

# Annual report on the operations of the AUDITOR-GENERAL'S DEPARTMENT

for the year ended 30 June 2015



**Government of South Australia**  
Auditor-General's Department

## For more information

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Presented to the:  
Hon J W Weatherill LLB BEc GDLP MP,  
Premier of South Australia on 30 September 2015

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Premier  
Department of the Premier and Cabinet  
Level 15, State Administration Centre  
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**ADELAIDE SA 5000**

Dear Premier

**Annual Report on the Operations of the Auditor-General's Department**

Attached is the Annual Report on the Operations of the Auditor-General's Department for the year ended 30 June 2015 forwarded in accordance with the requirements of the *Public Sector Act 2009*.

I would be grateful if you would table this report at your earliest convenience.

Yours sincerely

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

Andrew Richardson  
**Auditor-General**



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## 2014-15 highlights

### Governance

We formalised protocols for dealing with public integrity responsibilities *(see page 9)*

### Reports

The Annual Report of the Auditor-General for the year ended 30 June 2014 was presented to Parliament

We presented two special reports to Parliament on the Adelaide Oval redevelopment project, and one special report on the awarding of a service contract for passenger transport services in Whyalla

We presented four supplementary reports to Parliament

We improved our reporting on the results of audits

*(See page 3 for details of our Reports)*

### Audits

159 independent auditor's reports were issued, 21 of them qualified *(see page 7)*

### Public interest reviews

We continued to focus on reviewing and reporting to the Parliament on matters of public interest *(see page 8)*

We developed a new performance audit methodology for planning, executing and reporting reviews *(see page 9)*

### Community engagement

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

### Recruitment

We recruited 11 graduates

We were voted number 10 in the Australian Association of Graduate Employers top 75 Graduate Employers list for 2015

*(see page 13)*

### Retention

Employee turnover remained relatively low *(see page 14)*

### Developing our people

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

Improvement strategies for our existing performance review and development process were developed *(see page 13)*

Staff participated in a range of working groups and ideas development to advance our strategies and gain new experiences *(see pages 8-10, 15)*

### Work health and safety

We maintained a high standard of workplace safety *(see page 53)*

### Financial management

We operated within our approved budget *(see page 19)*

## Auditor-General's report

*'I am pleased to present my first annual report on the operations of the Auditor-General's Department for the year ended 30 June 2015'*

This report summarises our performance and achievements in 2014-15.

Firstly, I would like to acknowledge and pay tribute to the dedicated commitment of the previous Auditor-General, Simon O'Neill, who retired in March 2015. Simon's contribution to the Department during 43 years of service, with eight as the Auditor-General, was outstanding.

It has been a very busy and challenging few months since I had the honour of being appointed to the position of Auditor-General. We have significantly advanced our strategic aim to improve our Parliamentary reporting and delivered our first report in keeping with the Auditor-General's expanded remit for local government examinations.

We have revamped the Auditor-General's Annual Report to present Part A, an executive summary, Part B, the agency audit report, a single summary document of outcomes of the majority of our annual audit program, and an Appendix, containing scanned copies of agency financial reports.

We presented a number of supplementary and other reports. Our first local government report, while presented in September 2015, demonstrated our progress with the new local government remit.

This was the third year of our corporate plan, which we extended to a four year plan because of the long-term nature of our strategic goals. The plan also emphasises supporting our staff and responding to State and Commonwealth Government reforms.

This year we consolidated our policies and communication protocols to meet our expanded public integrity responsibilities and developed a new performance audit methodology for planning, executing and reporting on public interest matters.

A foundational aspect of our achievements is the broad participation and contribution our staff have made. We have actively sought contributions throughout the Department to progress our goals. We are using the power of sharing ideas, building on them from the first notion through iterations and development. This has resulted in new approaches and emerging solutions. We are using online methods to capture and communicate ideas and face-to-face discussions to refine and resolve solutions. We have used structured work groups and informal exchanges with success. Some of our changes were adopted quickly and others need the discipline that a sound framework brings to ensure they are thoroughly developed.

Our aim is to deliver contemporary responses to our challenges and responsibilities. We acknowledge the goal of continuous public sector improvement, while meeting Parliament's and South Australian taxpayers' expectations that we will contribute to transparency, accountability and cost effectiveness in public sector financial administration.

The executive management structure implemented in the previous year was recently reviewed. Our responsibilities are to meet our goal of increased reporting of public interest reviews, develop our capacity in the still new, local government remit and deliver and enhance our traditional financial statement and controls opinions audits. To meet our responsibilities and the particular demands of this type of work, changes to the audit team directorate reporting arrangements will be trialled in 2015-16.

This report gives an overview of what we have achieved in the four key result areas of our corporate plan, and where we need to do more work.



I would like to thank my professional and dedicated Executive and staff for their commitment and hard work in 2014-15. Their responsiveness to changes I have sought over a short period of time has been personally motivating and satisfying.

I would also like to acknowledge the cooperation of all public authorities with my staff during the year. An audit is a joint effort between auditor and auditee and I am grateful that chief executives and staff throughout the public sector share this same view and willingly give their time and effort to the audit process.



Andrew Richardson  
**Auditor-General**

## Key operational statistics

### Activity indicators

|   |     |
|---|-----|
| Employees (FTEs) at 30 June 2015                | 121 |
| Number of audits as 30 June 2015                | 152 |
| Independent Auditor's Reports issued in 2014-15 | 159 |

### Financial indicators

|                                | 2014-15<br>\$'000 | 2013-14<br>\$'000 | 2012-13<br>\$'000 |
|--------------------------------|-------------------|-------------------|-------------------|
| Total audit fees raised        | 14 055            | 13 778            | 13 616            |
| Net cost of providing services | 15 124            | 14 811            | 14 454            |
| Total assets                   | 5 264             | 4 404             | 4 562             |
| Total liabilities              | 4 419             | 4 664             | 4 462             |

### Reports presented to Parliament this year

|                  |   |
|------------------|---|
| 30 June 2015     | Report of the Auditor-General – Supplementary report: Health ICT systems and the Camden Park distribution centre: June 2015   |
| 5 May 2015       | Report of the Auditor-General – Report on the probity of the processes leading to the awarding of a service contract: Provision of passenger transport services in the City of Whyalla                                      |
| 2 March 2015     | 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 2014 to 31 December 2014 |
| 10 February 2015 | Report of the Auditor-General – Supplementary report: Audit of the Gillman site transaction: Key shortcomings in assessing an unsolicited proposal: December 2014   |
| 4 December 2014  | Report of the Auditor-General – Supplementary report: Matters of specific audit comment: December 2014  |
| 4 December 2014  | Report of the Auditor-General – Supplementary report: Agency audit reports: December 2014   |
| 12 November 2014 | Annual report on the operations of the Auditor-General's Department for the year ended 30 June 2014   |
| 14 October 2014  | Report of the Auditor-General – Annual report for the year ended 30 June 2014 – Part A: Audit overview, Part B: Agency audit reports and Part C: State finances and related matters   |
| 1 September 2014 | 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 2014 to 30 June 2014  |

## What we do

‘Contributing to public sector accountability through audit and examination activity of state and local government agencies covering financial operations and reporting, controls and matters of public interest’

### 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 publicly funded bodies at the request of Parliament, the Treasurer, Minister or the Independent Commissioner Against Corruption
- undertake examinations of the local government sector
- examine issues referred by whistleblowers and other members of the community
- 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 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, Independent Commissioner Against Corruption Act and the Whistleblowers Protection Act.

### The Annual Report

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

- 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.

As discussed on page 10 the format of future reports will be changing.

### The agencies we audit

The Auditor-General is the prescribed auditor of 152 public sector agencies. They are listed in Appendix D.

## 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 2014-15

'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:

- formalising protocols for employees dealing with the Independent Commissioner Against Corruption and the Office for Public Integrity
- progressing a performance audit methodology for planning, executing and reporting on public interest reviews
- reviewing the reporting of agency audit report findings to Parliament and developing ways to improve the reporting of outcomes to users
- undertaking efficiency and cost effectiveness examinations within the local government sector
- preparing for the implementation of an updated financial auditing methodology
- keeping staff turnover at relatively low levels by focussing on job satisfaction

## And looking ahead

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

- further enhance our audit program and reporting to improve the content, relevance and presentation of our Parliamentary reports
- complete and implement an improved structured framework for the identification, review and reporting of public interest matters
- further advance the online presence of our reports
- implement improvement strategies for the performance management system based on the performance review and development review report recommendations
- 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, and develop a new corporate plan for the next three year period

## Key result area 1

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

### Key strategic actions

- Issuing independent audit and controls opinions
- Involving managers in staffing changes and resource allocation decisions
- Conducting public interest reviews
- Meeting public integrity responsibilities
- Monitoring productivity and performance of the audit program
- Preparing for the implementation of updated financial auditing methodology
- Improving the reporting of Part B: Agency audit reports to Parliament

### Our performance in 2014-15

Issuing independent audit and controls opinions

Five audit directorates are directly engaged in work to discharge the Auditor-General’s audit and examination mandate. They are made up of 17 field audit teams, an information technology audit (ITA) section, a public interest review team and a local government review team.

We issued 159 independent auditor’s reports in 2014-15, 21 of them qualified. Most of the opinions were issued for agencies with financial years ending on 30 June 2014 or 31 December 2014.

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 that the average working days has remained consistent over the last three years.

#### Audit activity output measures (financial years)

|  | 2014-15 | 2013-14 | 2012-13 |
|--|---------|---------|---------|
| Number of independent auditor’s reports issued   | 159     | 161     | 158     |
| Number of qualified audit opinions issued  | 21      | 25      | 25      |
| Average working days between an agency’s end of financial year and issuing an Independent Auditor’s Report | 88      | 86      | 89      |

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

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

The hours charged to 2013-14 audits increased by 3.6% from the 2012-13 audits. The use of subcontractors is regularly reviewed against changing audit strategies and work priorities.

