	1 191
Total remuneration commitments	1 212	2 191

Amounts disclosed include commitments arising from executive and employee contracts under fixed-term employment. The Department does not offer fixed term employment contracts to executives and employees for periods greater than five years.

15. Cash flow reconciliations	2011	2010
15.1 Reconciliation of cash and cash equivalents	\$'000	\$'000
Cash and cash equivalents at 30 June per:		
Statement of Financial Position	2 354	2 495
Statement of Cash Flows	2 354	2 495

15.2 Reconciliation of net cost of providing services to net cash provided by (used in) operating activities	2011	2010
	\$'000	\$'000
Net cost of providing services	(13 678)	(13 401)
Net cash flows from government	13 568	13 333
Depreciation and amortisation	333	328
Decrease (Increase) in receivables	(18)	(29)
Increase (Decrease) in employee benefits	(24)	243
Increase (Decrease) in provision for workers compensation	4	2
Increase (Decrease) in payables	88	85
Loss on disposal of non-current assets	-	34
Net cash provided by (used in) operating activities	<u>273</u>	<u>595</u>

16. Remuneration of employees	2011	2010
The number of employees whose normal remuneration is equal to or greater than the base executive remuneration level during the year are grouped within the following bands:	Number of executives	Number of executives
\$170 700 - \$180 699	-	2
\$180 700 - \$190 699	1	2
\$190 700 - \$200 699	2	1
\$200 700 - \$210 699	1	-
\$210 700 - \$220 699	1	-
\$350 700 - \$360 699	-	1
\$380 700 - \$390 699	1	-
Total number of employees	<u>6</u>	<u>6</u>

The table includes all employees whose normal remuneration is equal to or greater than the base executive remuneration level during the year. Total remuneration received or receivable by these employees was \$1.372 million (\$1.29 million).

The employee remuneration figures detailed above include employee remuneration recorded in both the Department's financial statements and in the administered financial statements of the Department.

Accounting policy change

In accordance with the revised APF II, the Department has changed its accounting policy and now discloses all employees whose normal remuneration is equal to or greater than the base executive remuneration level during the year rather than all employees whose normal remuneration is equal to or greater than \$100 000. The impact of this change is the number of employees disclosed has reduced by 24 (16) and the total remuneration received or receivable by these employees has reduced by \$2.705 million (\$1.74 million).

17. Remuneration of auditor	2011	2010
	\$'000	\$'000
Remuneration for audit of financial statements	10	9
Remuneration for other services	-	-
	<u>10</u>	<u>9</u>

18. Financial instruments
Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in note 2.

	Carrying amount	
	2011	2010
	\$'000	\$'000
Financial assets		
Cash and cash equivalents	2 354	2 495
Receivables*	10	10
Financial liabilities		
Payables	687	599
Cash advance - Imprest account	3	3

* Receivables amounts disclosed exclude amounts relating to statutory receivables where rights or obligations have their source in legislation such as the GST.

Statement of Administered Comprehensive Income for the year ended 30 June 2011

	Note	2011 \$'000	2010 \$'000
Expenses:			
Employee expenses		318	302
Amounts paid/payable to Consolidated Account		12 549	12 072
Total expenses		<u>12 867</u>	<u>12 374</u>
Income:			
Fees for audit services		12 549	12 072
Appropriation - Special Acts	A2.2	280	251
Total income		<u>12 829</u>	<u>12 323</u>
Net result		<u>(38)</u>	<u>(51)</u>
Total comprehensive result		<u>(38)</u>	<u>(51)</u>

Net result and total comprehensive result are attributable to the SA Government as owner

Statement of Administered Financial Position as at 30 June 2011

	Note	2011 \$'000	2010 \$'000
Current assets:			
Cash and cash equivalents	A4.1	558	500
Receivables		1 149	193
Total assets		<u>1 707</u>	<u>693</u>
Current liabilities:			
Employee benefits	A3	131	127
Amounts payable to Consolidated Account		1 101	208
GST payable		438	306
Total current liabilities		<u>1 670</u>	<u>641</u>
Non-current liabilities:			
Employee benefits	A3	364	341
Total non-current liabilities		<u>364</u>	<u>341</u>
Total liabilities		<u>2 034</u>	<u>982</u>
Net assets		<u>(327)</u>	<u>(289)</u>
Equity:			
Opening balance - deficit		(289)	(238)
Increase (Decrease) in net assets		(38)	(51)
Total equity		<u>(327)</u>	<u>(289)</u>

Total administered equity is attributable to the SA Government as owner

Statement of Administered Changes in Equity for the year ended 30 June 2011

	Retained earnings \$'000	Total \$'000
Balance at 30 June 2009	(238)	(238)
Total comprehensive result for the year 2009-10	(51)	(51)
Balance at 30 June 2010	(289)	(289)
Total comprehensive result for the year 2010-11	(38)	(38)
Balance at 30 June 2011	(327)	(327)

All changes in equity are attributable to the SA Government as owner

Statement of Administered Cash Flows for the year ended 30 June 2011

		2011 Inflows (Outflows) \$'000	2010 Inflows (Outflows) \$'000
Cash flows from operating activities:	Note		
Cash outflows:			
Employee expenses		(292)	(272)
Amounts paid to Consolidated Account		(11 656)	(13 761)
GST paid to ATO		(1 123)	(1 137)
Cash inflows:			
Fees for audit services	A2.1	12 849	15 123
Cash flows from SA Government:			
Appropriations - Special Acts		280	251
Net cash provided by (used in) operating activities	A4.2	58	204
Net increase (decrease) in cash and cash equivalents held		58	204
Cash and cash equivalents at 1 July		500	296
Cash and cash equivalents at 30 June	A4.1	558	500

NOTES TO AND FORMING PART OF THE ADMINISTERED FINANCIAL STATEMENTS

A1. Statement of significant accounting policies

The summary of all significant accounting policies for the Auditor-General's Department are contained in note 2. The policies outlined in note 2 apply to both the Department and the administered financial statements.

