

Annual report on the operations of the
AUDITOR-GENERAL'S DEPARTMENT
for the year ended 30 June 2013



Government of
South Australia

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2012-13 highlights

Governance

We released and started to implement our corporate plan for the 2013 to 2015 planning period (see page 15)

We applied our new quality assurance framework and improved aspects of our corporate governance (see page 9)

We formalised the way we procure goods and services (see page 16)

We successfully trialled a model to embed innovation into our strategic planning processes (see page 15)

Government reforms

We kept pace with State and National reforms in the areas of public integrity, health and rail safety (see pages 9-10)

Reports

The Annual Report of the Auditor-General for the year ended 30 June 2012 was presented to Parliament

We presented two special reports to Parliament on the Adelaide Oval redevelopment project

(See page 3 for details of our Reports)

Audits

158 independent auditor's reports were issued, 25 of them qualified (see page 7)

Community engagement

We remained active in our professional community (see page 11)

Quality control

Six audit files were subject to quality review to ensure the audits met our quality standards. The results were communicated to senior management (see page 9)

Public interest reviews

We continued to focus on reviewing matters of public interest (see page 8)

Recruitment

We recruited 14 graduates (see page 13)

Retention

Employee turnover increased moderately to 12% after a four year downturn (see page 14)

Developing our people

We delivered a comprehensive professional development program to our staff (see page 12)

Auditor-General's report

'I am pleased to present this annual report on the operations of the Auditor-General's Department for the year ended 30 June 2013'

This report summarises our performance, achievements and corporate governance in 2012-13.

This year represented the first year of our 2013 – 2015 corporate plan and this Report provides an overview of our achievements in the four key result areas of that plan. The plan has a strong emphasis on supporting our staff, reviewing matters that are considered to be in the public interest and responding to State and Commonwealth Government reforms.

It has very much been a year of 'business as usual' After several years of significant strategic change, in particular the adoption of a new audit methodology and governance framework, we needed this year to consolidate the initiatives and reforms of the past two years.

That said, no year comes without change, and this year we progressed several new and ongoing aspects of our operations.

With the IPSAM audit methodology firmly in hand and operating effectively, we applied our new quality assurance policies for the first time and found that they – together with the corporate governance improvements we made – served us well by putting a solid framework around the way we conduct our audit business, and helping us to better evidence our decision-making.


This year we established a model for encouraging new ideas from our staff. Already there are positive signs of its impact on the way people think about what they do and how they do it.

We also expanded our public interest review activities using the dedicated resource capacity we built up in 2011-12. We progressed a number of reviews, the results of which will be reported to Parliament through the annual and supplementary reporting processes established under the *Public Finance and Audit Act 1987*. After completing a successful trial of the public interest review module of the audit methodology, we implemented the software, and started to develop a methodology to support its use. We will complete this project in 2013-14.

Internally, we maintained the investment in learning and development that underpins our status as an employer of choice, and as a CPA Recognised Employer.

2013-14 will be another year of change and challenge for the Auditor-General's Department. The implementation of the State's new public integrity model together with the extended remit of the Auditor-General into local government will have an impact on our audit practice. We will need to move fast to establish the internal structure, funding base, policies and procedures that will ensure that we address our responsibilities. We are looking forward to the new challenge that working within this strengthened public integrity system will bring.

In closing I would like to thank the people who contributed the most to what we achieved in 2012-13 – my Executive and our hardworking staff. It is, as always, a pleasure and a privilege to work alongside them.



Simon O'Neill
Auditor-General

Key operational statistics

Activity indicators

Employees (FTEs) at 30 June 2013	114.6
Number of audits as 30 June 2013	154
Independent Auditor's Reports issued in 2012-13	158

Financial indicators

	2012-13	2011-12	2010-11
	\$'000	\$'000	\$'000
Total audit fees raised	13 616	13 971	12 549
Net cost of providing services	14 454	15 468	13 678
Total assets	4 562	3 263	3 122
Total liabilities	4 462	4 366	3 856

Reports presented to Parliament in the past two years

28 February 2013	Report of the Auditor-General – Report on the Adelaide Oval redevelopment pursuant to section 9 of the <i>Adelaide Oval Redevelopment and Management Act 2011</i> for the designated period 1 July 2012 to 31 December 2012
30 October 2012	Annual report on the operations of the Auditor-General's Department for the year ended 30 June 2012
16 October 2012	Report of the Auditor-General – Annual report for the year ended 30 June 2012 – Part A: Audit overview, Part B: Agency audit reports and Part C: State finances and related matters: some audit observations
31 August 2012	Report of the Auditor-General – Report on the Adelaide Oval redevelopment pursuant to section 9 of the <i>Adelaide Oval Redevelopment and Management Act 2011</i> for the designated period 1 January 2012 to 30 June 2012
5 April 2012	Report of the Auditor-General – Supplementary Report: Agency audit report: Department of Health and associated health service activities: April 2012
29 February 2012	Report of the Auditor-General – Report on the Adelaide Oval redevelopment pursuant to section 9 of the <i>Adelaide Oval Redevelopment and Management Act 2011</i> for the designated period 1 July 2011 to 31 December 2011
14 February 2012	Report of the Auditor-General – Probity of the processes leading up to the awarding of three service contracts in 2011 for the provision of regular passenger bus services for Metropolitan Adelaide
22 November 2011	Report of the Auditor-General – Supplementary report: Agency audit reports: November 2011
8 November 2011	Report of the Auditor-General – Probity of the processes leading up to the awarding of a service contract: Regular passenger transport services in Mount Gambier
18 October 2011	Annual report on the operations of the Auditor-General's Department for the year ended 30 June 2011
18 October 2011	Report of the Auditor-General – Annual report for the year ended 30 June 2011 – 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 154 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

Our audit practice regularly reports on matters of public interest and contributes to the enhancement of public sector integrity

Our mission

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

Our people

Our people are responsive and committed to audit outcomes through respect, teamwork and collaboration

Key result areas

Key result area 1

Conduct and report on audits, public interest reviews and investigations

Key result area 2

Contribute to public sector developments and improve professional relationships

Key result area 3

Maintain a high performing, capable workforce responsive to changing needs

Key result area 4

Run an effective business

What we value

Our values shape and influence the way we work and manage our business.

Integrity

Honest, ethical and professional behaviour

Independence

Being independent, impartial and fair

Innovation

Encouraging new ideas and thinking

Respect

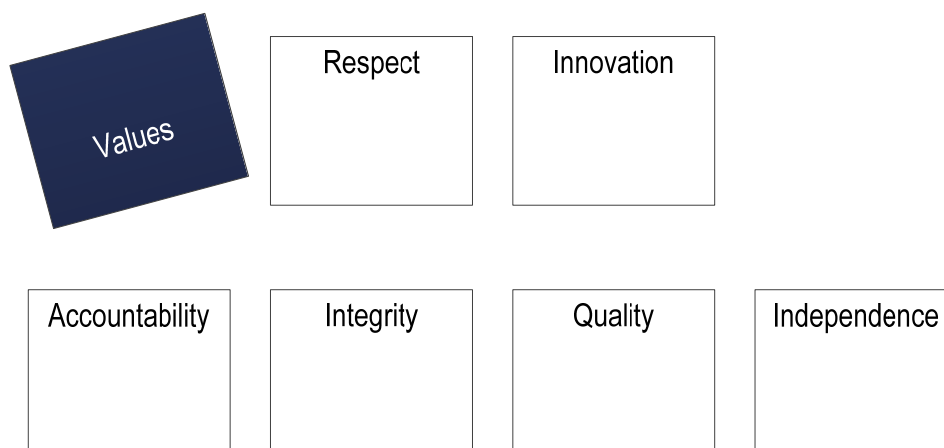
Valuing diversity, open communication and collaboration

Quality

Being relevant and using sound methods, good judgement and diligence

Accountability

Transparent decision making and taking responsibility



Our challenges in 2012-13

'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:

- focusing on public interest reviews and providing as much opportunity as possible for staff to do this type of work
- implementing our new quality assurance framework and improving targeted aspects of our corporate governance
- managing the audit impact of new and ongoing major policy, administrative and service delivery reforms in Government including:
 - machinery of government changes
 - major infrastructure procurement and contract processes
 - information technology developments
 - the shared services delivery model
- keeping staff turnover at low levels by focussing on job satisfaction
- implementing our corporate plan

And looking ahead

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

- implement a structured framework for the identification, review and reporting of public interest matters
- meet the complaints and investigative objectives of the Auditor-General under new legislation establishing the Independent Commissioner Against Corruption
- implement oversight and examination activity within the local government sector
- maintain our reputation as a professional finance and audit practice to attract, retain and develop finance, accounting and IT professionals
- meet the targets we have set ourselves in our corporate plan

Key result area 1

‘Conduct and report on audits, public interest reviews and investigations’

Key strategic actions

- Issuing audit and controls opinions and conducting public interest reviews
- Applying our new quality assurance framework and policies to our audit practice
- Monitoring and responding to developments in public integrity reforms
- Responding to developments in the Commonwealth Government’s national reform agenda

Our performance in 2012-13

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 (ITA) section and a public interest review team.