**Hours charged to audits and fees paid to subcontract auditors (by audit year)**

|                              | 2013-14        | 2012-13        | 2011-12        |
|------------------------------|----------------|----------------|----------------|
| Conduct of audits (hours)    | 101 100        | 96 300         | 90 700         |
| Management of audits (hours) | 8 900          | 9 900          | 10 700         |
| <b>Total hours charged</b>   | <b>110 000</b> | <b>106 200</b> | <b>101 400</b> |
| Subcontract audit fees (\$)  | \$1 290 000    | \$1 270 000    | \$1 810 000    |

Involving managers in staffing changes and resource allocation decisions

A staffing changes and resource allocation workgroup was established this year comprising field audit and human resources representatives, with a project sponsor from Executive. The workgroup's brief was to establish a process to give managers more opportunity for input on potential staffing changes and resource allocations as part of the annual planning process.

A number of key recommendations were identified by the workgroup. These included establishing a policy about staffing changes and resource allocations encompassing:

- communication/consultation between Directors, managers and staff and the consideration of staff requests
- aspects of resourcing audits – managing vacancies, considering staff experience, pooling during peak periods and the use of experienced non-field staff.

These are to be developed into a policy for consideration in the 2015-16 annual plan cycle.

### Conducting public interest reviews (PIRs)

PIR work is directed by the Executive Director of Audits (Public Interest and Information Technology Review). 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.

All PIR work is identified on the annual plan. Budgets are set, resources allocated and project briefs approved. As well as the PIR work undertaken by our dedicated PIR team and out ITA specialists, work is undertaken by field audit teams when PIR topics have an across-government scope. This adds an interesting dimension to the work a field auditor does and is an important part of our staff retention strategy.

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

- government advertising
- general ICT systems
- new Royal Adelaide Hospital, Health ICT systems and the Camden Park Distribution Centre.

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

During 2014-15 a new performance audit methodology was developed for planning, executing and reporting on PIRs. This included project brief templates to outline the objectives, scope, testing approach

## OUR PERFORMANCE

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and timeframes. A pilot for across agency and local government reviews was established to test the methodology. The full methodology will be rolled out to audit staff in 2015-16.

### Meeting public integrity responsibilities

Last year the Department established a new directorate for local government reviews, public interest reviews (PIRs), information technology audits and Independent Commissioner Against Corruption (ICAC) examination referrals.

From 1 September 2013 amendments to the PFAA gave the Auditor-General wider discretionary review powers to examine the accounts, economy and efficiency of a publicly funded body or project or local government indemnity scheme. In effect this extended the statutory remit of the Auditor-General into the local government sector.

In 2014-15 we performed an examination of the efficiency and cost-effectiveness of the two local government indemnity schemes. The local government team completed its first report to Parliament on the schemes in September 2015.

In addition work is being undertaken on the Brown Hill and Keswick Creeks Stormwater Management Project, and governance in local government. Review outcomes will be reported to Parliament in 2015-16.

In September 2013 the first ICAC was appointed. 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 can refer matters to the Auditor-General for investigation and action.

In 2014-15 the Department formalised protocols for employees dealing with the Independent Commissioner Against Corruption and the Office for Public Integrity.

### Monitoring productivity and performance of the audit program

To meet the Auditor-General's mandated responsibilities, the Department must manage its own affairs and resources effectively, prudently and in a fully accountable manner.

This year a working group of field audit representatives, with an Executive sponsor, was established to update our internal management reporting and determine exactly what information is required to monitor productivity and performance of the Department's broadened audit program. The overall vision is for this information to be produced easily and regularly, and consistently used to ensure our audit work is on track and on budget, and that our people are fully utilised. The benefits to the audit process would include:

- improved commitment and focus on achieving reporting objectives, monitored goals and expectations
- an increase in team and individual staff productivity and reduced disparity between budget and actual hours
- earlier identification of potential budget issues and advice to clients of any resultant audit fee changes, and less disparity between audit fee estimates and final audit fees
- earlier identification of performance management issues
- improved timeliness of the provision of information to key stakeholders
- the collation of progress and performance data across a period of time to establish useful benchmarks for productivity and performance.



In late 2014-15 a project plan was established. The majority of the work on this strategic action is planned for 2015-16.

### Preparing to implement an updated financial auditing methodology

The Integrated Public Sector Audit Methodology (IPSAM) is the financial auditing software used by the Department. The most substantial changes to IPSAM to date are contained in version 4 which will apply to 2015-16 audits. The changes to IPSAM in version 4 have prompted us to revise aspects of the methodology used to conduct financial audits.

During 2014-15 the Quality and Standards team with input from field audit teams revised audit methodology and related policies in light of the amendments to IPSAM, and prepared staff training which will be conducted in October 2015.

### Improving the reporting of Part B – Agency audit report findings to Parliament

The Auditor-General produces several types of reports to Parliament. The main report, required under Section 36 of the *Public Finance and Audit Act 1987*, is the Auditor-General's Annual Report, which includes Part B 'Agency audit reports'. Part B provides commentary on significant issues of administration, financial management and control in individual public authorities.

Part B is the culmination of field audit's annual work and is the avenue by which the Auditor-General discharges his financial statement and controls opinion responsibilities. It provides important information and opinions to Parliament and the wider public.

In May 2015 a working group was established to look at ways to improve the way audit outcomes are presented in Part B. The group considered strengths and weaknesses of the current report, how to highlight matters of significance and the reporting of trends and other analysis of agencies financial data.

One of the group's recommendations was for an executive summary to be included in the Annual Reports of the Auditor-General for the year ended 30 June 2015, to provide readers with a snapshot of key agency information and audit findings on one page. For some readers this is likely to be the primary source of information they will take from the report.

After consulting with Parliament through the Economic and Finance Committee, the Auditor-General also decided to change the presentation of agency financial reports in future annual reports. From the year ended 30 June 2015, agency financial reports will be scanned rather than keyed into the annual report.

The benefits in making these changes include:

- eliminating what was essentially a duplicative process in keying agency financial reports, enabling the Department to focus on activities that support audit opinions and the quality of audit commentary
- consolidating all audit work into one primary document.

### Digitising audit working papers

We have prepared electronic audit working papers for many years, but some supporting documentation remained in hardcopy, paper form. Last year we decided that all audit working papers would be held in digital form only. A workgroup was formed to manage the transition from paper to digital form. Through staff consultation, identifying and addressing any barriers to digitisation and developing policies and procedures, we created the necessary environment to support staff in the digitisation process.

2014-15 was the first year of full digitisation. A survey of audit managers in December 2014 found that implementation was on track. Minor issues identified through the survey were addressed, and we now consider this project fully achieved.

## 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 2014-15

#### Engaging with our community

We are active in our professional community and participate in debates 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 2015 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, regular meetings are also held with Shared Services SA for a stakeholder perspective on issues facing the public sector in these areas.

In addition members of the Executive delivered presentations at the 2015 Government Accounting Information Forum, and the former Auditor-General was a keynote speaker at the Australasian Council of Public Accounts Committees biennial conference.

#### 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 the department participates in 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.

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

- performance audit group
- audit quality assurance panel
- information systems audit group.

## Key result area 3

‘Maintain a high performing, capable workforce responsive to changing audit needs’

### Key strategic actions

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

### Our performance in 2014-15

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 2014-15 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
- team building
- health and safety 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.

Our training and development expenditure for all employees increased slightly to 3.7% of total employee expenses. The expenditure on leadership and management training remained the same.

**Training and development costs in 2014-15**

|   | Total cost | % of total employee expenses |
|---|------------|------------------------------|
| Total training and development expenditure        | \$429 753  | 3.7%                         |
| Leadership and management development expenditure | \$ 49 232  | 0.4%                         |

Performance review and development (PRD)

Our PRD process is integral to developing the capabilities of our people. Performance reviews assist in clarifying roles and provide the opportunity for individual feedback about the quality of work and development needs.

The percentage of staff who have a current PRD fell in 2013-14. In 2014-15 a strong emphasis was placed on the completion of PRD's. The department engaged a consultant to review the PRD system and make recommendations for changes or improvements to the process. A summary of recommendations, timeframes and actions from the PRD Review Report was accepted by the Executive and improvement strategies have been developed for inclusion in the 2015-16 annual plan.

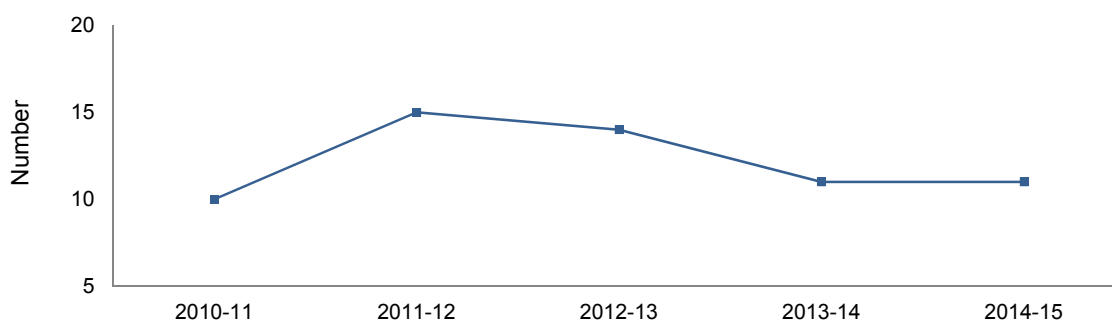
**Performance review and development completed in 2014-15**

| Employees who have had:            | % of workforce |
|------------------------------------|----------------|
| A review within the last 12 months | 86.6%          |
| A review older than 12 months      | 8.7%           |
| No review                          | 4.7%           |

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. We maintain a strong market presence including close links with Universities and professional accounting organisations. Extra recruitment was again necessary this year to fill vacancies as a result of turnover and staff on extended leave without pay, and we recruited 11 graduates. We were voted number 10 in the Australian Association of Graduate Employers top 75 Graduate Employers list for 2015.<sup>1</sup> Temporary and contract staff are brought in during periods of peak demand.