A2. Administered items

A2.1 Auditing fees

Section 39 of the PFAA provides for the levying of fees for audit services provided by the Department. These are paid into the Consolidated Account.

	2011 \$'000	2010 \$'000
Fees outstanding at 1 July	193	2 036
Billings (including GST)	13 804	13 280
	13 997	15 316
Receipts (including GST)	12 849	15 123
Fees outstanding at 30 June	1 148	193

At 30 June, the value of audit work in progress was \$6.328 million (\$5.783 million). The Department is of the opinion that this amount is recoverable.

Interest rate and credit risk

Receivables are normally settled within 14 days and are all non-interest bearing. It is not anticipated that counterparties will fail to discharge their obligations and there is no concentration of credit risk. The carrying amount of receivables approximates net fair value due to the amounts being payable on demand.

A2.2 Special Acts

Subsection 24(4) of the PFAA, provides that the salary and allowances of the Auditor General will be determined by the Governor and will be paid from the Consolidated Account which is appropriated for that purpose and the necessary extent.

A3. Employee benefits	2011	2010
Current:	\$'000	\$'000
Salaries	-	8
Annual leave	131	119
Total current	<u>131</u>	<u>127</u>
Non-current:		
Long service leave	364	341
Total non-current	<u>364</u>	<u>341</u>
Total employee benefits	<u>495</u>	<u>468</u>

A4. Notes to the Administered Statement of Cash Flows**A4.1 Reconciliation of cash and cash equivalents**

Cash and cash equivalents at 30 June per:

Statement of Administered Financial Position	558	500
Statement of Administered Cash Flows	558	500

A4.2 Reconciliation of net result to net cash provided by (used in) operating activities

Net result	(38)	(51)
Decrease (Increase) in receivables	(956)	1 843
Increase (Decrease) in employee benefits	27	30
Increase (Decrease) in amounts payable to the Consolidated Account	893	(1 688)
Increase (Decrease) in GST payable	132	70
Net cash provided by (used in) operating activities	<u>58</u>	<u>204</u>

A5. Specific disclosure - SA Government

The following discloses revenues, expenses, assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date.

Income excluding appropriations	11 144	10 589
Expenses	12 549	12 072
Financial assets	1 173	647
Financial liabilities	1 101	208

Certification of the Financial Report

We certify that the:

- Financial statements:
 - are in accordance with the accounts and records of the department; and
 - comply with relevant Treasurer's instructions; and
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the department at the end of the financial year and the result of its operations and cash flows for the financial year.
- Internal controls employed by the department over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.



S O'Neill
AUDITOR-GENERAL
25 August 2011



M Stint
MANAGER, FINANCE
25 August 2011



EdwardsMarshall

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AUDITOR-GENERAL'S DEPARTMENT

INDEPENDENT AUDITOR'S REPORT TO THE TREASURER OF THE SOUTH AUSTRALIAN GOVERNMENT

Report on the Financial Report

We have audited the accompanying financial report of the Auditor-General's Department ('the Department'), which comprises the statement of financial position and statement of administered financial position as at 30 June 2011, statement of comprehensive income, statement of changes in equity and statement of cash flows, statement of administered comprehensive income, statement of administered changes in equity, statement of administered cash flows, for the year then ended, notes comprising a summary of significant accounting policies, other explanatory notes and the certification of the financial report by Auditor-General and the Manager, Finance.

The Auditor-General and Manager, Finance's Responsibility for the Financial Report

The Auditor-General and the Manager, Finance, of the Department are responsible for the preparation and fair presentation of the financial report in accordance with Section 35 of the Public Finance and Audit Act 1987 (including the Treasurers Instructions promulgated under the provisions of that Act) and Australian Accounting Standards (including Australian Accounting Interpretations) and for such internal control as the Auditor-General and Manager, Finance determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Auditor-General and Manager, Finance, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional ethical pronouncements.



Liability limited by a scheme approved under Professional Standards Legislation



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AUDITOR-GENERAL'S DEPARTMENT**INDEPENDENT AUDITOR'S REPORT
TO THE TREASURER OF THE SOUTH AUSTRALIAN GOVERNMENT (CONT)*****Opinion***

In our opinion:

- a) the financial report presents fairly, in all material respects, the financial position of the Department, as at 30 June 2011, and of its financial performance and cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the Public Finance and Audit Act 1987 and the Australian Accounting Standards (including the Australian Accounting Interpretations); and
- b) the financial report also complies with accounts and records of the Department; and
- c) the internal controls employed by the Department for the financial year ended 30 June 2011 over its financial reporting and the preparation of the financial statements are effective.

We have obtained all of the information and explanations required from the Department.