We issued 158 independent auditor’s reports in 2012-13, 25 of them qualified. Most of the opinions were issued for agencies with financial years ending on 30 June 2012 or 31 December 2012. In contrast to the previous year, no independent auditor’s reports were issued for an earlier year, accounting for the fall in the number of opinions issued this year.

One measure of audit performance we use 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 return to average levels of timeliness in 2012-13. In 2011-12 there were significant delays in finalising the audits of the Department for Health and Ageing and the associated health regions as a result of significant strategic, administrative and financial changes in the health sector. In 2011-12 we issued a much higher than usual number of opinions for prior years. Without these impacts the average time it took to issue an opinion in 2011-12 would have been 90 working days.

Audit activity output measures (financial years)

	2012-13	2011-12	2010-11
Number of independent auditor’s reports issued	158	172	147
Number of qualified audit opinions issued	25	41	11
Average working days between an agency’s end of financial year and issuing an Independent Auditor’s Report	89	114	84

Ensuring that audit teams have the resources they need to conduct their audits within reasonable timeframes is critical to our performance, and the Executive regularly reviews the progress of audit programs and the structure and resourcing of audit teams to identify any issues they need to address immediately. Resources are shared between teams at peak times.

Also relevant to understanding how we have performed is the number of hours we commit to audits and the fees we pay 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 agency financial reports usually prepared as at 30 June.

OUR PERFORMANCE

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 generally recovered from public sector agencies and provide a measure of the resources we commit to undertaking audits.

Hours charged to audits and fees paid to subcontract auditors (audit years)			
	2011-12	2010-11	2009-10
Conduct of audits (hours)	90 700	92 400	87 300
Management of audits (hours)	10 700	12 000	10 000
Total hours charged	101 400	104 400	97 300
Contract audit fees (\$)	\$1 810 000	\$2 877 000	\$1 783 000

The increase in hours charged to 2010-11 audits was mainly due to the time it took to establish audit documentation and plans under IPSAM in that first year of implementation of the new audit methodology. This is time that would ordinarily have been directed to other aspects of our work, such as public interest reviews. We saw a return to normal levels of audit activity for 2011-12 audits.

Conducting public interest reviews (PIRs)

PIR work is directed by the Auditor-General. It is undertaken by staff working in the PIR team, the ITA team or field audit depending on the nature and scope of the reviews. Our PIR strategy requires careful consideration of strategic factors like staffing structure and the competing demands of our statutory audit mandate in order to determine the extent of PIR work we do. This year we did not achieve the planned implementation of a framework for planning, resourcing and meeting our public interest review activities, although some progress was made. This will be a priority area for 2013-14. Despite this, we continued to ensure that all PIR work was identified on the annual plan, budgets were set, resources allocated and project briefs approved.

After a successful initial trial, ASPIRE – the software package developed by the Queensland Audit Office for performance audits – was implemented for our PIR and investigation work. We are now developing a methodology for planning, executing and reporting on PIRs to support the use of the software.

This year we continued to engage field audit teams in PIR work, and capitalised on the increased PIR team capacity we put in place last year to achieve an increased level of PIR activity. Some of the areas of government activity that were subject to either ongoing or new review focus this year were:

- major ICT system project developments
- creditor account payment performance
- major government asset sales (lotteries, forestry)
- government advertising expenditure
- aspects of goods and services and capital works procurement
- site contamination.

Review outcomes will be reported to Parliament through the Auditor-General's annual and supplementary reporting processes.

Applying a quality assurance framework

Ensuring that effective quality control policies and procedures are in place is a professional audit requirement and something we think is critical to our aim of constantly challenging ourselves to do things better. Last year we developed a suite of audit practice management policies designed to ensure that audits are conducted to the highest possible quality and comply with professional, legal and regulatory requirements. This year we applied the new policies for the first time. Covering areas such as auditor independence, audit mandate letters, auditor rotation and engagement quality review, they ensure that we approach each audit engagement in a structured and consistent way.

We continued work on our three year project to review and improve targeted areas of audit practice and corporate governance, and this year we addressed the following areas:

- documenting the Auditor-General's mandate to conduct certain audits and the applicable reporting framework
- our policy and procedures for managing underperformance
- improving our website.

Quality reviews

The Department's quality review program is a 'post-event' review of audit files to ensure that audits meet quality standards and consistently apply the principles of our audit methodology.

Six audit files were peer reviewed in 2012-13. As required by our policy, the finding of the reviews were communicated in writing to the relevant Principal Audit Manager and Directors of Audits and written responses outlining any remedial action planned to be taken was received. Several issues highlighted areas for improvement in our IPSAM audit documentation that will be addressed for the 2013-14 audit year.

Public integrity reforms

During the year legislation was passed by Parliament introducing a new model for public sector integrity in South Australia. There are changes that will have a direct impact on our Department:

- In September 2013 the first Independent Commissioner Against Corruption took up office. The Commissioner's role is to identify and investigate corruption in public administration, and prevent or minimise corruption, misconduct and maladministration in public administration. The Commissioner may refer matters to the Auditor-General for investigation and action.
- Amendments to the PFAA have given the Auditor-General wider discretionary review powers to examine the accounts, economy and efficiency of publicly funded bodies, projects and schemes, including those in local government.

It has been important for us to monitor these developments and plan for the changes we will need to make to our structure and approach to respond to the Auditor-General's new responsibilities. Funding and resourcing these organisational changes will be addressed in early 2013-14.

National reform agenda

The Council of Australian Governments (COAG) has committed to a program of national reforms to establish a cooperative relationship between Commonwealth, state and territory governments in a number of areas of shared responsibility. Reforms in the health and rail sectors have had a direct impact on our Department in 2012-13:

- To meet the commitments being made for national health reform, new activity based funding arrangements for public hospitals have been put in place. Australian, state and territory governments pay their share of health funding into a national funding pool administered by a new independent national body. The Auditor-General is required by the *National Health Reform Act 2011 (Cwlth)* and the *National Health Funding Pool Administration (South Australia) Act 2012* to audit the special purpose financial statement of the South Australian pool account.
- To achieve uniform safety regulation of the national rail system, a single national rail safety regulator has been established with its headquarters located in South Australia. The Auditor-General is mandated to audit the Office of the National Rail Safety under the *Rail Safety National Law (South Australia) Act 2012*.

These significant new audit responsibilities have been met from existing internal resources.

Key result area 2

‘Contributing to public sector developments and improving professional relationships’

Key strategic actions

- 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 2012-13

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 2013 model financial statements to the Government Accounting and Reporting branch 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.

Participating in ACAG committees and forums

This year we continued to collaborate with our partners in public sector auditing through ACAG. 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 their 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. FRAC is also responsible for coordinating and developing responses to financial auditing, accounting and public sector governance exposure drafts/discussion papers which are issued for comment by the Australian and international financial auditing and accounting bodies. During the year FRAC submitted 13 responses covering a range of financial auditing, accounting and public sector governance issues.

Members of the Department have also actively participated in the following ACAG committees/forums :

- practice management group
- audit quality assurance panel
- universities audit workgroup
- information systems audit group.

Key result area 3

'Attracting and keeping highly skilled and committed people'

Key strategic actions

- Meeting the development needs of our staff
- Improving performance management processes

Our performance in 2012-13

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.

Our professional development program aligns the training we provide our staff with their core role competencies, providing the learning and development activities needed to meet the development objectives for each stage of career. For an auditor this means they 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.

The 2012-13 annual professional development program provided:

- induction and professional and personal skills training for all new employees
- technical accounting and auditing training for all audit staff
- occupational health safety and welfare courses
- personal skills courses for all staff
- management short courses.

The program provided 3-4 days of professional development for personal and management skills for staff in each career stage, which meets the minimum level of formal professional development required to satisfy our CPA Recognised Employer program obligations. Staff are also supported to attend external courses, conferences and seminars that are relevant to their work responsibilities and development.

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

Our training and development expenditure for all employees was steady at 4% of salaries and 3% of total employee expenses. We also maintained the same level of commitment to leadership and management training as last year.

Training and development costs in 2012-13

	Total cost	% of total employee expenses
Total training and development expenditure	\$344 000	3.2%
Leadership and management development expenditure	\$58 000	0.5%

Performance review and development (PRD)

Our PRD process is integral to developing the capabilities of our people. It gives everyone the opportunity for feedback about the quality of their work and their development needs.

We improved the percentage of staff who have a current PRD in 2012-13, however our target for all employees including Executive to participate in the PRD process by 31 December 2012 was not met. As a result there has been a delay in the project to improve the way PRDs are documented and tailor the review process for staff who have held their roles for some time. This project, which should improve employee participation rates, will be given priority in 2013-14.