**Graduates appointed in the past five years**

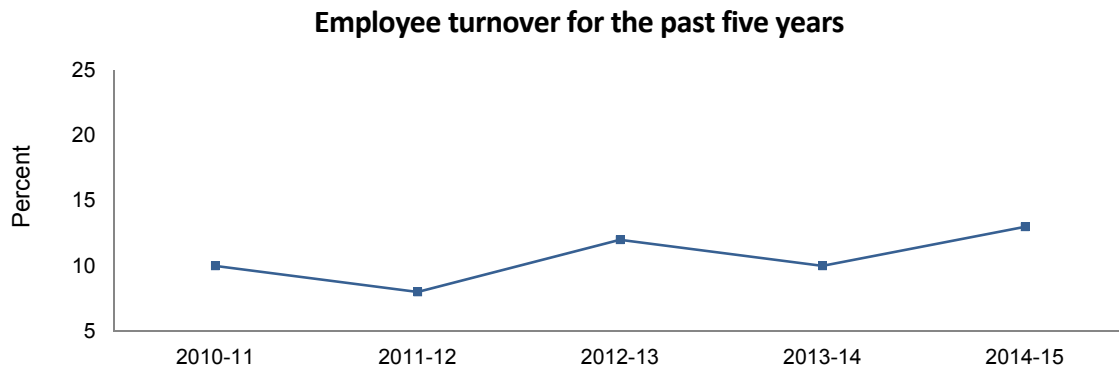


<sup>1</sup> Graduates were asked to rate their employer to determine an overall average rating for that organisation.

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## Staff turnover

Staff turnover increased by 3 percentage points to 13 percent in 2014-15 but still remains relatively low.



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

## Key result area 4

‘Running an effective business’

### Key targets

- implementing our corporate plan
- identifying opportunities for innovation and lean thinking
- meeting our OHSW targets

### Our performance in 2014-15

We continued with the implementation of our corporate plan, which was extended out by one year to give us time to achieve all that we planned to do in this corporate planning period. The plan has an emphasis on supporting our staff, reviewing matters that are considered to be in the public interest and responding to State and Commonwealth Government reforms.

Our most significant achievements this year and commentary on areas in development are discussed under each key result area in this section of this Report.

We develop an annual plan to translate strategic aims into yearly action plans. The Executive (through the Strategic Leadership Group) regularly monitors the implementation of our planned actions, and in 2014-15 our working group project briefs were also published on the intranet making them available to all staff.

#### Innovation and lean thinking

Innovation, or encouraging new ideas and thinking, is one of this Department’s corporate values. We believe that all new ideas that have the potential to improve the quality and efficiency of our performance should be listened to and explored with an open mind. Whilst we thought we had been doing this well, past attempts to encourage new ideas and develop them into meaningful improvements have met with mixed success. Our last staff survey also indicated that we could do better in this area.

Recognising the importance of this corporate value as one strategy to reinvigorate this area, a cross-functional working group with a project sponsor from the Executive, was established during the year to look at ways to encourage and cultivate new ideas. The group is also looking at how lean thinking – a business methodology for delivering the most value using the least possible resources – could be used to improve productivity in targeted areas.

The working group is using a range of research techniques and surveys to progress this important strategic project. First on the agenda is establishing an online ‘ideas bank’ on our intranet where people can deposit their suggestions for change. This is planned for early 2015-16. A framework for evaluating new ideas will also be developed, before the Executive decides on the longer term outlook for the group and the project.

#### Meeting our Work Health and Safety (WHS) targets

The Department is a self-insured employer under Section 129 of the *Return to Work Act 2014* which repealed the *Workers Rehabilitation and Compensation Act 1986*. To maintain this status we must adopt and apply the service standards set out in Schedule 5.

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

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

Our WHS and Injury Management Action Plan sets objectives and actions for each performance standard and the WHS committee is responsible for implementing the Plan, and regularly reviews progress.

Our high standard of workplace safety continued in 2014-15. Specific data on this is provided in Appendix F.

## 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 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 plan into specific actions and responsibilities for each year.

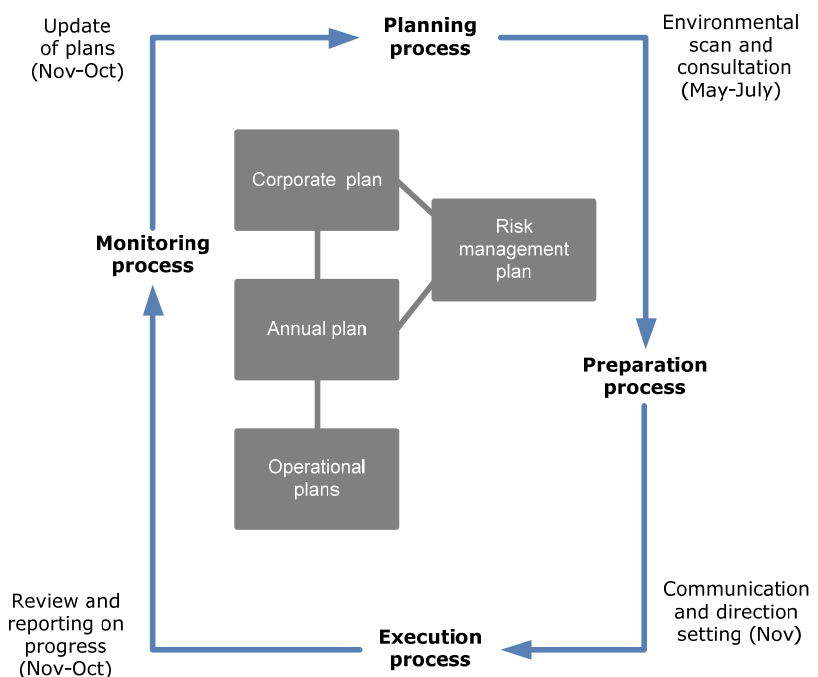
### *Risk management policy and plan*

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’

### 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 organisation chart is shown in Appendix A.

### Executive Management Group

The Executive Management Group comprises the Auditor-General, the Deputy Auditor-General, Executive Directors of Audits and Directors of Audits.

It is the principal governance body established by the Auditor-General to direct and manage the affairs of the Auditor-General’s Department.

The Executive Management Group meets fortnightly and the minutes of these meetings are communicated to all staff.

### Field Directors Group

The Field Directors Group comprises the Deputy Auditor-General and the Directors of Audits. The group meets weekly and coordinates the activities of the field audit teams and assists the Executive Management Group in directing and managing the affairs of the Auditor-General’s Department.

Minutes of these meetings are formally communicated to the Executive Management Group.

### Strategic Leadership Group

The Strategic Leadership Group supports the Executive Management Group in developing and implementing corporate and annual plans.

The group comprises the Auditor-General, Deputy Auditor-General, Executive Directors of Audits, Directors of Audits, Manager Corporate Strategy, Manager Human Resources and the Principal Manager, Quality and Standards

The Group meets quarterly and additional meetings are convened to develop Corporate and Annual Plans

### Senior Management Group

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

### Departmental information forums

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

### Directorate/Section meetings

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

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

*Appendix G explains our important external relationships*

## Our financial report

### Funding

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

### Budget performance

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

- **Prescribed audits** – All audit and examination work for state and local government agencies initiated and undertaken by the Auditor-General under the PFAA. The main component of the work relates to annual statutory audits of state public sector agencies.
- **Special investigations** – All examination work that is specifically requested by the Parliament, Treasurer, minister or the Independent Commissioner Against Corruption to be undertaken and reported to the Parliament.

#### Financial performance for the three years to 30 June 2015

|                                | Budget            | Actual            |                   |                   |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                | 2014-15<br>\$'000 | 2014-15<br>\$'000 | 2013-14<br>\$'000 | 2012-13<br>\$'000 |
| Net cost of providing services | 16 169            | 15 124            | 14 811            | 14 454            |
| Total audit fees raised        | 14 004            | 14 055            | 13 778            | 13 616            |
| Total assets                   | 4 802             | 5 264             | 4 404             | 4 562             |
| Total liabilities              | 4 674             | 4 419             | 4 664             | 4 462             |

### 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.

#### Subcontract audit fees

\$1.29 million was paid to subcontract auditors in 2014-15, compared to \$1.27 million in the previous year.

#### 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 \$103 000 in 2014-15 (\$145 000 in 2013-14).

| <b>Consultancies in 2014-15</b>  | <b>Number</b> | <b>\$'000</b> |
|--|---------------|---------------|
| Under \$10 000   | 2             | 10            |
| \$10 000 - \$50 000  | 1             | 10            |
| Above \$50 000:<br><i>KPMG actuarial services for the audit of Return to Work Corporation SA</i> | 1             | 83            |
| <b>Total</b>   | <b>4</b>      | <b>103</b>    |

### **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 2014-15.

### **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.

## Auditor-General's Department

### Statement of Comprehensive Income for the year ended 30 June 2015

|  | Note | 2015<br>\$'000 | 2014<br>\$'000 |
|--|------|----------------|----------------|
| <b>Expenses:</b>   |      |                |                |
| Employee expenses  | 4    | 11 748         | 11 353         |
| Supplies and services:                                   | 5    |                |                |
| Contractors  |      | 1 369          | 1 292          |
| Office accommodation and service costs                   |      | 696            | 667            |
| Consultancies  |      | 103            | 145            |
| Other supplies and services                              | 6    | 1 231          | 1 110          |
|  |      | 3 399          | 3 214          |
| Depreciation and amortisation                            |      | 199            | 245            |
| <b>Total expenses</b>                                    |      | <b>15 346</b>  | <b>14 812</b>  |
| <b>Income:</b>   |      |                |                |
| Employee benefits transferred                            | 7    | 220            | -              |
| Other income   |      | 2              | 1              |
| <b>Total income</b>                                      |      | <b>222</b>     | <b>1</b>       |
| <b>Net cost of providing services</b>                    | 17.2 | <b>15 124</b>  | <b>14 811</b>  |
| <b>Revenues from (Payments to) SA Government:</b>        |      |                |                |
| Appropriations and contingency provision grant           | 8    | 16 229         | 15 451         |
| Return of surplus cash pursuant to cash alignment policy | 8    | -              | (1 000)        |
| <b>Total Revenues from (Payments to) SA Government</b>   |      | <b>16 229</b>  | <b>14 451</b>  |
| <b>Net result</b>  |      | <b>1 105</b>   | <b>(360)</b>   |
| <b>Total comprehensive result</b>                        |      | <b>1 105</b>   | <b>(360)</b>   |