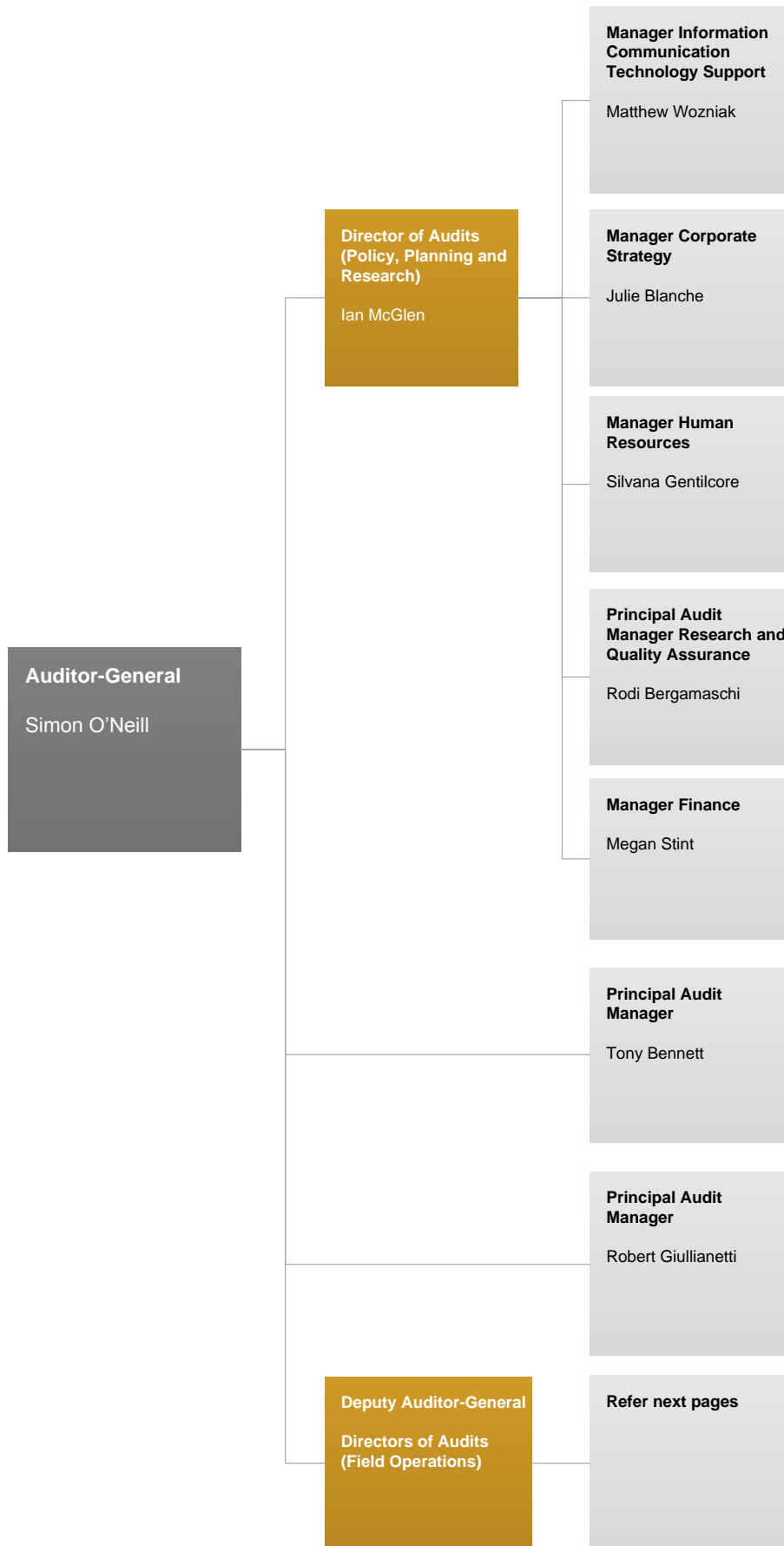
Edwards Marshall
Chartered Accountants

Noel Clifford
Partner

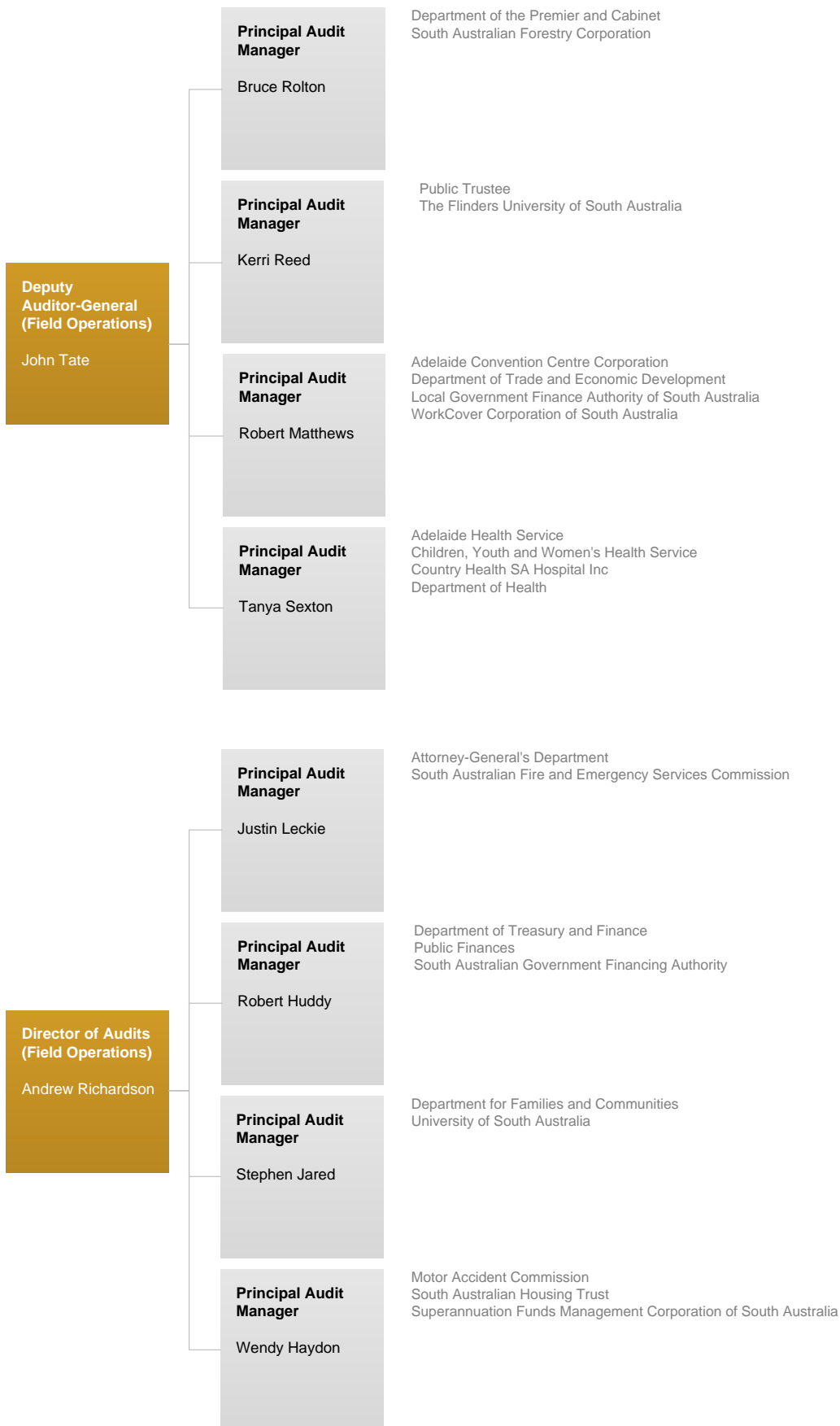
Adelaide
South Australia

25 August 2011

Our organisation structure

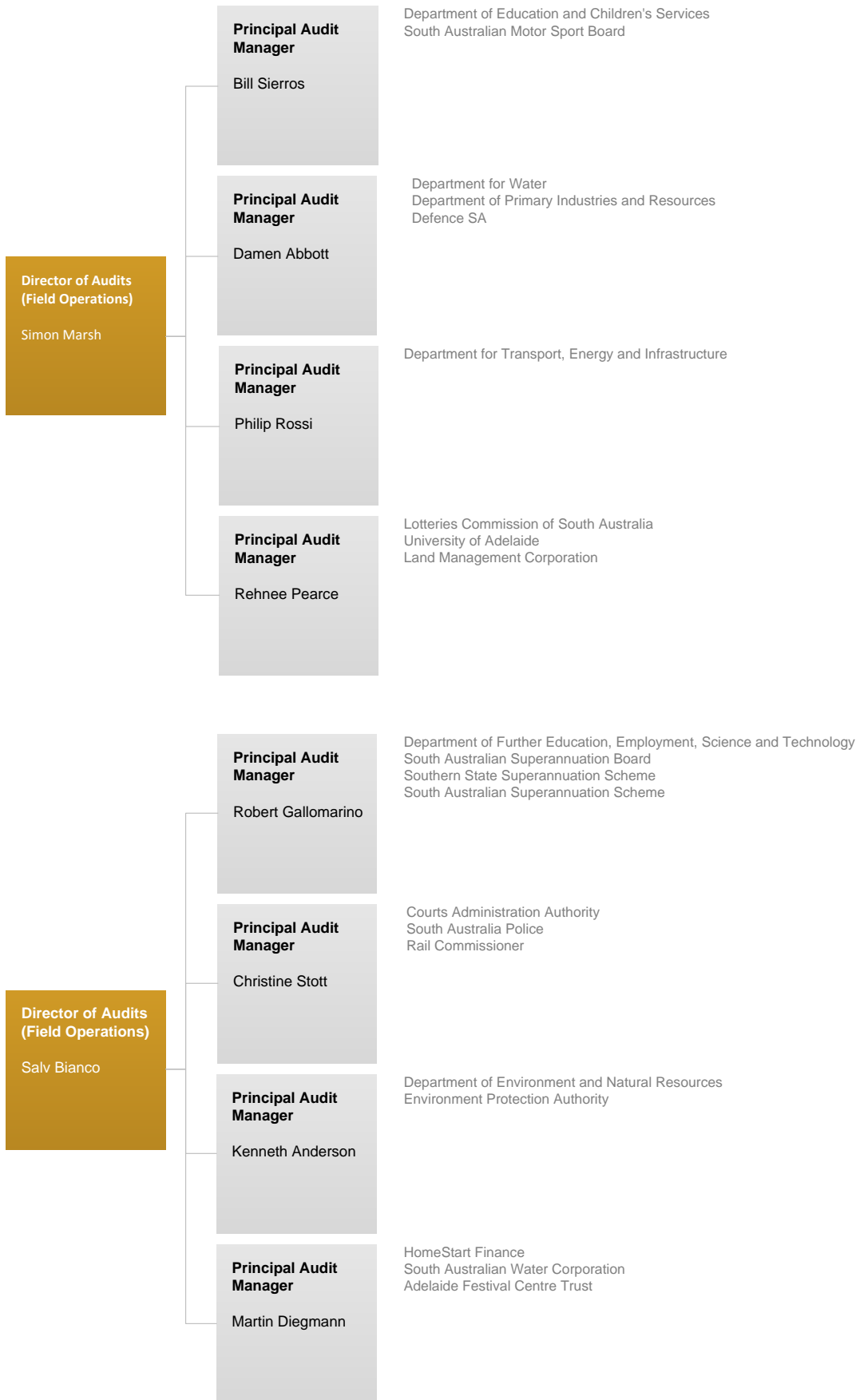


Major audit responsibilities:



Appendix A

Major audit responsibilities:



Our workforce profile

The Department has an approved staffing establishment of **113** full time equivalents (FTEs) including the Auditor-General's position. On 30 June 2011 the Department employed **117 people**, representing **112 FTEs** (112.4 FTEs at 30 June 2010).

The following tables profile our workforce.