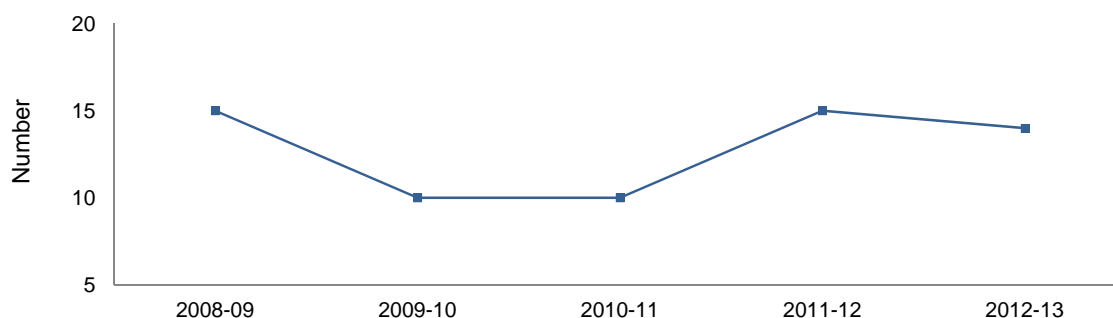
Performance review and development completed in 2012-13

Employees who have had:	% of workforce
A review within the last 12 months	67%
A review older than 12 months	22%
No review	11%

Staff recruitment

The market for quality audit staff is very competitive, yet we continue to attract high numbers of applications for our positions, particularly those for graduate accountants. A 2013 survey of graduates, online graduate recruitment website GradConnection¹ ranked our Department 29th in the list of Australia's top 100 graduate employers. We maintain close links with Universities and professional accounting organisations, and employ a range of options to increase the potential pool of applicants for audit positions. Extra recruitment was again necessary this year to fill vacancies as a result of higher turnover and staff on extended leave without pay. Temporary and contract staff are brought in during periods of peak demand.

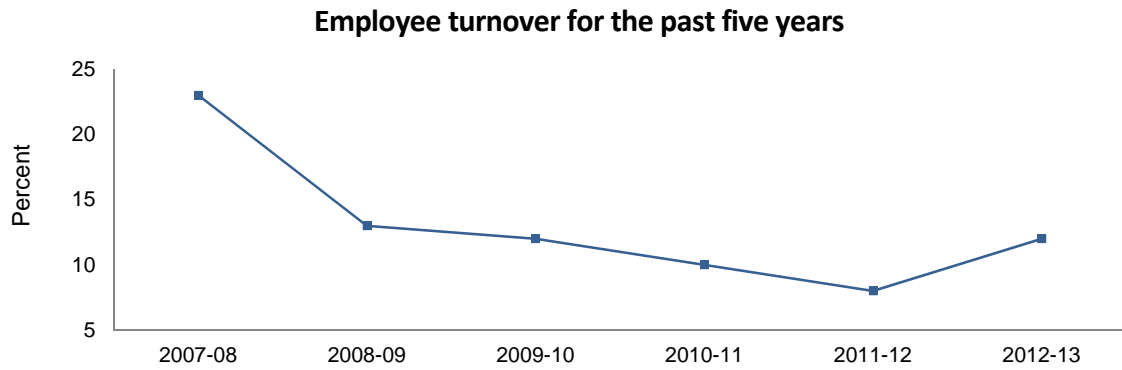
Graduates appointed in the past five years



¹ www.gradconnection.com – 2011 winner of the Australian Association of Graduate Employers award for *Best Supplier to the Graduate Recruitment Industry*

Staff turnover

Staff turnover increased by 4% in 2012-13, after a three year decline, but remains relatively low. This is consistent with the very modest improvement in the public sector employment growth rate in this State over the past year.



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

Key result area 4

‘Running an effective business’

Key targets

- launching our new corporate plan
- building a culture of innovation
- improved procurement practices
- meeting our OHSW targets

Our performance in 2012-13

2013 to 2015 corporate plan

2012-13 saw the start of our latest three year corporate plan. Data from our most recent staff survey, demographic studies and an extensive self-assessment of our corporate governance, as well as up to date information about developments in public sector integrity, informed the corporate plan development process.

Our most significant achievements in this first year and commentary on the areas where we did not do as well as we hoped are discussed under each key result area in this section of this Report. All staff will be provided with a report prepared by the Executive summarising the outcomes of the first year of the plan.

We develop an annual plan to translate strategic aims into yearly action plans. The Executive regularly monitors the implementation of our planned actions, but in 2013-14 we plan to develop and implement a formal system to monitor our strategic initiatives.

Innovation

Innovation, or encouraging new ideas and thinking, is one of this Department’s corporate values. It is considered a very important part of our organisational culture, yet in our last two staff surveys we were disappointed with the number of staff who felt that innovation was not really encouraged and valued.

In 2012-13 we set about finding a way to actively pursue innovation in order to prove its value to our culture. The annual planning process presented an opportunity to demonstrate that we wanted people to suggest new ideas, with scope to include one or two short-term projects for change in the 2013-14 plan.

A number of interstate audit offices had used workshops for ideas generation with good results. Based on their success we trialled innovation meetings for senior managers as part of the 2013-14 annual planning process. We held a series of meetings to generate ideas for specific issues in the areas of:

- audit practice
- people management
- business processes.

Our managers participated in these sessions with enthusiasm and commitment, and we received good feedback from them about the process. The ideas they generated will be considered by Executive and the best of them will be included in the 2013-14 annual plan.

We intend to run similar sessions in future annual planning processes. By providing this formal mechanism to innovate we believe we can:

- build a culture of innovation in the Department

OUR PERFORMANCE

- generate new ideas and better ways of working
- strengthen the strategic management framework by adding value to the annual planning process
- engage staff in the strategic planning process and creating opportunities for them to take part in strategic change.

Improving procurement practices

After a significant project involving all of our corporate services groups, this year we implemented a new policy, procedure and soon an online system to support the Department's procurement activities. These new processes comply with procurement standards prescribed by the State Procurement Board and other governing legislation and address the key principles of:

- value for money
- ethics and fair treatment
- probity, accountability and transparency
- environmental sustainability
- health and safety.

Staff involved in procuring goods and services for the Department have embraced the changes and compliance with all requirements has been very good in these first few months of implementation. The planned deployment of an online purchasing system in 2013-14 should further improve the process for staff.

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.

On-site influenza vaccinations, ergonomic assessments and confidential counselling with external professionals through the Employee Assistance Program are available to staff.

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 2012-13. Specific data on this is provided in Appendix G.

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.

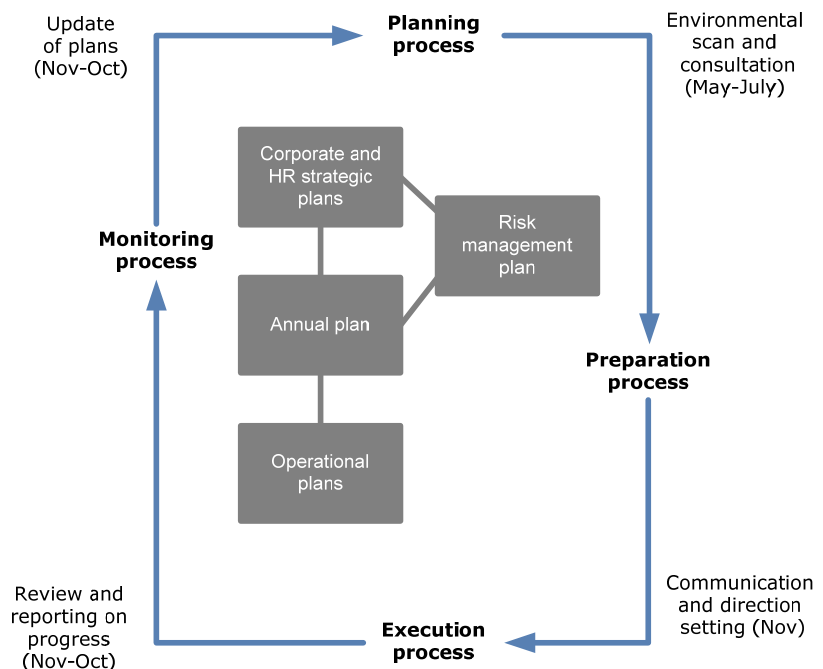
Risk Management Policy and Plan

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 H 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.

Financial performance for the three years to 30 June 2013

	Budget	Actual		
	2012-13 \$'000	2012-13 \$'000	2011-12 \$'000	2010-11 \$'000
Net cost of providing services	15 821	14 454	15 468	13 678
Total audit fees raised	14 488	13 616	13 971	12 549
Total assets	3 158	4 562	3 263	3 122
Total liabilities	4 434	4 462	4 366	3 856

The decrease in total expenses of \$1 million was due to a decrease in payments to contract auditors as discussed below.

Net cost of providing services

Contractual arrangements

The Department has not entered into any contractual arrangements where the value of the contract exceeds \$4 million.

Contract audit fees

\$1.81 million was paid to contract auditors in 2012-13, compared to \$2.88 million last year. That decrease resulted principally from a reduction in the statutory audit work for the South Australian health sector. There was considerably more audit work required in 2011-12 in response to the implementation of significant strategic, administrative and financial change (including systems) affecting the Department for Health and Ageing and South Australian health regions/services.