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

**Statement of Financial Position  
as at 30 June 2015**

|                                      | Note   | 2015<br>\$'000 | 2014<br>\$'000 |
|--------------------------------------|--------|----------------|----------------|
| <b>Current assets:</b>               |        |                |                |
| Cash and cash equivalents            | 9,17.1 | 4 789          | 3 953          |
| Receivables                          | 10     | 141            | 124            |
| <b>Total current assets</b>          |        | <u>4 930</u>   | <u>4 077</u>   |
| <b>Non-current assets:</b>           |        |                |                |
| Computing and office facilities      | 11     | 295            | 303            |
| Intangible assets                    | 12     | 39             | 24             |
| <b>Total non-current assets</b>      |        | <u>334</u>     | <u>327</u>     |
| <b>Total assets</b>                  |        | <u>5 264</u>   | <u>4 404</u>   |
| <b>Current liabilities:</b>          |        |                |                |
| Payables                             | 13     | 296            | 380            |
| Employee benefits                    | 14     | 1 201          | 1 278          |
| Provision for workers compensation   | 15     | 9              | 8              |
| <b>Total current liabilities</b>     |        | <u>1 506</u>   | <u>1 666</u>   |
| <b>Non-current liabilities:</b>      |        |                |                |
| Payables                             | 13     | 262            | 291            |
| Employee benefits                    | 14     | 2 623          | 2 683          |
| Provision for workers compensation   | 15     | 28             | 24             |
| <b>Total non-current liabilities</b> |        | <u>2 913</u>   | <u>2 998</u>   |
| <b>Total liabilities</b>             |        | <u>4 419</u>   | <u>4 664</u>   |
| <b>Net assets</b>                    |        | <u>845</u>     | <u>(260)</u>   |
| <b>Equity:</b>                       |        |                |                |
| Opening balance - surplus (deficit)  |        | (260)          | 100            |
| Increase (Decrease) in net assets    |        | 1 105          | (360)          |
| <b>Total equity</b>                  |        | <u>845</u>     | <u>(260)</u>   |

Total equity is attributable to the SA Government as owner

Commitments 16

**Statement of Changes in Equity  
for the year ended 30 June 2015**

|   | Retained<br>earnings<br>\$'000 | Total<br>\$'000 |
|---|--------------------------------|-----------------|
| Balance at 30 June 2013                         | 100                            | 100             |
| Total comprehensive result for the year 2013-14 | (360)                          | (360)           |
| Balance at 30 June 2014                         | (260)                          | (260)           |
| Total comprehensive result for the year 2014-15 | 1 105                          | 1 105           |
| <b>Balance at 30 June 2015</b>                  | <b>845</b>                     | <b>845</b>      |

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

**Statement of Cash Flows  
for the year ended 30 June 2015**

|  |               | 2015<br>Inflows<br>(Outflows)<br>\$'000 | 2014<br>Inflows<br>(Outflows)<br>\$'000 |
|--|---------------|---|---|
| <b>Cash flows from operating activities:</b>                   | Note          |   |   |
| Cash outflows:   |               |   |   |
| Employee expenses  |               | (11 730)                                | (11 185)                                |
| Supplies and services  |               | (3 761)                                 | (3 524)                                 |
| Payments for Paid Parental Leave Scheme                        |               | (43)                                    | (24)                                    |
| Cash inflows:  |               |   |   |
| Other income   |               | 2                                       | 1                                       |
| Goods and services tax refunds from Australian Taxation Office |               | 323                                     | 328                                     |
| Receipts for Paid Parental Leave Scheme                        |               | 38                                      | 26                                      |
| Cash flows from (to) SA Government:                            |               |   |   |
| Appropriations and contingency provision grant                 | 8             | 16 229                                  | 15 451                                  |
| Return of surplus cash pursuant to cash alignment policy       | 8             | -                                       | (1 000)                                 |
| <b>Net cash provided by (used in) operating activities</b>     | <b>17.2</b>   | <b>1 058</b>                            | <b>73</b>                               |
| <b>Cash flows from investing activities:</b>                   |               |   |   |
| Cash outflows:   |               |   |   |
| Purchase of computing and office facilities                    |               | (192)                                   | (182)                                   |
| Purchase of intangible assets                                  |               | (30)                                    | -                                       |
| <b>Net cash provided by (used in) investing activities</b>     |               | <b>(222)</b>                            | <b>(182)</b>                            |
| <b>Net increase (decrease) in cash and cash equivalents</b>    |               | <b>836</b>                              | <b>(109)</b>                            |
| <b>Cash and cash equivalents at 1 July</b>                     |               | <b>3 953</b>                            | <b>4 062</b>                            |
| <b>Cash and cash equivalents at 30 June</b>                    | <b>9,17.1</b> | <b>4 789</b>                            | <b>3 953</b>                            |

## 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 and examine the activities of State and Local Government agencies 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 the various audit and examination responsibilities prescribed under the PFAA. Within this activity class there are two subactivities:

#### *Prescribed audits*

Includes all audit and examination work for State and Local Government agencies initiated and undertaken by the Auditor-General under the PFAA. The main component of work relates to the annual statutory audit of State public sector agencies. During the year the Department spent \$15.34 million (\$14.763 million) on this activity.

#### *Special investigations*

Includes all examination work defined within the PFAA that is specifically requested by the Parliament, Treasurer, Minister or the Independent Commissioner Against Corruption to be undertaken and reported by the Auditor-General to the Parliament.

During 2014-15 the Department had no expenditure on this activity. In 2013-14 the Department spent \$49 000 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 (AASs) 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.

AASs and Australian Accounting Standards (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 2015. 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 except for certain items which have been recognised at fair value.

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

#### (b) *Basis of preparation*

The preparation of the financial statements requires:

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

(c) **Reporting entity**

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

(d) **Comparative information**

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

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

(e) **Rounding**

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

(f) **Taxation**

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

- when the goods and services tax incurred by the Department on a purchase of goods or services is not recoverable from the Australian Taxation Office 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 goods and services tax included.

The net goods and services tax receivable/payable to the Australian Taxation Office 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 goods and services tax component of the cash flows arising from investing or financing activities which are recoverable from, or payable to, the Australian Taxation Office 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 'General Purpose Financial Statements 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 Department of Treasury and Finance titled 'Accrual Appropriation Excess Funds'. Use of the funds requires the approval of the Treasurer. Pursuant to TI 3 'Appropriation', clause 3.8, this money is deemed to be controlled by the public authority in the name of which the money is recorded.

Payments to SA Government relate to the return of surplus cash pursuant to the cash alignment policy.

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 'Asset Accounting Frame' (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/Amortisation 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' (AASB 119). 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 are expected to be payable within 12 months and are measured at the undiscounted amount expected to be paid.

*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 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 for 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 expected to be taken in the 12 months to 30 June 2015 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 2015 provided by a consulting actuary engaged through the Office for the Public Sector. 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 2015 that have had a material impact on the information disclosed in these financial statements.

**3. New accounting standard**

In accordance with the new AASB 1055 'Budgetary reporting', which became effective for the first time in 2014-15, the Department has included a comprehensive new note 'Budgetary reporting and explanations of major variances' (refer notes 21 and A6). These notes disclose, in respect of the Statement of Comprehensive Income and Investing Expenditure Summary for both controlled and administered amounts:

- the Department's original budget as published in Budget Paper 4
- a comparison of the original budget information to actual results
- explanations of major variances.

|  |               |               |
|--|---------------|---------------|
| <b>4. Employee expenses</b>  | 2015          | 2014          |
| Employee benefits:   | \$'000        | \$'000        |
| Salaries   | 8 915         | 8 442         |
| Annual leave   | 827           | 827           |
| Long service leave   | 342           | 462           |
| Skills and experience retention leave  | 52            | 38            |
| Total employee benefits  | <u>10 136</u> | <u>9 769</u>  |
| Employee on-costs:   |               |               |
| Superannuation   | 1 005         | 1 021         |
| Payroll tax  | 579           | 559           |
| Total employee on-costs  | <u>1 584</u>  | <u>1 580</u>  |
| Workers compensation   | 28            | 4             |
| Total employee expenses  | <u>11 748</u> | <u>11 353</u> |
| <br>   |               |               |
| <b>5. Supplies and services provided by entities within SA Government</b>  |               |               |
| Office accommodation and service costs   | 692           | 662           |
| Other supplies and services  | 197           | 184           |
| Total supplies and services provided by entities within SA Government  | <u>889</u>    | <u>846</u>    |
| <br>   |               |               |
| <b>6. Other supplies and services</b>  |               |               |
| Computing and network processing costs   | 401           | 430           |
| Staff recruitment, development and training  | 265           | 214           |
| Other expenses   | 172           | 125           |
| Motor vehicles   | 168           | 144           |
| Staff travel, accommodation and allowances   | 88            | 67            |
| Government Services Group - Shared Services SA charges   | 69            | 65            |
| Fringe benefits tax  | 59            | 56            |
| Report printing  | 9             | 9             |
| Total other supplies and services  | <u>1 231</u>  | <u>1 110</u>  |
| <br>   |               |               |
| <b>7. Employee benefits transferred</b>  |               |               |
| The employee benefits transferred relates to the one off recognition in 2014-15 of the transfer of the Deputy Auditor-General's leave liabilities from the Department's accounts to the Department's administered items accounts upon his appointment as Auditor-General in June 2015. The employee expenses and employee benefits for administered items reflect the one-off recognition of the transferred liabilities in 2014-15. |               |               |
| <br>   |               |               |
| <b>8. Funding of the Department</b>  |               |               |
| Appropriations to the Department in 2014-15 amounted to \$16.191 million (\$15.427 million) and there was a contingency provision grant of \$38 000 (\$24 000).  |               |               |
| In 2013-14 the Department sought approval from Department of Treasury and Finance to return surplus cash totalling \$1 million to the Consolidated Account in accordance with the principles of the cash alignment policy.   |               |               |
| Appropriations under Special Acts are reported under administered items.   |               |               |
| <br>   |               |               |
| <b>9. Cash and cash equivalents</b>  | 2015          | 2014          |
|  | \$'000        | \$'000        |
| Deposits with the Treasurer  | 4 789         | 3 953         |
| Total cash and cash equivalents  | <u>4 789</u>  | <u>3 953</u>  |

**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. These 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 was an imprest account and the exposure to interest rate risk is insignificant.