Employee numbers, gender and status

Breakdown of workforce by gender

Gender	Proportion of people	Proportion of FTEs
Male	47%	49%
Female	53%	51%

Number of employees by salary bracket

Salary bracket	Number		Total
	Male	Female	
\$0 - \$50 399	6	10	16
\$50 400 - \$64 099	17	26	43
\$64 100 - \$82 099	10	16	26
\$82 100 - \$103 599	16	10	26
\$103 600 +	6	0	6
TOTAL	55	62	117

Status of employees in their positions at 30 June 2011 (FTEs)

Gender	FTE's				Total
	Ongoing	Short-term contract	Long-term contract	Other (casual)	
Male	44.8	3.0	7	0	54.8
Female	42.8	14.4	0	0	57.2
TOTAL	87.6	17.4	7	0	112.0

Status of employees in their positions at 30 June 2011 (people)

Gender	People				Total
	Ongoing	Short-term contract	Long-term contract	Other (casual)	
Male	45	3	7	0	55
Female	47	15	0	0	62
TOTAL	92	18	7	0	117

Executives

Executives by gender, classification and status

Classification	Ongoing		Term tenured		Term untenured		Other (Casual)		Total				
	M	F	M	F	M	F	M	F	M	% ¹	F	% ¹	Total
CEO	1	0	0	0	0	0	0	0	1	16.7	0	0	16.7
EXEC B	0	0	1	0	4	0	0	0	5	83.3	0	0	83.3
Total	1	0	1	0	4	0	0	0	6	100.0	0	0	100.0

¹ Percentage of all executives

Work experience

At 30 June 2011 the average work experience of employees in the Department was **ten years** (compared to nine years and ten months at 30 June 2010).

Employees with work experience in:	Years of service						TOTAL
	0 <3	3 <6	6 <11	11 <16	16 <21	21+	
Auditor-General's Department	39	26	14	10	4	24	117
Public sector	33	27	16	7	8	26	117

Employee movements

Number of people in 2010-11 who have:	
Separated from the Department	12
Been recruited to the Department	17

The average FTE level for 2010-11 was **112.8**, compared with 111.5 last year.

Leave management

Leave type	Days per employee			
	2010-11	2009-10	2008-09	2007-08
Sick leave	5.88	6.30	5.14	6.83
Family carer's leave	1.13	0.74	0.72	0.78
Miscellaneous special leave	1.77	0.43	0.69	0.32

5 people were on leave without pay from the Department on 30 June 2011.

Workforce diversity

Age profile of employees

At 30 June 2011 the average age of the Department's employees was 37 years (35 years as at 30 June 2010). More than half our staff (58 percent) are under 35 years of age, compared with the South Australian workforce statistics benchmark of 39 percent.

Workforce age bracket	Male	Female	Total	Percentage of total	2011 workforce benchmark*
15-19	0	0	0	0	6.4
20-24	3	12	15	12.8	10.4
25-29	10	24	34	29.1	11.0
30-34	10	8	18	15.4	10.1
35-39	4	7	11	9.4	10.3
40-44	11	4	15	12.8	11.0
45-49	5	4	9	7.7	11.5
50-54	3	3	6	5.1	11.4
55-59	6	1	7	6	9.4
60-64	1	0	1	0.9	5.5
65+	1	0	1	0.9	3.0
TOTAL	54	63	117	100.0	100.0

*Source: Australian Bureau of Statistics Australian Demographic Statistics, 6291.0.55.001 Labour Force Status (ST LM8) by sex, age, state, marital status – employed – total from Feb78 Supertable, South Australia at May 2010

Voluntary flexible working arrangements

	Male	Female	Total
Purchased leave	0	2	2
Flexitime	49	62	111
Compressed weeks	0	0	0
Part-time	1	15	16
Job share	0	0	0
Working from home	0	0	0

Aboriginal and Torres Strait Islander employees

The Department is committed to implementing strategies which promote equal opportunity and has used the resources of the Aboriginal Recruitment and Development Strategy through a number of recruitment and selection processes.

Salary bracket	Aboriginal staff	Total staff	Percentage of total	Target*
\$0 - \$49 199	1	16	6.25	2%
\$49 200 - \$62 499	0	43	0	2%
\$62 500 - \$80 099	0	26	0	2%
\$80 100 - \$100 999	0	26	0	2%
\$101 000 +	0	6	0	2%
TOTAL	1	117	0.86%	2%

* Target from the State Strategic Plan

Cultural and linguistic diversity

The table below shows that the Department has a number of employees who speak languages other than English at home.

	Male	Female	Total	% of agency	% of SA community*
Number of Employees born overseas	11	15	26	22.2	20.3
Number of Employees who speak language(s) other than English at home	12	18	30	25.6	16.6

* Benchmarks from ABS Publication Basic Community Profile (SA) Cat No. 2001.0, 2006 census.

Disability

Where possible the Department has actively participated in programs such as the Disability Employment Strategy and provides a supportive work environment for anyone with a disability. At 30 June 2011, we did not employ anyone with a disability that meets the Commonwealth DDA definition.

Our audit approach

Financial report audits

Our annual audits of the accounts of the Treasurer and public sector agencies focus on accountability for the funds and resources provided to agencies. They also provide high level assurance that the agency has met their legal obligations.

The Department's auditing methodology meets professional standards set by the Auditing and Assurance Standards Board. It is a risk based audit approach using an audit software package developed specifically for public sector audit.

The methodology has a strong emphasis on planning, which has two elements:

- understanding the agency's business activities and any associated audit risks
- selecting audit procedures that reduce audit risk to an acceptable level.

Audit plans are developed by experienced audit staff and approved by a Director of Audits.

Statistical sampling methods and special audit software routines are used to select and test audit samples.

For procedural fairness audit findings are discussed with agency management and communicated in a management letter.