Consultants

Consultants are sometimes used to provide expert advice on matters associated with an audit, special investigation or a particular aspect of the Department's operations. Consultancy expenses were \$80 000 in 2012-13 (\$165 000 in 2011-12).

FINANCIAL SUMMARY

Consultancies in 2012-13	Number	\$'000
Under \$10 000	2	3
\$10 000 - \$50 000	0	0
Above \$50 000: <i>KPMG actuarial services for the audit of WorkCoverSA</i>	1	77
Total	3	80

Creditor account 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 Premier on our payment performance.

Payment performance in 2012-13

	Number	%	Value (\$'000)	%
Timing of payments:				
Paid by the due date	858	99.1	4 526	98.5
Paid late, within 30 days of the due date	7	0.8	68	1.5
Paid more than 30 days after the due date	1	0.1	0	-
Total	866	100.0	4 594	100.0

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 item 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 policies on ethical conduct in the workplace and fraud management policy.

We are not aware of any actual, suspected or alleged fraudulent activity affecting the Department in 2012-13.

Whistleblowers Protection Act 1993

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.

All instances of disclosure of public interest information to a responsible officer of the Department under the *Whistleblowers Protection Act 1993* were either referred to the appropriate agency or reviewed as part of the audit process.

Financial management compliance

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

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

Annual assessments are undertaken using a financial management compliance checklist to assign performance ratings to each area. Matters identified for improvement in this year's review will be actioned in 2013-14.

Auditor-General's Department

Statement of Comprehensive Income for the year ended 30 June 2013

	Note	2013 \$'000	2012 \$'000
Expenses:			
Employee expenses	3	10 599	10 479
Supplies and services:	4		
Contractors		1 811	2 883
Office accommodation and service costs		667	663
Computing and network processing costs		337	262
Staff development and training		174	138
Motor vehicles		160	145
Other expenses		148	158
Consultancies		80	165
Fringe benefits tax		61	60
Shared Services SA charges		60	53
Staff travel and accommodation		41	48
Temporary staff		17	47
Report printing		8	9
		<u>3 564</u>	<u>4 631</u>
Depreciation and amortisation		292	349
Net loss from the disposal of non-current assets	5	-	10
Total expenses		<u>14 455</u>	<u>15 469</u>
Income:			
Other income		1	1
Total income		<u>1</u>	<u>1</u>
Net cost of providing services		<u>14 454</u>	<u>15 468</u>
Revenues from (Payments to) SA Government:			
Appropriations and contingency provision grant	6	15 657	15 099
Net result		<u>1 203</u>	<u>(369)</u>
Total comprehensive result		<u>1 203</u>	<u>(369)</u>

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

**Statement of Financial Position
as at 30 June 2013**

	Note	2013 \$'000	2012 \$'000
Current assets:			
Cash and cash equivalents	7,15.1	4 062	2 664
Receivables	8	126	160
Total current assets		<u>4 188</u>	<u>2 824</u>
Non-current assets:			
Computing and office facilities	9	307	337
Intangible assets	10	67	102
Total non-current assets		<u>374</u>	<u>439</u>
Total assets		<u>4 562</u>	<u>3 263</u>
Current liabilities:			
Payables	11	344	270
Cash advance - imprest account		3	3
Employee benefits	12	1 467	947
Provision for workers compensation	13	7	7
Total current liabilities		<u>1 821</u>	<u>1 227</u>
Non-current liabilities:			
Payables	11	258	300
Employee benefits	12	2 359	2 816
Provision for workers compensation	13	24	23
Total non-current liabilities		<u>2 641</u>	<u>3 139</u>
Total liabilities		<u>4 462</u>	<u>4 366</u>
Net assets		<u>100</u>	<u>(1 103)</u>
Equity:			
Opening balance - deficit		(1 103)	(734)
Increase (Decrease) in net assets		1 203	(369)
Total equity		<u>100</u>	<u>(1 103)</u>

Total equity is attributable to the SA Government as owner

Commitments 14

Statement of Changes in Equity for the year ended 30 June 2013

	Retained earnings \$'000	Total \$'000
Balance at 30 June 2011	(734)	(734)
Total comprehensive result for the year 2011-12	(369)	(369)
Balance at 30 June 2012	(1 103)	(1 103)
Total comprehensive result for the year 2012-13	1 203	1 203
Balance at 30 June 2013	100	100

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

Statement of Cash Flows for the year ended 30 June 2013

		2013 Inflows (Outflows) \$'000	2012 Inflows (Outflows) \$'000
Cash flows from operating activities:	Note		
Cash outflows:			
Employee expenses		(10 543)	(9 732)
Supplies and services		(3 887)	(5 304)
Payments for Paid Parental Leave Scheme		(24)	-
Cash inflows:			
Other income		1	1
GST refunds from Australian Taxation Office		395	467
Receipts for Paid Parental Leave Scheme		26	-
Cash flows from SA Government:			
Appropriations and contingency provision grant	6	15 657	15 099
Net cash provided by (used in) operating activities	15.2	1 625	531
Cash flows from investing activities:			
Cash outflows:			
Purchase of computing and office facilities	9.2	(190)	(217)
Purchase of intangible assets	10.2	(37)	(4)
Net cash provided by (used in) investing activities		(227)	(221)
Net increase (decrease) in cash and cash equivalents		1 398	310
Cash and cash equivalents at 1 July		2 664	2 354
Cash and cash equivalents at 30 June	7,15.1	4 062	2 664

Notes to and forming part of the financial statements

1. Objectives of the Auditor-General's Department (the 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 *Public Finance and Audit Act 1987* (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 \$14.403 million (\$15.369 million) on this activity.

Special investigations

Includes all work that is specifically requested by the Parliament, Treasurer or Minister to be undertaken by the Auditor-General. This includes:

- 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. In 2012-13 the Auditor-General was required to examine and report to the Parliament on the progress of construction of the Adelaide Oval redevelopment and other matters. In addition, during 2011-12 the Auditor-General was required to examine and report to the Parliament on the probity of the processes leading up to the awarding of bus service contracts.

During 2012-13 the Department spent \$52 000 (\$100 000) 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 Australian Accounting Standards and Treasurer's Instructions (TIs) and Accounting Policy Statements (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 have been prepared based on a 12 month operating cycle and are presented in Australian currency.

Australian Accounting Standards and Australian Accounting Standards Board (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 2013. The Department has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Department.

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 judgment in the process of applying the Department's accounting policies. Areas involving a higher degree of judgment, 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 Australian Accounting Standard 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, fringe benefits tax 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 Australian Taxation Office (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 Accounting Policy Framework (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 the Department of Treasury and Finance 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.

(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, accrued expenses and Paid Parental Leave Scheme amounts payable.

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

The Paid Parental Leave Scheme payable represents amounts which the Department has received from the Commonwealth Government to forward on to eligible employees via the Department's standard payroll processes.

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. Employee benefits comprise salaries, annual leave, long service leave and skills and experience retention 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 and skills and experience retention leave

The annual leave liability and the skills and experience retention leave liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid. In the unusual event where salary and wages, annual leave and skills and experience retention leave liability are payable later than 12 months, the liability will be measured at present value.

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. An actuarial assessment of long service leave liability is undertaken by the Department of Treasury and Finance. The estimated liability for long service leave is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities.

Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash flows.

The long service leave to be taken in the 12 months to 30 June 2014 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 2013 provided by a consulting actuary engaged through the Public Sector Workforce Relations Division of the Department of the Premier and Cabinet. 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 operating leases 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 2013 that have had a material impact on the information disclosed in these financial statements.

3. Employee expenses	2013	2012
Employee benefits:	\$'000	\$'000
Salaries	8 087	7 663
Annual leave	740	698
Long service leave	243	652
Skills and experience retention leave	56	-
Total employee benefits	9 126	9 013

3. Employee expenses (continued)	2013 \$'000	2012 \$'000
Employee on costs:		
Superannuation	949	936
Payroll tax	522	519
Total employee on-costs	1 471	1 455
Workers compensation	2	11
Total employee expenses	10 599	10 479
4. Supplies and services provided by entities within SA Government		
Office accommodation and service costs	663	660
Staff development and training	2	2
Other expenses	22	23
Motor vehicle	108	98
Shared Services SA charges	60	53
Total supplies and services provided by entities within SA Government	855	836
5. Net loss from the disposal of non-current assets		
Net book value of non-current assets disposed	-	10
Total net loss from the disposal of non-current assets	-	10

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

6. Funding of the Department

Appropriations to the Department in 2012-13 amounted to \$15.444 million (\$15.094 million) and there was a contingency provision grant of \$213 000 (\$5000).

Appropriations under Special Acts are reported under administered items.

7. Cash and cash equivalents

Deposits with the Treasurer	4 059	2 661
Imprest account and cash on hand	3	3
Total cash and cash equivalents	4 062	2 664

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 3.04% (4.37%).