In December 2013 the Department closed its imprest account and returned these funds to Department of Treasury and Finance.

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

|  |  |        |        |
|--|--|--------|--------|
| <b>10. Receivables</b>                       |  | 2015   | 2014   |
| Current:                                     |  | \$'000 | \$'000 |
| Goods and services tax input tax recoverable |  | 137    | 121    |
| Other  |  | 4      | 3      |
| Total current                                |  | 141    | 124    |

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

**Interest rate and credit risk**

Goods and services tax input tax credits are recoverable from the Australian Taxation Office 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 is insignificant.

|  |  |        |        |
|--|--|--------|--------|
| <b>11. Computing and office facilities</b>             |  | 2015   | 2014   |
| <b>11.1 Classes of computing and office facilities</b> |  | \$'000 | \$'000 |
| Computing and office equipment - at cost               |  | 723    | 586    |
| Accumulated depreciation                               |  | (580)  | (537)  |
|  |  | 143    | 49     |
| Laptop computer equipment - at cost                    |  | 306    | 305    |
| Accumulated depreciation                               |  | (273)  | (235)  |
|  |  | 33     | 70     |
| Leasehold improvements - at cost                       |  | 758    | 758    |
| Accumulated depreciation                               |  | (639)  | (574)  |
|  |  | 119    | 184    |
|  |  | 295    | 303    |

|   |                 |           |           |              |                 |
|---|-----------------|-----------|-----------|--------------|-----------------|
| <b>11.2 Reconciliation of carrying amount</b> | Carrying amount |           |           |              | Carrying amount |
|   | 01.07.14        | Additions | Disposals | Depreciation | 30.06.15        |
|   | \$'000          | \$'000    | \$'000    | \$'000       | \$'000          |
| Computing and office equipment                | 49              | 137       | -         | 43           | 143             |
| Laptop computer equipment                     | 70              | 39        | -         | 76           | 33              |
| Leasehold improvements                        | 184             | -         | -         | 65           | 119             |
| Total computing and office facilities         | 303             | 176       | -         | 184          | 295             |
|   | Carrying amount |           |           |              | Carrying amount |
|   | 01.07.13        | Additions | Disposals | Depreciation | 30.06.14        |
|   | \$'000          | \$'000    | \$'000    | \$'000       | \$'000          |
| Computing and office equipment                | 92              | 19        | -         | 62           | 49              |
| Laptop computer equipment                     | 181             | -         | -         | 111          | 70              |
| Leasehold improvements                        | 34              | 179       | -         | 29           | 184             |
| Total computing and office facilities         | 307             | 198       | -         | 202          | 303             |

All items of computing and office equipment had a fair value at the time of acquisition of less than \$1 million and have not been revalued in accordance with APF III. The carrying value of these items is deemed to approximate fair value.

These assets are classified as level 3 as the valuation is based on management's assessment of the useful life and condition. The significant input to the valuation is useful life which is 2-3 years. There have been no movements in the fair value of assets apart from the additions and the current year depreciation shown above.

There were no indications of impairment of non-current assets at 30 June 2015.

| <b>12. Intangible assets</b>                  |                 | 2015      | 2014            |              |                 |
|---|-----------------|-----------|-----------------|--------------|-----------------|
| <b>12.1 Classes of intangible assets</b>      |                 | \$'000    | \$'000          |              |                 |
| Computer software - at cost                   |                 | 558       | 528             |              |                 |
| Accumulated amortisation                      |                 | (519)     | (504)           |              |                 |
|   |                 | <u>39</u> | <u>24</u>       |              |                 |
| <b>12.2 Reconciliation of carrying amount</b> |                 |           |                 |              |                 |
|   | Carrying amount |           | Carrying amount |              |                 |
|   | 01.07.14        | Additions | Disposals       | Amortisation | 30.06.15        |
|   | \$'000          | \$'000    | \$'000          | \$'000       | \$'000          |
| Computer software                             | 24              | 30        | -               | 15           | 39              |
| Total intangible assets                       | <u>24</u>       | <u>30</u> | <u>-</u>        | <u>15</u>    | <u>39</u>       |
|   | Carrying amount |           |                 |              | Carrying amount |
|   | 01.07.13        | Additions | Disposals       | Amortisation | 30.06.14        |
|   | \$'000          | \$'000    | \$'000          | \$'000       | \$'000          |
| Computer software                             | 67              | -         | -               | 43           | 24              |
| Total intangible assets                       | <u>67</u>       | <u>-</u>  | <u>-</u>        | <u>43</u>    | <u>24</u>       |

All items of computing software had a fair value at the time of acquisition of less than \$1 million and have not been revalued in accordance with APF III. The carrying value of these items are deemed to approximate fair value.

These assets are classified as level 3 as the valuation is based on management's assessment of the useful life and condition. The significant input to the valuation is useful life which is three years. There have been no movements in the fair value of assets apart from the additions and the current year depreciation shown above.

There were no indications of impairment of non-current assets at 30 June 2015.

| <b>13. Payables</b>                           |  | 2015       | 2014       |
|---|--|------------|------------|
| <b>Current:</b>                               |  | \$'000     | \$'000     |
| Employee on-costs                             |  | 229        | 269        |
| Creditors                                     |  | 54         | 102        |
| Accrued expenses                              |  | 13         | 5          |
| Paid Parental Leave Scheme payable            |  | -          | 4          |
| Total current                                 |  | <u>296</u> | <u>380</u> |
| <b>Non-current:</b>                           |  |            |            |
| Employee on-costs                             |  | 262        | 291        |
| Total non-current                             |  | <u>262</u> | <u>291</u> |
| Total payables                                |  | <u>558</u> | <u>671</u> |
| Payables to entities within the SA Government |  | <u>282</u> | <u>325</u> |

**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.

| 14. Employee benefits                 | 2015   | 2014   |
|---------------------------------------|--------|--------|
| Current:                              | \$'000 | \$'000 |
| Salaries                              | 75     | 37     |
| Annual leave                          | 872    | 821    |
| Long service leave                    | 198    | 366    |
| Skills and experience retention leave | 56     | 54     |
| Total current                         | 1 201  | 1 278  |
| Non-current:                          |        |        |
| Long service leave                    | 2 623  | 2 683  |
| Total non-current                     | 2 623  | 2 683  |
| Total employee benefits               | 3 824  | 3 961  |

AASB 119 contains the calculation methodology for long service leave liability. The actuarial assessment performed by Department of Treasury and Finance has been used to calculate 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 decreased from 3.5% at 30 June 2014 to 3% at 30 June 2015. This decrease in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase in the reported long service leave liability.

The net financial effect of the changes in the current financial year is an increase in the long service leave liability. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions – a key assumption is the long-term discount rate.

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

For annual leave and skills and experience retention leave the salary inflation rate was revised down by 1% from 4% in 2014 to 3% in 2015.

| 15. Provision for workers compensation | 2015   | 2014   |
|--|--------|--------|
| Current:                               | \$'000 | \$'000 |
| Provision for workers compensation     | 9      | 8      |
| Total current                          | 9      | 8      |
| Non-current:                           |        |        |
| Provision for workers compensation     | 28     | 24     |
| Total non-current                      | 28     | 24     |
| Total provision                        | 37     | 32     |
| Carrying amount at 1 July              | 32     | 31     |
| Workers compensation payments          | -      | -      |
| Increase (Decrease) in provision       | 5      | 1      |
| Carrying amount at 30 June             | 37     | 32     |

The workers compensation provision is based on an actuarial assessment provided by the Office for the Public Sector.

**16. Commitments**

***Operating lease commitments***

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

*Office accommodation*

Office accommodation is leased from the Building Management Division of the Department of Planning, Transport and Infrastructure. The lease expires on 30 June 2020. The rental amount is based on floor space, with the rental rate reviewable by the 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): | 2015<br>\$'000 | 2014<br>\$'000 |
| Not later than one year  | 705            | 704            |
| Later than one year but not later than five years  | 2 545          | 79             |
| Total operating lease commitments as lessee  | <u>3 250</u>   | <u>783</u>     |

**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  | 934          | 1 085        |
| Later than one year but not later than five years  | 2 476        | 2 492        |
| Total remuneration commitments   | <u>3 410</u> | <u>3 577</u> |

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

**Other contractual commitments**

|  |                |                |
|--|----------------|----------------|
| At the reporting date the Department had the following obligations under non-cancellable contracts for audit services (these obligations have not been recognised as liabilities): | 2015<br>\$'000 | 2014<br>\$'000 |
| Not later than one year  | 443            | 811            |
| Later than one year but not later than five years  | -              | 210            |
| Total operating lease commitments as lessee  | <u>443</u>     | <u>1 021</u>   |

**17. Cash flow reconciliations**

**17.1 Reconciliation of cash and cash equivalents**

|   |              |              |
|---|--------------|--------------|
| Cash and cash equivalents at 30 June per: |              |              |
| Statement of Financial Position           | 4 789        | 3 953        |
| Statement of Cash Flows                   | <u>4 789</u> | <u>3 953</u> |

**17.2 Reconciliation of net cost of providing services to net cash provided by (used in) operating activities**

|   |              |           |
|---|--------------|-----------|
| Net cost of providing services                      | (15 124)     | (14 811)  |
| Net cash flows from SA Government                   | 16 229       | 14 451    |
| Depreciation and amortisation                       | 199          | 245       |
| Movements in assets/liabilities:                    |              |           |
| Receivables   | (17)         | 2         |
| Employee benefits                                   | (137)        | 135       |
| Provision for workers compensation                  | 5            | 1         |
| Payables*   | (97)         | 53        |
| Cash advance - imprest account                      | -            | (3)       |
| Net cash provided by (used in) operating activities | <u>1 058</u> | <u>73</u> |

\* Movement in payables excludes a capital payable of \$16 000 in 2014.