At the end of an audit a quality control review is performed by audit management to ensure that:

- audit work meets professional standards
- work followed the approved plan or reasons for departures documented
- enough work was performed to form an opinion on the agency's financial statements
- results have been conveyed to agency management
- agency management has responded to the issues raised
- the opinion expressed on the financial statements reflects the results of the audit.

The Auditor-General issues an opinion on the financial report of each agency through an Independent Auditor's Report.

In most cases the opinion is unqualified, but where the results of an audit are not satisfactory or where the accounting treatment for certain transactions does not comply with professional accounting standards the Independent Auditor's Report may be qualified. In extreme cases, no opinion can be expressed.

Reviewing the adequacy of agency controls

Public sector agencies are mandated to maintain control over financial management by the Treasurer's Instructions issued pursuant to the PFAA. Chief Executives must ensure that policies, procedures, systems and controls are developed and implemented in order to meet their financial management responsibilities.

Section 36 of the PFAA requires the Auditor-General to express an opinion as to whether: *'the controls exercised by the Treasurer and public authorities in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities is sufficient to provide reasonable assurance that the financial transactions of the Treasurer and public authorities have been conducted properly and in accordance with law.'*

We evaluate and test internal controls in every agency. The Auditor-General also expresses a direct controls opinion for the Treasurer and for individual public sector agencies that are published in the Auditor-General's Annual Report to Parliament.

The Department has developed a specific controls opinion methodology to formalise the planning, conduct and findings of these reviews.

Public Interest Reviews

These audits are also known as 'value-for-money or performance audits'. They can be diverse in the types of issues reviewed. A review may be large, complex and involve more than one agency, or relatively small and cover only one aspect of an agency's operations.

The methodology and approach used are determined by the issues covered, but always feature:

- planning
- a measurement model
- fact gathering
- assessing the facts against the measurement model
- forming conclusions
- natural justice/procedural fairness processes
- quality control
- reporting, either through the Auditor-General's Annual Report or in a separate report to Parliament.

Examining the accounts of a publicly funded body

Subsection 32 of the PFAA empowers the Auditor-General to examine the accounts of any publicly funded body or publicly funded project at the request of the Treasurer. These examinations are conducted, funded and reported as 'special investigations'.

A publicly funded body or publicly funded project is defined in the PFAA as either an entity constituted under the *Local Government Act 1934* or any body or person carrying out functions of public benefit that has received money from the State by way of grant or loan. A publicly funded project is defined as a project or activity entirely or substantially funded out of money provided by the State or an entity constituted under the *Local Government Act 1934*.

Reports on any examinations conducted are tabled in both Houses of Parliament.

Reviewing summaries of confidential Government contracts

Section 41A of the PFAA requires the Auditor-General, at the request of a Minister, to examine and report on summaries of confidential government contracts. These examinations are conducted, funded and reported as 'special investigations'.

The report of the Auditor-General expressing an opinion on the adequacy of the summary must be tabled in both Houses of Parliament.

Whistleblower legislation

We have nominated six responsible officers to receive and action disclosures under the *Whistleblowers Protection Act 1993*. All complaints pursuant to this Act are investigated in accordance with the Department's whistleblower policy.

Public sector agencies audited at 30 June 2011

Aboriginal Lands Trust
Adelaide and Mount Lofty Ranges Natural Resources Management Board
Adelaide Cemeteries Authority
Adelaide Convention Centre Corporation
Adelaide Dolphin Sanctuary Fund
Adelaide Entertainments Corporation
Adelaide Festival Centre Trust
Adelaide Festival Corporation
Adelaide Film Festival
Adelaide Health Service
Adelaide Hills Wine Industry Fund
Agents Indemnity Fund
Alinytjara Wilurara Natural Resources Management Board
ANZAC Day Commemoration Fund
Art Gallery Board
Attorney-General's Department
Austraining International Pty Ltd
Australian Children's Performing Arts Company
Australian Energy Market Commission
Barossa Wine Industry Fund
Bio Innovation SA
Board of the Botanic Gardens and State Herbarium
Caring for our Country Program (South Australia)
Carrick Hill Trust
Children, Youth and Women's Health Service
Citrus Growers Fund
Clare Valley Wine Industry Fund
Coast Protection Board
Commissioners of Charitable Funds
Construction Industry Training Board
Correctional Services - Department for
Country Health SA Hospital Inc.
Courts Administration Authority
Dairy Authority of South Australia

Public sector agencies audited at 30 June 2011

Defence SA
Distribution Lessor Corporation
Dog and Cat Management Board
Dog Fence Board
Economic Development Board (Project Coordination Board)
Education Adelaide
Education and Children's Services - Department of
Electoral Commission of South Australia
Electricity Industry Superannuation Scheme
Environment and Natural Resources - Department of
Environment Protection Authority
Essential Services Commission of South Australia
Eyre Peninsula Grain Growers Rail Fund
Eyre Peninsula Natural Resources Management Board
Families and Communities - Department for
Further Education, Employment, Science and Technology - Department of
General Reserves Trust
Generation Lessor Corporation
Governors Pensions Scheme
Health - Department of
Health, Ageing, Community and Disability Services Ministerial Advisory Council
History Trust of South Australia
HomeStart Finance
Independent Gambling Authority
Independent Gaming Corporation Ltd
Judges' Pensions Scheme
Kangaroo Island Natural Resources Management Board
Land Management Corporation
Langhorne Creek Wine Industry Fund
Legal Services Commission of South Australia
Legislature – The
Libraries Board of South Australia
Local Government Finance Authority of South Australia
Lotteries Commission of South Australia