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

8. Receivables

	2013 \$'000	2012 \$'000
Current:		
GST input tax recoverable	123	153
Other	3	7
Total current	126	160

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

Interest rate and credit risk

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

FINANCIAL SUMMARY

9. Computing and office facilities	2013	2012
9.1 <i>Classes of computing and office facilities</i>	\$'000	\$'000
Computing and office equipment - at cost	612	632
Accumulated depreciation	(520)	(486)
	<u>92</u>	<u>146</u>
Laptop computer equipment - at cost	466	343
Accumulated depreciation	(285)	(201)
	<u>181</u>	<u>142</u>
Leasehold improvements - at cost	579	563
Accumulated depreciation	(545)	(514)
	<u>34</u>	<u>49</u>
	<u>307</u>	<u>337</u>

There were no indications of impairment of non-current assets at 30 June 2013.

9.2 <i>Reconciliation of carrying amount</i>					Carrying amount
	01.07.12	Additions	Disposals	Depreciation	30.06.13
	\$'000	\$'000	\$'000	\$'000	\$'000
Computing and office equipment	146	20	-	74	92
Laptop computer equipment	142	154	-	115	181
Leasehold improvements	49	16	-	31	34
Total computing and office facilities	<u>337</u>	<u>190</u>	<u>-</u>	<u>220</u>	<u>307</u>
	01.07.11	Additions	Disposals	Depreciation	30.06.12
	\$'000	\$'000	\$'000	\$'000	\$'000
Computing and office equipment	134	94	-	82	146
Laptop computer equipment	173	122	10	143	142
Leasehold improvements	88	1	-	40	49
Total computing and office facilities	<u>395</u>	<u>217</u>	<u>10</u>	<u>265</u>	<u>337</u>

10. Intangible assets	2013	2012
10.1 <i>Classes of intangible assets</i>	\$'000	\$'000
Computer software - at cost	540	503
Accumulated amortisation	(473)	(401)
	<u>67</u>	<u>102</u>

There were no indications of impairment of non-current assets at 30 June 2013.

10.2 <i>Reconciliation of carrying amount</i>					Carrying amount
	01.07.12	Additions	Disposals	Amortisation	30.06.13
	\$'000	\$'000	\$'000	\$'000	\$'000
Computer software	102	37	-	72	67
Total intangible assets	<u>102</u>	<u>37</u>	<u>-</u>	<u>72</u>	<u>67</u>
	01.07.11	Additions	Disposals	Amortisation	30.06.12
	\$'000	\$'000	\$'000	\$'000	\$'000
Computer software	182	4	-	84	102
Total intangible assets	<u>182</u>	<u>4</u>	<u>-</u>	<u>84</u>	<u>102</u>

11. Payables	2013	2012
Current:	\$'000	\$'000
Employee on-costs	268	231
Creditors	61	28
Accrued expenses	13	11
Paid Parental Leave Scheme payable	2	-
Total current	<u>344</u>	<u>270</u>

11. Payables (continued)	2013	2012
Non-current:	\$'000	\$'000
Employee on-costs	258	300
Total non-current	258	300
Total payables	602	570
Payables to entities within the SA Government	299	307

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	2013	2012
Current:	\$'000	\$'000
Salaries	-	-
Annual leave	666	634
Long service leave	745	313
Skills and experience retention leave	56	-
Total current	1 467	947
Non-current:		
Long service leave	2 359	2 816
Total non-current	2 359	2 816
Total employee benefits	3 826	3 763

AASB 119 contains the calculation methodology for long service leave liability. This year an actuarial assessment performed by the Department of Treasury and Finance was used to calculate the liability rather than using a shorthand technique for the calculation of the liability.

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has increased from 3% at 30 June 2012 to 3.75% at 30 June 2013. This increase in the bond yield, which is used as the rate to discount future long service leave cash flows, results in a decrease in the reported long service leave liability.

The net financial effect of the changes in the methodology and actuarial assumptions is immaterial. The impact on future periods is impracticable to estimate as the benchmark is calculated using a number of assumptions - a key assumption is the long-term discount rate.

The actuarial assessment by the Department of Treasury and Finance left the salary inflation rate at 4%. As a result there is no net financial effect resulting from changes in the salary inflation rate.

13. Provision for workers compensation	2013	2012
Current:	\$'000	\$'000
Provision for workers compensation	7	7
Total current	7	7
Non-current:		
Provision for workers compensation	24	23
Total non-current	24	23
Total provision	31	30
Carrying amount at 1 July	30	22
Workers compensation payments	-	-
Increase (Decrease) in provision	1	8
Carrying amount at 30 June	31	30

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

14. Commitments**Operating lease commitments**

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

FINANCIAL SUMMARY

Office accommodation

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

Motor vehicles

Motor vehicles are leased from SAFA through their agent LeasePlan Australia. 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, and are reviewed annually.

At the reporting date the Department had the following obligations under non-cancellable operating leases (these obligations have not been recognised as liabilities):	2013 \$'000	2012 \$'000
Not later than one year	667	692
Later than one year but not later than five years	635	1 268
Total operating lease commitments as lessee	1 302	1 960

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	1 046	984
Later than one year but not later than five years	2 434	2 300
Total remuneration commitments	3 480	3 284

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	2013	2012
15.1 Reconciliation of cash and cash equivalents	\$'000	\$'000
Cash and cash equivalents at 30 June per:		
Statement of Financial Position	4 062	2 664
Statement of Cash Flows	4 062	2 664
15.2 Reconciliation of net cost of providing services to net cash provided by (used in) operating activities		
Net cost of providing services	(14 454)	(15 468)
Net cash flows from government	15 657	15 099
Depreciation and amortisation	292	349
Loss on disposal of non-current assets	-	10
Movements in assets/liabilities:		
Receivables	34	31
Employee benefits	63	619
Provision for workers compensation	1	8
Payables	32	(117)
Net cash provided by (used in) operating activities	1 625	531
16. Remuneration of employees	2013	2012
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	Number
\$188 000 - \$197 999	-	2
\$198 000 - \$207 999	2	1
\$208 000 - \$217 999	1	1
\$218 000 - \$227 999	1	1
\$228 000 - \$237 999	1	-
\$388 000 - \$397 999	-	1
\$398 000 - \$407 999	1	-
Total	6	6

16. Remuneration of employees (continued)

The table includes all employees whose normal remuneration is equal to or greater than the base executive remuneration level of \$138 033. Total remuneration received or receivable by these employees was \$1.476 million (\$1.402 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.

17. Remuneration of auditor	2013	2012
	\$'000	\$'000
Remuneration for audit of financial statements	10	*15
Remuneration for other services	-	-
	<u>10</u>	<u>15</u>

* Remuneration for audit of financial statements in 2011-12 includes the payment for the cost of auditing the 2010-11 financial statements and payment of an interim bill for work performed as part of the audit of financial statements for 2011-12.

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	
	2013	2012
	\$'000	\$'000
Financial assets		
Cash and cash equivalents	4 062	2 664
Receivables*	3	2
Financial liabilities		
Payables	74	40
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 2013**

	Note	2013 \$'000	2012 \$'000
Expenses:			
Employee expenses		322	343
Amounts paid/payable to Consolidated Account		13 616	13 971
Total expenses		13 938	14 314
Income:			
Fees for audit services		13 616	13 971
Appropriation - Special Acts	A2.2	308	288
Total income		13 924	14 259
Net result		(14)	(55)
Total comprehensive result		(14)	(55)

**Statement of Administered Financial Position
as at 30 June 2013**

	Note	2013 \$'000	2012 \$'000
Current assets:			
Cash and cash equivalents	A4.1	871	817
Receivables	A2.1	4 015	1 932
Total assets		4 886	2 749
Current liabilities:			
Employee benefits	A3	137	131
Amounts payable to Consolidated Account		4 144	1 795
GST payable		565	787
Total current liabilities		4 846	2 713
Non-current liabilities:			
Employee benefits	A3	436	418
Total non-current liabilities		436	418
Total liabilities		5 282	3 131
Net assets		(396)	(382)
Equity:			
Opening balance - deficit		(382)	(327)
Increase (Decrease) in net assets		(14)	(55)
Total equity		(396)	(382)

Statement of Administered Changes in Equity for the year ended 30 June 2013

	Retained earnings \$'000	Total \$'000
Balance at 30 June 2011	(327)	(327)
Total comprehensive result for the year 2011-12	(55)	(55)
Balance at 30 June 2012	(382)	(382)
Total comprehensive result for the year 2012-13	(14)	(14)
Balance at 30 June 2013	(396)	(396)

Statement of Administered Cash Flows for the year ended 30 June 2013

		2013 Inflows (Outflows) \$'000	2012 Inflows (Outflows) \$'000
Cash flows from operating activities:	Note		
Cash outflows:			
Employee expenses		(298)	(289)
Amounts paid to Consolidated Account		(11 266)	(13 277)
GST paid to Australian Taxation Office		(1 583)	(1 048)
Cash inflows:			
Fees for audit services	A2.1	12 893	14 585
Cash flows from SA Government:			
Appropriations - Special Acts	A2.2	308	288
Net cash provided by (used in) operating activities	A4.2	54	259
Net increase (decrease) in cash and cash equivalents		54	259
Cash and cash equivalents at 1 July		817	558
Cash and cash equivalents at 30 June	A4.1	871	817

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 (the 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 *Public Finance and Audit Act 1987* (PFAA) provides for the levying of fees for audit services provided by the Department. These are paid into the Consolidated Account.