**18. Remuneration of employees**

|   |                |                |
|---|----------------|----------------|
| 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: | 2015<br>Number | 2014<br>Number |
| \$141 500 - \$151 499   | -              | 1              |
| \$171 500 - \$181 499   | 3              | -              |
| \$201 500 - \$211 499   | -              | 1              |
| \$211 500 - \$221 499   | 1              | 1              |
| \$221 500 - \$231 499   | 1              | 2              |
| \$261 500 - \$271 499   | 1              | -              |
| \$401 500 - \$411 499*  | -              | 2              |
| \$890 500 - \$901 499*  | 1              | -              |
| Total   | <u>7</u>       | <u>7</u>       |

\* These bandwidths include leave entitlement payments made to executive employees on termination of service.

The table includes all employees whose normal remuneration is equal to or greater than the base executive remuneration level of \$141 484. The base level remuneration rate for 2014-15 is the same as the 2013-14 rate as there has been no increase in executive base level remuneration since 1 July 2013. Total remuneration received or receivable by these employees was \$2.12 million (\$1.83 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.

|  |           |          |
|--|-----------|----------|
| <b>19. Remuneration of auditor</b>             | 2015      | 2014     |
|  | \$'000    | \$'000   |
| Remuneration for audit of financial statements | 13        | 9        |
| Remuneration for other services                | -         | -        |
|  | <u>13</u> | <u>9</u> |

**20. 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 |        |
|                              | 2015            | 2014   |
|                              | \$'000          | \$'000 |
| <b>Financial assets</b>      |                 |        |
| Cash and cash equivalents    | 4 789           | 3 953  |
| Receivables*                 | 4               | 3      |
| <b>Financial liabilities</b> |                 |        |
| Payables                     | 67              | 107    |

\* Receivables amounts disclosed exclude amounts relating to statutory receivables where rights or obligations have their source in legislation such as the goods and services tax.

**21. Budgetary reporting and explanations of major variances**  
 The following provides details of the 2014-15 original budget, actual amounts and the associated variances.

|  |                  |               |                 |
|--|------------------|---------------|-----------------|
| <b>Statement of Comprehensive Income</b>               | Original Budget* | Actual        | Variance        |
|  | \$'000           | \$'000        | \$'000          |
| <b>Expenses:</b>                                       |                  |               |                 |
| Employee expenses                                      | 12 386           | 11 748        | (638)           |
| Supplies and services:                                 |                  |               |                 |
| Contractors  | 1 565            | 1 369         | (196)           |
| Office accommodation and service costs                 | 707              | 696           | (11)            |
| Consultancies  | 133              | 103           | (30)            |
| Other supplies and services                            | 1 143            | 1 231         | 88              |
| Depreciation and amortisation                          | 236              | 199           | (37)            |
| <b>Total expenses</b>                                  | <u>16 170</u>    | <u>15 346</u> | <u>(824)</u>    |
| <b>Income:</b>   |                  |               |                 |
| Employee benefits transferred                          | -                | 220           | 220             |
| Other income   | 1                | 2             | 1               |
| <b>Total income</b>                                    | <u>1</u>         | <u>222</u>    | <u>221</u>      |
| <b>Net cost of providing services</b>                  | <u>16 169</u>    | <u>15 124</u> | <u>(1 045)</u>  |
| <b>Revenues from (Payments to) SA Government:</b>      |                  |               |                 |
| Appropriations and contingency provision grant         | 16 191           | 16 229        | 38              |
| <b>Total Revenues from (Payments to) SA Government</b> | <u>16 191</u>    | <u>16 229</u> | <u>38</u>       |
| <b>Net result and total comprehensive result</b>       | <u>22</u>        | <u>1 105</u>  | <u>(1)1 083</u> |
| <b>Investing expenditure summary</b>                   |                  |               |                 |
| Minor capital works and equipment                      | 206              | 206           | -               |
| <b>Total annual programs</b>                           | <u>206</u>       | <u>206</u>    | <u>-</u>        |

\* The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2014-15 Budget Paper 4) and the amounts have not been adjusted to reflect revised budgets. These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements.

(1) The variance in the net result and total comprehensive result is primarily due to lower staffing costs resulting from delays in filling vacancies.



**Statement of Administered Comprehensive Income  
for the year ended 30 June 2015**

|  | Note | 2015<br>\$'000 | 2014<br>\$'000 |
|--|------|----------------|----------------|
| <b>Expenses:</b>                             |      |                |                |
| Employee expenses                            |      | 394            | 343            |
| Employee benefits transferred                | 7    | 220            | -              |
| Amounts paid/payable to Consolidated Account |      | 14 055         | 13 778         |
| <b>Total expenses</b>                        |      | <u>14 669</u>  | <u>14 121</u>  |
| <b>Income:</b>                               |      |                |                |
| Fees for audit services                      |      | 14 055         | 13 778         |
| Appropriation - Special Acts                 | A2.2 | 879            | 305            |
| <b>Total income</b>                          |      | <u>14 934</u>  | <u>14 083</u>  |
| <b>Net result</b>                            |      | <u>265</u>     | <u>(38)</u>    |
| <b>Total comprehensive result</b>            |      | <u>265</u>     | <u>(38)</u>    |

**Statement of Administered Financial Position  
as at 30 June 2015**

|   | Note | 2015<br>\$'000 | 2014<br>\$'000 |
|---|------|----------------|----------------|
| <b>Current assets:</b>                  |      |                |                |
| Cash and cash equivalents               | A4.1 | 731            | 1 365          |
| Receivables                             | A2.1 | 1 079          | 2 020          |
| <b>Total assets</b>                     |      | <u>1 810</u>   | <u>3 385</u>   |
| <b>Current liabilities:</b>             |      |                |                |
| Employee benefits                       | 7,A3 | 39             | 152            |
| Amounts payable to Consolidated Account |      | 985            | 1 853          |
| Goods and services tax payable          |      | 649            | 1 355          |
| <b>Total current liabilities</b>        |      | <u>1 673</u>   | <u>3 360</u>   |
| <b>Non-current liabilities:</b>         |      |                |                |
| Employee benefits                       | 7,A3 | 306            | 459            |
| <b>Total non-current liabilities</b>    |      | <u>306</u>     | <u>459</u>     |
| <b>Total liabilities</b>                |      | <u>1 979</u>   | <u>3 819</u>   |
| <b>Net assets</b>                       |      | <u>(169)</u>   | <u>(434)</u>   |
| <b>Equity:</b>                          |      |                |                |
| Opening balance - deficit               |      | (434)          | (396)          |
| Increase (Decrease) in net assets       |      | 265            | (38)           |
| <b>Total equity</b>                     |      | <u>(169)</u>   | <u>(434)</u>   |

**Statement of Administered Changes in Equity  
for the year ended 30 June 2015**

|   | Retained<br>earnings<br>\$'000 | Total<br>\$'000 |
|---|--------------------------------|-----------------|
| Balance at 30 June 2013                         | (396)                          | (396)           |
| Total comprehensive result for the year 2013-14 | (38)                           | (38)            |
| Balance at 30 June 2014                         | (434)                          | (434)           |
| Total comprehensive result for the year 2014-15 | 265                            | 265             |
| <b>Balance at 30 June 2015</b>                  | <b>(169)</b>                   | <b>(169)</b>    |

**Statement of Administered Cash Flows  
for the year ended 30 June 2015**

|   |      | 2015<br>Inflows<br>(Outflows)<br>\$'000 | 2014<br>Inflows<br>(Outflows)<br>\$'000 |
|---|------|---|---|
| <b>Cash flows from operating activities:</b>                | Note |   |   |
| Cash outflows:  |      |   |   |
| Employee expenses   |      | (879)                                   | (306)                                   |
| Amounts paid to Consolidated Account                        |      | (14 924)                                | (16 068)                                |
| Goods and services tax paid to Australian Taxation Office   |      | (2 112)                                 | (588)                                   |
| Cash inflows:   |      |   |   |
| Fees for audit services                                     | A2.1 | 16 402                                  | 17 151                                  |
| Cash flows from SA Government:                              |      |   |   |
| Appropriations - Special Acts                               | A2.2 | 879                                     | 305                                     |
| <b>Net cash provided by (used in) operating activities</b>  | A4.2 | <b>(634)</b>                            | <b>494</b>                              |
| <b>Net increase (decrease) in cash and cash equivalents</b> |      | <b>(634)</b>                            | <b>494</b>                              |
| <b>Cash and cash equivalents at 1 July</b>                  |      | <b>1 365</b>                            | <b>871</b>                              |
| <b>Cash and cash equivalents at 30 June</b>                 | A4.1 | <b>731</b>                              | <b>1 365</b>                            |

**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 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.

|   | 2015<br>\$'000 | 2014<br>\$'000 |
|---|----------------|----------------|
| Fees outstanding at 1 July                  | 2 020          | 4 015          |
| Billings (including goods and services tax) | 15 461         | 15 156         |
|   | 17 481         | 19 171         |
| Receipts (including goods and services tax) | 16 402         | 17 151         |
| Fees outstanding at 30 June                 | 1 079          | 2 020          |

At 30 June, the value of audit work in progress was \$7.19 million (\$6.13 million). The Department is of the opinion that this amount is recoverable.