Public sector agencies audited at 30 June 2011

Maralinga Lands Unnamed Conservation Park Board
McLaren Vale Wine Industry Fund
Medvet Science Pty Ltd
Motor Accident Commission
Museum Board
National Action Plan for Salinity and Water Quality (South Australia)
National Landcare Program Community Support (South Australia)
Native Vegetation Fund
Natural Heritage Trust - Extension
Northern and Yorke Natural Resources Management Board
Olive Industry Fund
Olympic Dam Taskforce
Outback Communities Authority
Parliamentary Superannuation Scheme
Planning and Development Fund
Planning and Local Government - Department of
Playford Capital Pty Ltd
Playford Centre
Police Superannuation Scheme
Premier and Cabinet - Department of the
Primary Industries and Resources - Department of
Professional Standards Council
Public Trustee
Rail Commissioner
RESI Corporation
Residential Tenancies Fund
Retail Shop Leases Fund
Riverland Wine Industry Fund
Rock Lobster Fishing Industry Fund
Rural Industry Adjustment and Development Fund
SA Ambulance Service Inc
SA Metropolitan Fire Service Superannuation Scheme
SACE Board of South Australia
Second-hand Vehicles Compensation Fund

Public sector agencies audited at 30 June 2011

South Australia Police
South Australian Ambulance Superannuation Scheme
South Australian Apiary Industry Fund
South Australian Arid Lands Natural Resources Management Board
South Australian Asset Management Corporation
South Australian Cattle Industry Fund
South Australian Citrus Industry Development Board
South Australian Country Arts Trust
South Australian Country Fire Service
South Australian Deer Industry Fund
South Australian Film Corporation
South Australian Fire and Emergency Services Commission
South Australian Forestry Corporation
South Australian Government Financing Authority
South Australian Grape Growers Industry Fund
South Australian Housing Trust
South Australian Local Government Grants Commission
South Australian Metropolitan Fire Service
South Australian Motor Sport Board
South Australian Murray-Darling Basin Natural Resources Management Board
South Australian Pig Industry Fund
South Australian Psychological Board
South Australian Sheep Industry Fund
South Australian State Emergency Service
South Australian Superannuation Board
South Australian Superannuation Scheme
South Australian Tertiary Admissions Centre
South Australian Tourism Commission
South Australian Water Corporation
South Australian Water Corporation - Hydro Joint Venture
South East Natural Resources Management Board
South Eastern Water Conservation and Drainage Board
Southern State Superannuation Scheme
State Opera of South Australia

Public sector agencies audited at 30 June 2011

State Procurement Board
State Theatre Company of South Australia
Stormwater Management Authority
Superannuation Funds Management Corporation of South Australia
Super SA Retirement Investment Fund
Supported Residential Facilities Indemnity Fund
Teachers Registration Board of South Australia
The Flinders University of South Australia
Trade and Economic Development - Department of
TransAdelaide
Transmission Leasing Pty Ltd
Transport, Energy and Infrastructure - Department for
Treasury and Finance - Department of
University of Adelaide
University of South Australia
Water - Department for
West Beach Trust
WorkCover Corporation of South Australia
Zero Waste SA

Total number of agencies audited at 30 June 2011: 155

Internal training courses attended by our staff

Course title	Hours
ACL	217.5
Behavioural interviewing	101.5
Cash flow training	51.0
Crystal report writing	90.0
Editing for managers	119.0
OHSW ergonomics and manual handling	110.0
Get that job	112.0
Graduate module - Ethics	40.0
Graduate module - Communication	35.0
Graduate module - Teams	35.0
Graduate induction	75.0
Graduate induction follow up	40.0
Graduate module - conflict	35.0
Graduate module - How government works	20.0
Introduction to PRD - Graduates/new employees	12.0
IPSAM methodology and expenditure business cycle	292.5
IPSAM software graduate training	172.5
IPSAM Training	2 152.5
Lotus Notes Training	675.0
Making change work for you	112.0
OHSW manager and supervisor training	44.0
OHSW staff information session	57.0
Overview of clarity standards	555.0
Payroll cycle training	33.0
Property, plant and equipment cycle training	30.0
Revenue cycle training	36.0
Senior first aid refresher	97.5
Values, culture, employee, engagement and leadership	161.0
Total	5 511.0

External training courses attended by our staff

Course title	Hours
Professional management program	45.0
Public fire warden course	7.5
Photographers and Graphic Designers	3.0
Senior First Aid - workplace L2	15.0
Writing an executive summary	1.5
CPA Congress 2010	107.0
Government taxation information forum	12.0
Government accounting information forum	12.0
Helpdesk fundamentals - LOTUS 8	15.0
Understanding and implementing an ISMS	22.5
Managing multiple projects, objectives and deadlines	7.5
Lead Auditor ISMS	37.5
FBT simplifier - refresher	3.5
Treasury management	45.0
Total	334.0

Total hours training attendance: 5845 hours

Providing a safe and environmentally friendly workplace

Greening of Government operations (GoGO)

Energy management (GoGO priority area 1)

The South Australian Government's Energy Action Plan targets a reduction in energy use in government buildings of 25 percent from 2000-01 levels by 2014. Energy used by our Department is limited to light and power in our leased office premises in the State Administration Centre, and there are limited opportunities to make energy savings.

Energy saving measures

We encourage our staff to be energy efficient. Office equipment such as faxes, printers and photocopiers are fitted with energy saving modes and auto-off timers to reduce power when not in frequent use. We use low energy LCD computer monitors, and all non-essential computers are shut down at the close of business each day.

Our office layout maximises natural light in most offices and workstation areas. All offices have movement sensors to control artificial lighting, reducing energy demand.

Energy consumption

As tenants of leased premises there are limited opportunities for making significant energy savings through infrastructure initiatives. However a small improvement in energy efficiency was achieved in 2008-09, which we attribute to the full year effect of changes we made to consolidate workstations and install energy efficient appliances through our office renovation in 2007-08. Our energy use has fallen very slightly each year since.