	2013 \$'000	2012 \$'000
Fees outstanding at 1 July	1 932	1 148
Billings (including GST)	14 976	15 369
	<u>16 908</u>	<u>16 517</u>
Receipts (including GST)	12 893	14 585
Fees outstanding at 30 June	<u>4 015</u>	<u>1 932</u>

At 30 June, the value of audit work in progress was \$6.185 million (\$5.991 million). The Department is of the opinion that this amount is recoverable.

FINANCIAL SUMMARY

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*

Section 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	2013	2012
Current:	\$'000	\$'000
Salaries	-	-
Annual leave	137	131
Total current	<u>137</u>	<u>131</u>
Non-current:		
Long service leave	436	418
Total non-current	<u>436</u>	<u>418</u>
Total employee benefits	<u>573</u>	<u>549</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	871	817
Statement of Administered Cash Flows	<u>871</u>	<u>817</u>

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

Net result	(14)	(55)
Movements in assets/liabilities:		
Receivables	(2 083)	(783)
Employee benefits	24	54
Amounts payable to the Consolidated Account	2 349	694
GST payable	(222)	349
Net cash provided by (used in) operating activities	<u>54</u>	<u>259</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	12 145	12 278
Expenses	13 616	13 971
Financial assets	4 309	2 177
Financial liabilities	4 144	1 795

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
26 August 2013



M Stint
Manager, Finance
26 August 2013



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 2013, and the 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 and 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.



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Edwards Marshall

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

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

Opinion

In our opinion:

- a) the financial report presents fairly, in all material respects, the financial position of the Department, as at 30 June 2013, 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 2013 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

26 August 2013



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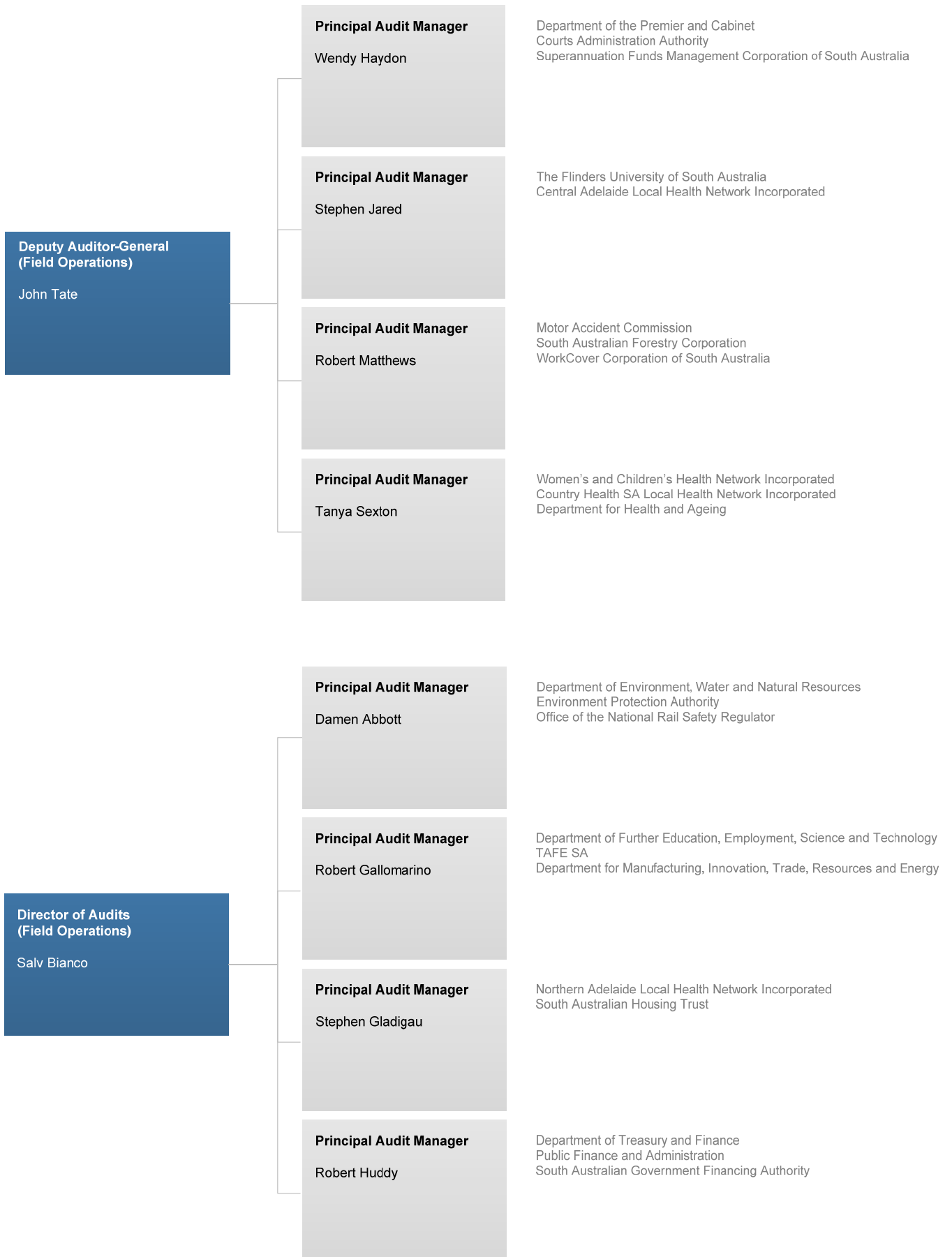


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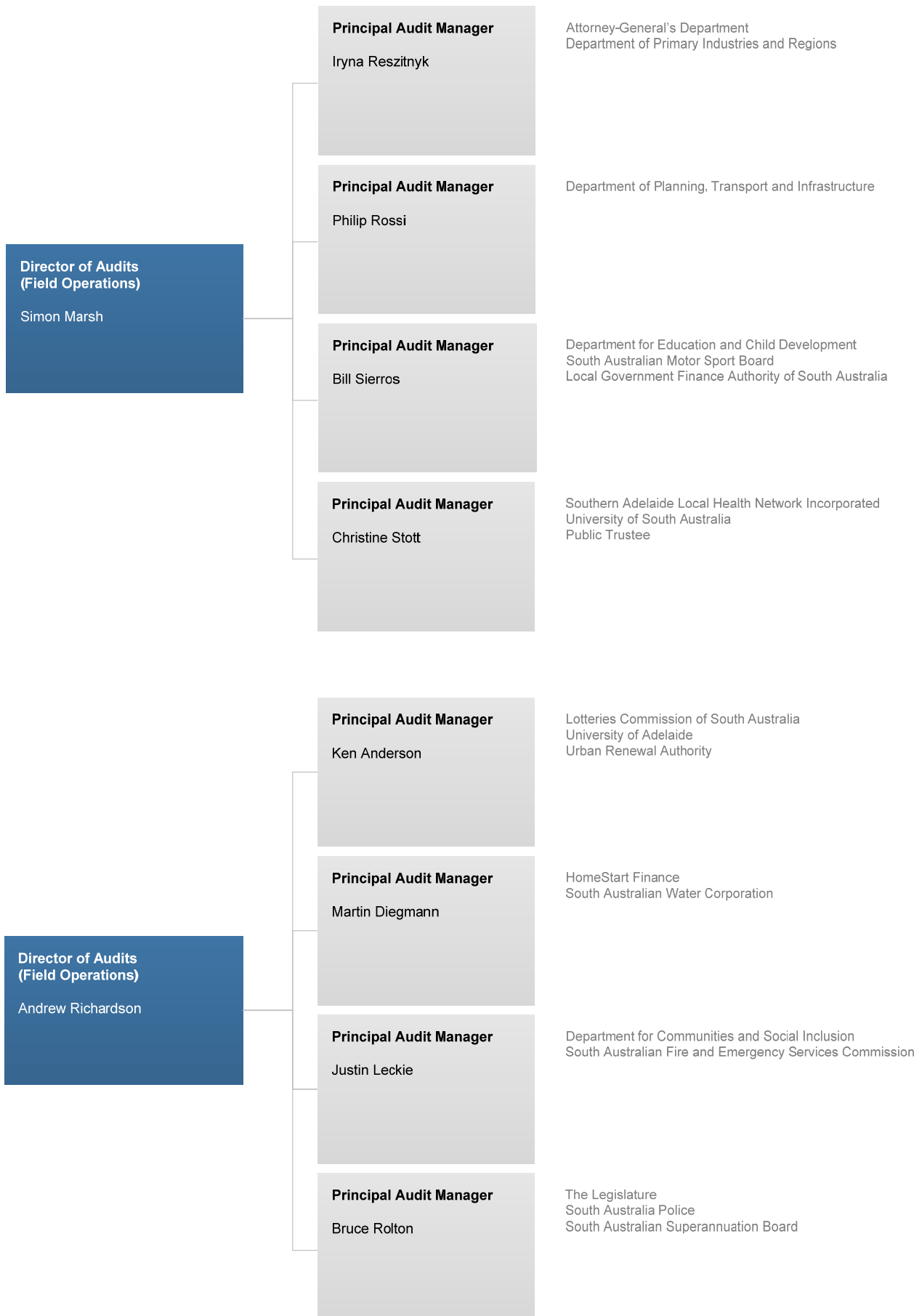
Our organisation structure



Major audit responsibilities:



Major audit responsibilities:



Our workforce profile

The Department has an approved staffing establishment of 113 FTEs including the Auditor-General. On 30 June 2013 the Department employed 119 people, representing 114.6 FTEs (116.2 FTEs at 30 June 2012). The average employee FTE level for 2012-13 was 114.8, compared with 111.3 last year.