**Interest rate and credit risk**

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

**A2.2 Special Acts**

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.

|                                       |        |        |
|---------------------------------------|--------|--------|
| <b>A3. Employee benefits</b>          | 2015   | 2014   |
| Current:                              | \$'000 | \$'000 |
| Salaries                              | 2      | 1      |
| Annual leave                          | 29     | 151    |
| Skills and experience retention leave | 8      | -      |
| Total current                         | 39     | 152    |
| Non-current:                          |        |        |
| Long service leave                    | 306    | 459    |
| Total non-current                     | 306    | 459    |
| Total employee benefits               | 345    | 611    |

**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 | 731 | 1 365 |
| Statement of Administered Cash Flows         | 731 | 1 365 |

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

|   |       |         |
|---|-------|---------|
| Net result  | 265   | (38)    |
| Movements in assets/liabilities:                    |       |         |
| Receivables   | 941   | 1 995   |
| Employee benefits                                   | (266) | 38      |
| Amounts payable to the Consolidated Account         | (868) | (2 291) |
| Goods and services tax payable                      | (706) | 790     |
| Net cash provided by (used in) operating activities | (634) | 494     |

**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 | 12 378 | 12 194 |
| Expenses                        | 14 055 | 13 778 |
| Financial assets                | 841    | 2 419  |
| Financial liabilities           | 985    | 1 853  |

**A6. Budgetary reporting and explanations of major variances**

The following provides details of the 2014-15 original budget, actual amounts and the associated variances. No explanation are provided as the variances do not exceeds the greater of 10% of the original budgeted amount and 5% of original budgeted total expenses.


| Statement of Comprehensive Income                | Original Budget* | Actual | \$'000 |
|--|------------------|--------|--------|
| <b>Expenses:</b>                                 | \$'000           | \$'000 | \$'000 |
| Employee expenses                                | 320              | 394    | 74     |
| Employee benefits transferred                    | -                | 220    | 220    |
| Amounts paid/payable to Consolidated Account     | 14 004           | 14 055 | 51     |
| <b>Total expenses</b>                            | 14 324           | 14 669 | 345    |
| <b>Income:</b>                                   |                  |        |        |
| Fees for audit services                          | 14 004           | 14 055 | 51     |
| Appropriation - Special Acts                     | 308              | 879    | 571    |
| <b>Total income</b>                              | 14 312           | 14 934 | 622    |
| <b>Net result and total comprehensive result</b> | (12)             | 265    | 277    |

\* The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2014-15 Budget Paper 4) and the amounts have not been adjusted to reflect revised budgets. These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements.

### 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.



Andrew Richardson  
**Auditor-General**  
1 September 2015



Megan Stint  
**Manager, Finance**  
1 September 2015



## 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 2015, 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.

Liability limited by a scheme approved under Professional Standards Legislation

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a worldwide network of independent accounting and consulting firms.



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**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 2015, 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 2015 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

Jamie Dreckow  
Partner

Adelaide  
South Australia

1 September 2015

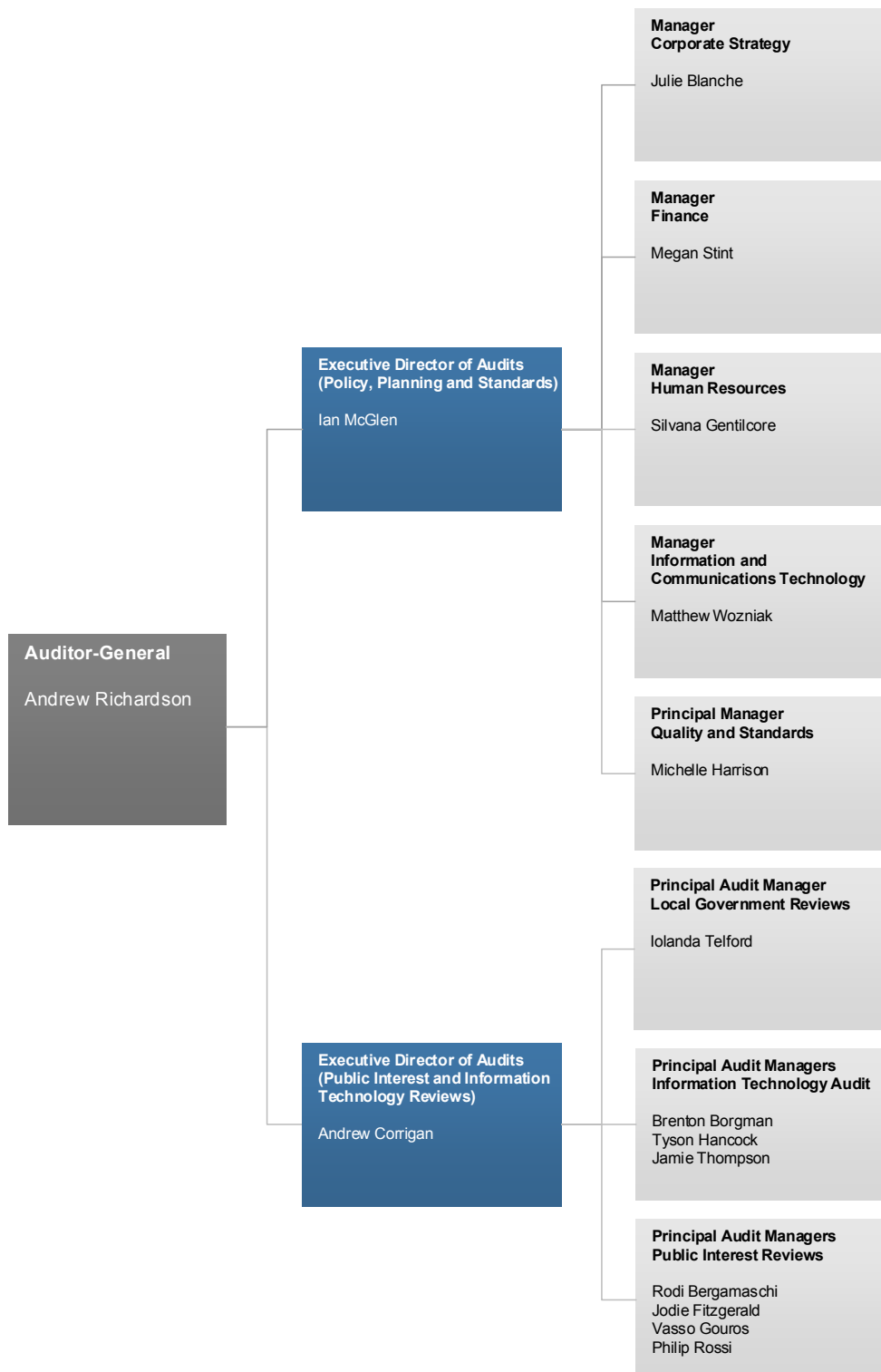
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# Our organisation structure

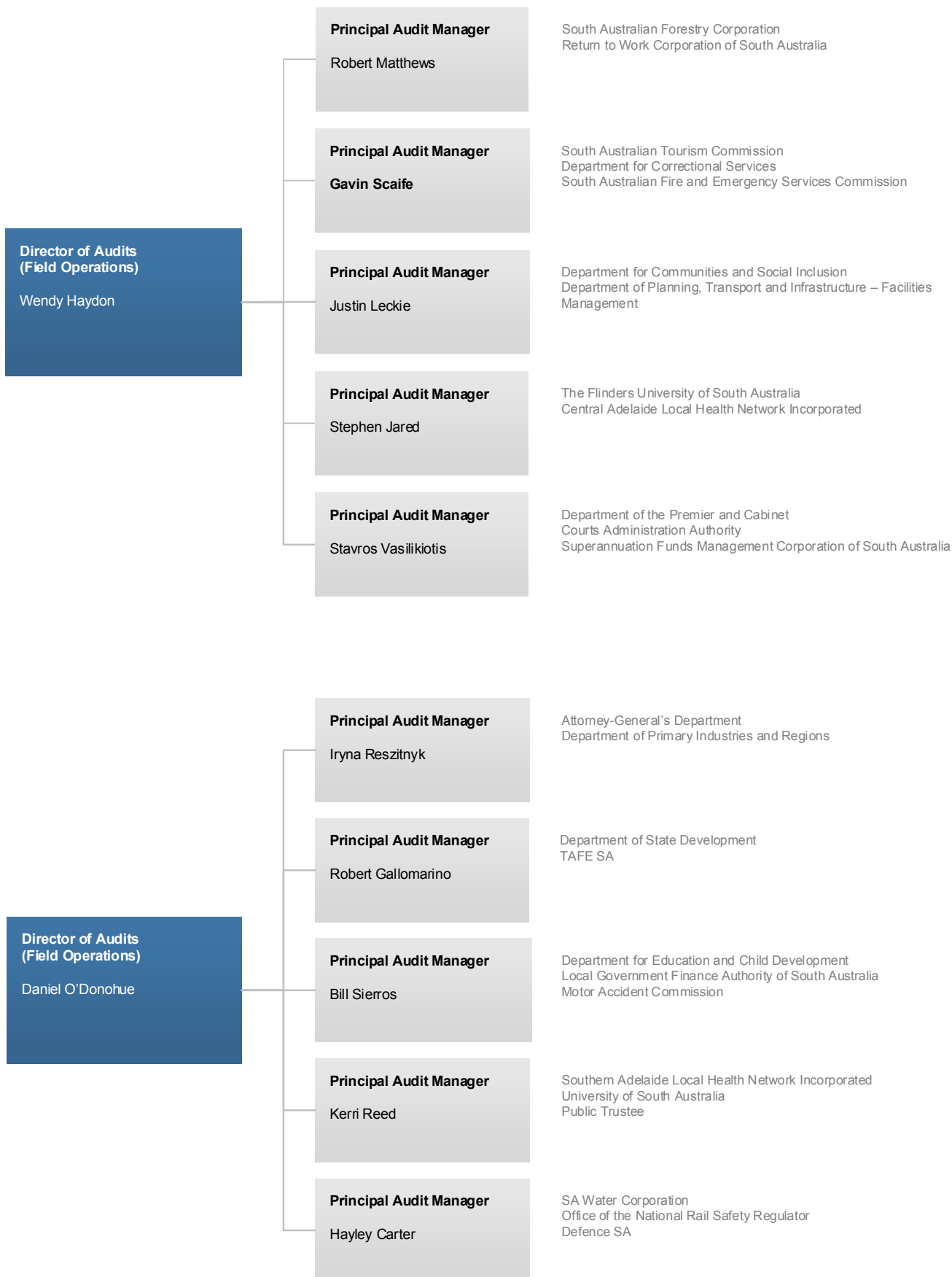


Major audit responsibilities:





Major audit responsibilities:



## Our workforce profile

The Department has an approved staffing establishment of 122.2 full time equivalents (FTEs) including the Auditor-General. On 30 June 2015 the Department employed 127 people, representing 121 FTEs (122.1 FTEs at 30 June 2014). The average employee FTE level for 2014-15 was 120.8, compared with 118.8 last year.