Our overall energy use is now almost 5 percent less than the 2000-01 baseline.

	Energy use (GJ)	Greenhouse gas (CO ₂) emissions (tonnes)	Business measures (MJ/m ²)*
Base year 2000-01	450	148	290
2008-09	433	93	279
2009-10**	430	86	278
2010-11	429	81	277

* We have used the floor space we occupy (1550 m²) as the business measure for our light and power energy use.

** 2009-10 figures were adjusted for estimated consumption of electricity used by a server room as we were not fully billed for the electricity used in that area of the building.

Paper consumption

We are conscious of the need to reduce paper wastage, and have digitised many of our internal processes to reduce costs, increase efficiency and reduce our impact on the environment. In 2010-11 we extended our paper reduction efforts to include publishing all reports to Parliament electronically. This action for the Auditor-General's main annual report alone will save in the order of 250 000 sheets of paper.

The photocopiers and printers we use have duplex functions for double-sided printing and most staff use this as their default setting. Posters displayed near these machines raise awareness of the impact of printing on paper. Maximum use is made of electronic mailing facilities to reduce the need to print agendas, minutes, reports and general office communications.

In 2010-11 we used 1200 reams of paper for standard office printing and photocopying, the same amount as last year.

Water use (GoGO priority area 2)

We are unable to report on water usage because water is not separately metered for our tenancy. Our water usage is limited to kitchens and bathrooms.

Waste management (GoGO priority area 3)

Waste management services are provided to the Department as part of our occupancy of Government premises. All waste is recycled and building reports indicate that no waste is going to landfill.

Printer cartridges and decommissioned mobile phones and accessories are also routinely recycled.

OHSW Statistics

OHS notices and corrective action taken

Number of notifiable occurrences pursuant to OHS&W Regulations Division 6.6	Nil
Number of notifiable injuries pursuant to OHS&W Regulations Division 6.6	Nil
Number of notices served pursuant to OHS&W Act ss 35, 39 and 40 (default, improvement and prohibition notices)	Nil

Agency gross worker's compensation expenditure for 2010-11 compared with 2009-10

Expenditure	2010-11	2009-10	Variation
Income maintenance	Nil	Nil	Nil
Lump sum settlements - redemptions (sec 42)	Nil	Nil	Nil
Lump sum settlements - permanent disability (sec 43)	Nil	Nil	Nil
Medical/hospital costs combined	Nil	1 039	1 039
Other	Nil	Nil	Nil
Total claims expenditure	Nil	1 039	1 039

Meeting safety performance targets

	Base: 2005-06	Performance: 12 months to 30 June 2010*			Final target
	Numbers or %	Actual	Notional quarterly target**	Variation	Numbers or %
1. Workplace fatalities	Nil	Nil	Nil	Nil	Nil
2. New workplace injury claims	Nil	Nil	n/a	Nil	n/a
3. New workplace injury claims frequency rate	Nil	Nil	n/a	Nil	n/a
4. Lost time injury frequency rate***	Nil	Nil	n/a	n/a	n/a
5. New psychological injury claims	Nil	Nil	n/a	Nil	n/a

	Base: 2005-06	Performance: 12 months to 30 June 2011*			Final target
	Numbers or %	Actual	Notional quarterly target**	Variation	Numbers or %
6. Rehabilitation and return to work:					
6a. Early assessment within 2 days	n/a	n/a	n/a	n/a	80% or more
6b. Early intervention within 5 days	n/a	n/a	n/a	n/a	80% or more
6c. RTW within 5 business days	n/a	n/a	n/a	n/a	75% or more
7. Claim determination:					
7a. Claims determined in 10 business days	Nil	Nil	n/a	Nil	75% or more
7b. Claims still to be determined after 3 months	Nil	Nil	n/a	Nil	3% or less
8. Income maintenance payments for recent injuries:					
2008-09 injuries (at 24 months development)	Nil	Nil	n/a	n/a	Below previous 2 yr average
2009-10 injuries (at 12 months development)	Nil	Nil	n/a	n/a	Below previous 2 yr average

* Except for Target 8, which is YTD. For targets 5, 6c, 7a and 7b performance is measured up to the previous quarter to allow reporting lag.

** A reduction in injury claims is difficult given the Department's low incidence of claims. The Department's targets for safety management are to maintain existing levels of performance and provide a workplace culture and expectation that if an employee is injured at, or arising from work, injury management activities will assist the employee to return to work at the earliest possible timeframe.

*** Lost time injury frequency rate for new lost-time injury/disease for each one million hours worked. This frequency rate is calculated for benchmarking and is used by the WorkCover Corporation of South Australia.

Our important external relationships

Parliament

The Auditor-General is accountable to the Parliament. He is independent of the Executive Government and not subject to the direction of any person in carrying out his functions and exercising his powers under the PFAA.

There is a high level of accountability to the Parliament, met mainly through the Auditor-General's annual report to Parliament and meeting with the Economic and Finance Committee of Parliament.

The Auditor-General remains responsible for all contracted audits and issues the Independent Auditor's Report on the financial report.

The Department monitors and regularly revisits the extent of audit work that is sub-contracted each year, in the context of how best to achieve our annual statutory audit work program.

Public sector agencies

We have effective professional working relationships with chief executives and managers in the public sector. We contribute to their management outcomes by:

- providing independent information and advice on their operations
- encouraging them to apply effective financial and management controls
- supporting improvements to agency financial reporting.

Senior audit staff also attend audit committee meetings at most agencies.

Contract auditors

The Auditor-General contracts a number of audits to the private sector where audit resources or specialist audit skills are not available internally. Plans prepared by contracted auditors are reviewed by our own senior audit managers, who also exercise quality control over the work performed.

For more information

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