The following tables profile our workforce.

Employee numbers, gender and status

Employees by gender (as at 30 June 2013)

	People	FTEs
Total employees	119	114.6
Female (%)	55	54
Male (%)	45	46

Number of employees by gender and salary bracket (as at 30 June 2013)

	Male	Female	Total
\$0 - \$53 199	7	13	20
\$53 200 - \$67 699	14	30	44
\$67 700 - \$86 599	9	14	23
\$86 600 - \$109 299	17	9	26
\$109 300 +	6	0	6
Total	53	66	119

FTE employees by gender and status (as at 30 June 2013)

	Ongoing	Short-term contract	Long-term contract	Casual	Total
Female	52.1	9.7	0	0	61.8
Male	40.8	7.0	5.0	0	52.8
Total	92.9	16.7	5.0	0	114.6

Number of employees by gender and status (as at 30 June 2013)

	Ongoing	Short-term contract	Long-term contract	Casual	Total
Female	56	10	0	0	66
Male	41	7	5	0	53
Total	97	17	5	0	119

Executives

Executives by gender, classification and status (as at 30 June 2013)

	Ongoing		Term*		Other		Total		Total
	F	M	F	M	F	M	F	M	
CEO	0	1	0	0	0	0	0	1	1
Exec B	0	0	0	5	0	0	0	5	5
Total	0	1	0	5	0	0	0	6	6

* Untenured

Experience

At 30 June 2013 the average working experience of employees in the Department was 10 years compared to 10 years and three months as at 30 June 2012.

Years employees have worked in the Department and the public sector (as at 30 June 2013)

	Years of service						Total
	0<3	3<6	6<11	11<16	16<21	21+	
Auditor-General's Department	45	19	15	8	11	21	119
Public sector	41	17	18	8	10	25	119

Employee movements

Number of people in 2012-13 who have:

Separated from the Department	14
Been recruited to the Department	19

Leave management

Average leave taken by employees during 2012-13

	Days per employee			
	2012-13	2011-12	2010-11	2009-10
Sick leave	5.38	5.89	5.88	6.30
Family carer's leave	1.02	1.19	1.13	0.74
Miscellaneous special leave	*1.33	*1.27	*1.77	0.43

* Includes study leave (previously not included in data)

Six people were on leave without pay from the Department on 30 June 2013.

Workforce diversity

Age profile of employees

At 30 June 2013 the average age of the Department's employees was 36.7 years (36 years as at 30 June 2012). More than half our staff (51%) are under 35 years of age, compared with the South Australian workforce statistics benchmark of 37%.

Age profile (as at 30 June 2013)

Age:	Female	Male	Total	% of total	*2013 workforce benchmark
15-19	0	0	0	0.0	6.2
20-24	12	8	20	16.8	9.7
25-29	16	6	22	18.5	10.9
30-34	10	9	19	16.0	9.8
35-39	9	3	12	10.1	10.1
40-44	6	6	12	10.1	11.8
45-49	6	9	15	12.6	11.2
50-54	3	6	9	7.6	11.3
55-59	3	5	8	6.7	9.0
60-64	1	1	2	1.7	6.1
65+	0	0	0	0.0	3.7
Total	66	53	119	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 Feb 2013

Voluntary flexible working arrangements

Number of employees accessing voluntary flexible working arrangements

	Female	Male	Total
Purchased leave	2	2	4
Flexitime	66	47	113
Compressed weeks	0	0	0
Part-time	13	1	14
Job share	0	0	0
Working from home	0	0	0

Aboriginal and Torres Strait Islander employees

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

Aboriginal and Torres Strait Islander employees (as at 30 June 2013)

	Aboriginal staff	Total staff	% of total	Target
\$0 - \$53 199	2	20	10.0%	2%
\$53 200 - \$67 699	0	44	0	2%
\$67 700 - \$86 599	0	23	0	2%
\$86 600 - \$109 299	0	26	0	2%
\$109 300 +	0	6	0	2%
Total	2	119	1.7%	2%

Cultural and linguistic diversity (as at 30 June 2013)

	Female	Male	Total	% of Department	% of SA community*
Number of employees born overseas	17	9	26	21.9	22.1
Number of employees who speak language(s) other than English at home	19	10	29	24.4	14.4

* Benchmarks from ABS Publication Basic Community Profile (SA) Cat No. 2001.0, 2011 census

Disability

A disability action plan has been developed against the six outcomes for the whole-of government strategy '*Promoting independence – Disability action plans for South Australia*'. The Department's disability employment strategy is monitored through Executive planning processes.

As at 30 June 2013 no employees had declared a disability that meets the Commonwealth DDA definition, however a number of employees have sought workplace adjustments for their disability that have been supported by the Department.

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, integrated into the financial attest audit 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.

Public sector agencies audited at 30 June 2013

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 Oval SMA Limited
Agents Indemnity Fund
Alinytjara Wilurara Natural Resources Management Board
ANZAC Day Commemoration Fund
Art Gallery Board
Attorney-General's Department
Australian Children's Performing Arts Company
Australian Energy Market Commission
Bio Innovation SA
Board of the Botanic Gardens and State Herbarium
Caring for our Country Program (South Australia)
Carrick Hill Trust
Central Adelaide Local Health Network Incorporated
Coast Protection Board
Communities and Social Inclusion – Department for
Construction Industry Training Board
Correctional Services – Department for
Country Health SA Hospital Local Health Network Incorporated
Courts Administration Authority
Dairy Authority of South Australia
Defence SA
Distribution Lessor Corporation
Dog and Cat Management Board
Dog Fence Board

Public sector agencies audited at 30 June 2013

Economic Development Board (Project Coordination Board)
Education Adelaide
Education and Child Development – Department for
Electoral Commission of South Australia
Electricity Industry Superannuation Scheme
Environment Protection Authority
Environment, Water and Natural Resources – Department of
Essential Services Commission of South Australia
Eyre Peninsula Natural Resources Management Board
Further Education, Employment, Science and Technology – Department of
General Reserves Trust
Generation Lessor Corporation
Governors’ Pensions Scheme
Health, Ageing, Community and Disability Services Ministerial Council
Health and Ageing - Department for
Health Services Charitable Gifts Board
History Trust of South Australia
HomeStart Finance
Independent Gambling Authority
Independent Gaming Corporation Ltd
Judges’ Pensions Scheme
Kangaroo Island Natural Resources Management Board
Legal Services Commission
Legislature – The – House of Assembly
Legislature – The – Joint Parliamentary Service
Legislature – The – Legislative Council
Libraries Board of South Australia
Local Government Finance Authority of South Australia
Lotteries Commission of South Australia
Manufacturing, Innovation, Trade, Resources and Energy – Department for
Maralinga Lands Unnamed Conservation Park Board
Medvet Science Pty Ltd
Minister for Agriculture, Food and Fisheries – Adelaide Hills Wine Industry Fund

Public sector agencies audited at 30 June 2013

Minister for Agriculture, Food and Fisheries – Barossa Wine Industry Fund
Minister for Agriculture, Food and Fisheries – Citrus Growers Fund
Minister for Agriculture, Food and Fisheries – Clare Valley Wine Industry Fund
Minister for Agriculture, Food and Fisheries – Eyre Peninsula Grain Growers Rail Fund
Minister for Agriculture, Food and Fisheries – Grain Industry Fund
Minister for Agriculture, Food and Fisheries – Langhorne Creek Wine Industry Fund
Minister for Agriculture, Food and Fisheries – McLaren Vale Wine Industry Fund
Minister for Agriculture, Food and Fisheries – Olive Industry Fund
Minister for Agriculture, Food and Fisheries – Riverland Wine Industry Fund
Minister for Agriculture, Food and Fisheries – Rock Lobster Fishing Industry Fund
Minister for Agriculture, Food and Fisheries – South Australian Apiary Industry Fund
Minister for Agriculture, Food and Fisheries – South Australian Cattle Industry Fund
Minister for Agriculture, Food and Fisheries – South Australian Deer Industry Fund
Minister for Agriculture, Food and Fisheries – South Australian Grape Growers Industry Fund
Minister for Agriculture, Food and Fisheries – South Australian Pig Industry Fund
Minister for Agriculture, Food and Fisheries – South Australian Sheep Industry Fund
Motor Accident Commission
Museum Board
National Health Funding Pool – South Australian State Pool Account
Native Vegetation Fund
Northern Adelaide Local Health Network Incorporated
Northern and Yorke Natural Resources Management Board
Office of the National Rail Safety Regulator
Outback Communities Authority
Parliamentary Superannuation Scheme
PC IIFF Trust
Planning and Development Fund
Planning and Local Government - Department of
Planning, Transport and Infrastructure – Department of
Playford Capital Pty Ltd
Police Superannuation Scheme
Premier and Cabinet – Department of the
Primary Industries and Resources – Department of