The following tables profile our workforce. Further workforce information is available from the Commissioner for Public Sector Employment at the following link:

<http://publicsector.sa.gov.au/about/our-public-sector/dashboard/>

### Employee numbers, gender and status

#### Employees by gender (as at 30 June 2015)

|                 | People | FTEs |
|-----------------|--------|------|
| Total employees | 127    | 121  |
| Female (%)      | 60.6   | 41.2 |
| Male (%)        | 39.4   | 58.8 |

### Executives

#### Executives by gender, classification and status (as at 30 June 2015)

|              | Ongoing  |          | Term*    |          | Other    |          | Total    |          | Total    |
|--------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
|              | F        | M        | F        | M        | F        | M        | F        | M        |          |
| CEO          | 0        | 1        | 0        | 0        | 0        | 0        | 0        | 1        | 1        |
| SAES Level 1 |          |          | 1        | 3        |          |          | 1        | 3        | 4        |
| Exec B       | 0        | 0        | 0        | 1        | 0        | 0        | 0        | 1        | 1        |
| <b>Total</b> | <b>0</b> | <b>1</b> | <b>1</b> | <b>4</b> | <b>0</b> | <b>0</b> | <b>1</b> | <b>5</b> | <b>6</b> |

\* Untenured

### Leave management

#### Average leave taken by employees during 2014-15

|                             | Days per employee |         |         |         |
|-----------------------------|-------------------|---------|---------|---------|
|                             | 2014-15           | 2013-14 | 2012-13 | 2011-12 |
| Sick leave                  | *6.86             | *5.72   | 5.38    | 5.89    |
| Family carer's leave        | 1.22              | 0.79    | 1.02    | 1.19    |
| Miscellaneous special leave | 1.06              | 1.67    | 1.33    | 1.27    |

\* Includes unpaid sick leave (previously not included in data)

Two people were on leave without pay from the Department on 30 June 2015 compared with one person on leave without pay as at 30 June 2014.

## Employee movements

### Number of people in 2014-15 who have:

|                                  |    |
|----------------------------------|----|
| Separated from the Department    | 17 |
| Been recruited to the Department | 17 |

## Workforce diversity

### Age profile of employees

At 30 June 2015 the average age of the Department's employees was 36.7 years (36.7 years as at 30 June 2014). Almost half our staff (49.6%) are under 35 years of age, compared with the South Australian workforce statistics benchmark of 37%.

### Age profile (as at 30 June 2015)

| Age:         | Female    | Male      | Total      | % of total   | *2014<br>workforce<br>benchmark |
|--------------|-----------|-----------|------------|--------------|---------------------------------|
| 15-19        | 0         | 0         | 0          | 0            | 5.5                             |
| 20-24        | 9         | 4         | 13         | 10.2         | 9.7                             |
| 25-29        | 24        | 7         | 31         | 24.4         | 11.2                            |
| 30-34        | 10        | 9         | 19         | 15.0         | 10.7                            |
| 35-39        | 12        | 7         | 19         | 15.0         | 9.6                             |
| 40-44        | 6         | 5         | 11         | 8.7          | 11.4                            |
| 45-49        | 6         | 10        | 16         | 12.6         | 11.1                            |
| 50-54        | 5         | 5         | 10         | 7.9          | 11.4                            |
| 55-59        | 3         | 2         | 5          | 3.9          | 9.1                             |
| 60-64        | 2         | 1         | 3          | 2.3          | 6.7                             |
| 65+          | 0         | 0         | 0          | 0            | 3.6                             |
| <b>Total</b> | <b>77</b> | <b>50</b> | <b>127</b> | <b>100.0</b> | <b>100.0</b>                    |

\* 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 November 2013

### 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.

The Department continues to act on its commitment against the Disability Action Plan through corporate and annual planning processes and review and implementation of HR recruitment advertising and employment practices.

As at 30 June 2015 two employees had declared a disability that meets the Commonwealth DDA definition, however a number of employees have sought workplace adjustments for their physical impairment 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. These reviews can be requested by the Parliament, Treasurer, minister or the Independent Commissioner Against Corruption. 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 2015

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 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

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**Public sector agencies audited at 30 June 2015**

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  
General Reserves Trust  
Generation Lessor Corporation  
Governors' Pensions Scheme  
Health and Ageing - Department for  
Health Services Charitable Gifts Board  
Health, Community and Disability Services Ministerial Council  
History Trust of South Australia  
HomeStart Finance  
Independent Commissioner Against Corruption  
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 Services  
Legislature - The - Legislative Council  
Libraries Board of South Australia  
Lifetime Support Authority of South Australia  
Local Government Finance Authority of South Australia  
Lotteries Commission of South Australia  
Maralinga Lands Unnamed Conservation Park Board  
Medvet Science Pty Ltd  
Minister for Agriculture, Food and Fisheries - Adelaide Hills Wine Industry Fund  
Minister for Agriculture, Food and Fisheries - Barossa Wine Industry Fund  
Minister for Agriculture, Food and Fisheries - Citrus Growers Fund

**Public sector agencies audited at 30 June 2015**

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 - Grain Industry Research and Development 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 - 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  
Planning and Development Fund  
Planning, Transport and Infrastructure - Department of  
Police Superannuation Scheme  
Premier and Cabinet - Department of the  
Primary Industries and Regions - Department of  
Professional Standards Council  
Public Trustee  
Rail Commissioner  
Residential Tenancies Fund  
Retail Shop Leases Fund  
Return to Work Corporation of South Australia  
Riverbank Authority



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**Public sector agencies audited at 30 June 2015**

Rural Industry Adjustment and Development Fund  
SA Ambulance Service Inc  
SA Metropolitan Fire Service Superannuation Scheme  
SACE Board of South Australia  
Second-hand Vehicles Compensation Fund  
Small Business Commissioner  
South Australia Police  
South Australian Ambulance Service Superannuation Scheme  
South Australian Arid Lands Natural Resources Management 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 Australian Water Corporation - Regulatory accounts  
South East Natural Resources Management Board  
South Eastern Water Conservation and Drainage Board  
Southern Adelaide Local Health Network Incorporated  
Southern State Superannuation Scheme  
State Development – Department of  
State Opera of South Australia  
State Procurement Board  
State Theatre Company of South Australia  
Stormwater Management Authority

**Public sector agencies audited at 30 June 2015**

Super SA Retirement Investment Fund  
Super SA Select Fund  
Superannuation Funds Management Corporation of South Australia  
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  
Zero Waste SA

Total number of agencies audited at 30 June 2015: 152

## Providing an environmentally friendly workplace

### Greening of Government operations (GoGO)

The department continues its focus on environmental responsibility at work by promoting the efficient use of energy, paper and other natural resources. We are committed to minimising our use of resources and reducing waste.

### Energy management (GoGO priority area 1)

Energy used by our department is limited to lighting and power in our leased office premises in the State Administration Centre. As a tenant there are not as many opportunities to make infrastructure changes that can significantly impact energy usage. As an independent agency of Government we also maintain our own ICT environment and servers, unlike many SA Government agencies that access whole-of-government ICT infrastructure and systems.

### Energy saving measures

We encourage our staff to be energy efficient. Energy ratings are considered when purchasing appliances. Office equipment such as printers and photocopiers are fitted with energy saving mode 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 sensor to control artificial lighting, reducing energy demand.

### 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 have prepared electronic audit working papers for many years, but some supporting documentation remained in hardcopy, paper form. Last year we implemented the digitisation of all audit working papers. This year we have converted some of our human resources (payroll) forms to interactive forms based on the adobe acrobat (pdf) format which provides the ability for forms to now be digitally signed and thus no longer printed. In 2015-16 we plan to continue to transition to interactive forms.

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 to reduce the need to print agendas, minutes, reports and general office communications. We have also introduced cloud technology for the sharing of some information.

### Waste management (GoGO priority area 3)

Waste management services are provided to the Department as part of our occupancy of Government premises. Central collection bins enable all waste to be recycled, and are designed so that no waste is sent to landfill. 45 kilograms (38 in 2013-14) of waste was diverted from landfill through the recycling of printer cartridges alone. Printer cartridges, office furniture and supplies, ICT equipment and decommissioned mobile phones and accessories are routinely donated or recycled. Products made from recycled materials are purchased when it is feasible and cost effective.

## Providing a safe workplace

### OHSW Statistics

| <b>OHS notices and corrective action taken</b>   |     |
|--|-----|
| Number of notifiable incidents pursuant to WHS Act Part 3  | Nil |
| Number of notices served pursuant to WHS Act Sections 90, 191 and 195 (provisional improvement, improvement and prohibition notices) | Nil |
| Number of prosecutions pursuant to WHS Act Part 2 Division 5   | Nil |
| Number of enforceable undertakings pursuant to WHS Act Part 11   | Nil |

### Agency gross<sup>1</sup> worker's compensation expenditure for 2014-15 compared with 2013-14

|                                 | 2014-15       | 2013-14  | Variation<br>(\$)+ (-) | % Change<br>+ (-) |
|---------------------------------|---------------|----------|------------------------|-------------------|
| Hospital                        | 0             | 0        | 0                      | 0                 |
| Income Maintenance              | 8,345         | 0        | 8,345                  | 100               |
| Investigations                  | 0             | 0        | 0                      | 0                 |
| Legal expenses                  | 0             | 0        | 0                      | 0                 |
| Lump sum                        | 0             | 0        | 0                      | 0                 |
| Other                           | 0             | 0        | 0                      | 0                 |
| Registered Medical              | 4,721         | 0        | 4721                   | 100               |
| Rehabilitation                  | 0             | 0        | 0                      | 0                 |
| Travel                          | 0             | 0        | 0                      | 0                 |
| <b>Total claims expenditure</b> | <b>13,066</b> | <b>0</b> | <b>13,066</b>          | <b>100</b>        |

1 Before 3<sup>rd</sup> party recovery

The Department did not have any workers compensation claims in the 2013-14 year.

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.

# 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 meetings 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.

## **Subcontract auditors**

The Auditor-General subcontracts a number of audits to the private sector where audit resources or specialist audit skills are not available internally. Plans prepared by subcontracted 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 subcontracted 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 subcontracted each year, in the context of how best to achieve our annual statutory audit work program.