Public sector agencies audited at 30 June 2013

Professional Standards Council

Public Trustee

Rail Commissioner

RESI Corporation

Residential Tenancies Fund

Retail Shop Leases Fund

Rural Industry Adjustment and Development Fund

SA Ambulance Service Inc

SACE Board of South Australia

SA Metropolitan Fire Service Superannuation Scheme

Second-hand Vehicles Compensation Fund

Small Business Commissioner

South Australia Police

South Australian Ambulance Superannuation Scheme

South Australian Arid Lands Natural Resources Management Board

South Australian Citrus Industry Development Board

South Australian Country Arts Trust

South Australian Country Fire Service

South Australian Film Corporation

South Australian Fire and Emergency Services Commission

South Australian Forestry Corporation

South Australian Government Financing Authority

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 State Emergency Service

South Australian Superannuation Board

South Australian Superannuation Scheme

South Australian Tourism Commission

South Australian Water Corporation

South East Natural Resources Management Board

Public sector agencies audited at 30 June 2013

South Eastern Water Conservation and Drainage Board
Southern Adelaide Local Health Network Incorporated
Southern State Superannuation Scheme
State Opera of South Australia
State Procurement Board
State Theatre Company of South Australia
Stormwater Management Authority
Superannuation Funds Management Corporation of South Australia
Super SA Retirement Investment Fund
Super SA Select Fund
TAFE SA
Teachers Registration Board of South Australia
The Flinders University of South Australia
Transmission Lessor Corporation
Treasury and Finance - Department of
University of Adelaide
University of South Australia
Urban Renewal Authority
West Beach Trust
Women's and Children's Health Network Incorporated
WorkCover Corporation of South Australia
Zero Waste SA

Total number of agencies audited at 30 June 2013: 154

Courses attended by our staff

Internal training course title	Hours
Advanced project management	172.50
Building critical thinking and professional judgement	210.00
Dealing effectively with uncooperative people	180.00
Developing and managing employees	382.50
Graduate induction and follow-up	162.75
Graduate module – Careers and professional development	16.00
Graduate module – Clients	31.50
Graduate module – Communication	28.00
Graduate module – Ethics	36.00
Graduate module – How Government works	16.00
Graduate module – Teams	31.50
Graduate module – Work practices	31.50
Graduate module – Personal skills	52.50
Graduate module – Careers and professional development	14.00
Graduate module – How government works	16.00
Graduate module – Introduction to ACL	120.00
Graduate module – Auditing controls	64.00
Graduate module – iGrafx Professional Flowcharter	48.00
Graduate module – Expenditure business cycle	180.00
Graduate module – Payroll cycle	24.00
Graduate module – Property, plant and equipment cycle	32.00
Graduate module – Revenue cycle	24.00
Graduate module – IPSAM - software training	105.00
Graduate module – IPSAM - audit methodology training	120.00
Graduate module – Software training	105.00
IPSAM – Trial Balance Self-Learning Module	25.50
OHS&W – Ergonomics and manual handling information session	26.00
OHS&W – Manager and Supervisor Information session	19.50
OHS&W – Staff information session	22.50
Parliament House tour	114.00
Preparing departmental documentation	240.00
Presentation skills	187.50
Report writing	255.00
Savvy workplace relationships	142.50
Selection panel training	142.50
Statement of cash flows	39.00
Total hours of attendance – internal:	3 416.75

External training course title	Hours
CPA Congress	77.00
Cyber security workshop	10.00
Fire Warden training	7.50
Fortigate 201 training	16.00
GAAPinar - Financial instruments	25.50
Government Accounting Information Forum	28.00
How organisations are getting better quality information in less time	1.50
How to deal with difficult people and situations of conflict	3.00
HR practices day	22.50
ICAA Business Forum 2013	11.00
Performance audit workshop	30.00
Professional Management Program	91.00
Professional presentation	15.00
Social engineering demonstration	5.00
The new workplace health and safety legislation	17.50
Total hours of attendance – external:	360.50

Total hours training attendance: 3777.25 hours

Providing an environmentally friendly workplace

Greening of Government operations (GoGO)

Energy management (GoGO priority area 1)

The South Australian Government's Energy Action Plan targets a milestone reduction in energy efficiency in government buildings of 25% from 2000-01 levels by 2014 (overall reduction of 30% by 2020). Energy used by our Department is limited to lighting and power in our leased office premises in the State Administration Centre.

Energy saving measures

We encourage our staff to be energy efficient. Energy ratings are considered when purchasing appliances. 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 energy efficient printers, 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 work spaces and kitchens have movement sensors to control artificial lighting, reducing energy demand.

Energy consumption

As tenants of leased premises there are limited opportunities to make significant energy savings, other than those mentioned above. Despite our efforts to save energy whenever possible, this year there was another marginal increase in our energy use. Our overall energy use remains below the 2000-01 baseline, but well short of the Government's aspirational 25% reduction target. Although we attribute this to the fact that we run an independent ICT environment and fully functioning server room (unlike many SA Government agencies that utilise whole-of-government ICT infrastructure and systems), we were not satisfied with this result. We are currently exploring the engagement of an energy expert to help identify ways to reduce our energy consumption.

Energy consumption and greenhouse emissions

	Energy use (GJ) p.a.	Energy efficiency (MJ/m ²)*	Greenhouse gas (CO ₂) emissions (tonnes)
2000-01 [base year]	450	290	148
2008-09	433	279	93
2009-10**	430	278	86
2010-11	429	277	81
2011-12	441	284	78
2012-13	446	287	80

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

** 2009-10 data was 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. We continue to publish all reports to Parliament electronically, saving paper usage in the print production process (although this does not have a direct impact on our internal paper usage).

The photocopiers and printers we use have duplex functions for double-sided printing and staff are encouraged to 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 and our electronic document and records management system (EDRMS) to reduce the need to print agendas, minutes, reports and general office communications.

In 2012-13 we used 1200 reams of paper for standard office printing and photocopying, the same amount we have used for the past three years. A change to our internal production processes for major reports to Parliament did not translate into the predicted reduction in paper consumption this 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 the State Administration Centre maintained a zero waste to landfill status in 2012-13.

Printer cartridges, office furniture and decommissioned mobile phones and accessories are routinely recycled. We also purchase products made from recycled materials when it is feasible and cost effective.

Providing a safe workplace

OHSW Statistics

OHS notices and corrective action taken

Number of notifiable occurrences pursuant to OHS&W Regulations Division 6.6	0
Number of notifiable injuries pursuant to OHS&W Regulations Division 6.6	0
Number of notices served pursuant to OHS&W Act sections 35, 39 and 40 (default, improvement and prohibition notices)	0

Agency gross worker's compensation expenditure for 2012-13 compared with 2011-12

	2012-13	2011-12	Variations
Income maintenance	0	0	0
Lump sum settlements - redemptions (sec 42)	0	0	0
Lump sum settlements - permanent disability (sec 43)	0	0	0
Medical/Hospital costs combined	0	0	0
Other	0	0	0
Total claims expenditure	0	0	0

Meeting safety performance targets

	Base:	Performance:			Final
	2009-10	12 months to 30 June 2013*			target
	Numbers or %	Actual	Notional quarterly target**	Variation	Numbers or %
1. Workplace fatalities	0	0	0	0	0
2. New workplace injury claims	0	0	n/a	0	n/a
3. New workplace injury claims frequency rate	0	0	n/a	0	n/a
4. Lost time injury frequency rate***	0	0	n/a	n/a	n/a
5. New psychological injury claims	0	0	n/a	0	n/a
6. Rehabilitation and return to work:					
6a. Early assessment within 2 days	n/a	n/a	n/a	n/a	80%
6b. Early intervention within 5 days	n/a	n/a	n/a	n/a	90%
6c. RTW within 5 business days	n/a	n/a	n/a	n/a	60%

Meeting safety performance targets (cont'd)

	Base:	Performance:			Final
	2009-10	12 months to 30 June 2013*			target
	Numbers or %	Actual	Notional quarterly target**	Variation	Numbers or %
7. Claim determination:					
7a. New claims not yet determined, assessed for provisional liability in 7 days	n/a	0	n/a	0	100%
7b. Claims determined in 10 business days	0	0	n/a	0	75%
7c. Claims still to be determined after 3 months	0	0	n/a	0	3%
8. Income maintenance payments for recent injuries					
2009-10 injuries (at 24 months development)	0	0	n/a	n/a	Below previous 2
2010-11 injuries (at 12 months development)	0	0	n/a	n/a	Below previous 2

* 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 in the shortest 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.

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.

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.