



Government of South Australia

Auditor-General's Department

Annual report on the operations of the
Auditor-General's Department
for the year ended 30 June 2016

For more information

Auditor-General's Department

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Presented to the:
Hon J W Weatherill LLB BEc GDLP MP,
Premier of South Australia on 30 September 2016

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Hon J W Weatherill LLB BEc GDLP MP
Premier
Department of the Premier and Cabinet
Level 15, State Administration Centre
200 Victoria Square
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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 2016 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 that reads 'Richardson'.

Andrew Richardson
Auditor-General

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2015-16 highlights

Governance

Changes to audit team directorate reporting arrangements were implemented, and the terms of reference for all of our governance groups were updated.

We surveyed our staff and other key stakeholders. The responses provided helped us develop our next corporate plan (see page 17).

Reports

The Annual Report of the Auditor-General for the year ended 30 June 2015 was presented to Parliament.

We presented to Parliament two reports on the Adelaide Oval redevelopment project, and one report on the local government indemnity schemes.

We presented six supplementary reports to Parliament.

(See page 4 for details of our Reports)

We continued to improve our reporting on audit results (see page 11).

Audits

156 independent auditor's reports were issued, 16 of them qualified (see page 8).

We developed the use of data analytics in the audit process (see page 11).

Public interest reviews

We implemented an improved structured framework to identify, review and report public interest matters, and continued to focus on reviewing and reporting these matters to the Parliament (see page 9).

Public integrity responsibilities

We implemented a local government review methodology for planning, executing and reporting reviews, and tabled our first local government report in Parliament (see page 10).

Community engagement

We remained active in our professional community (see page 12).

Recruitment

We recruited nine graduates (see page 16).

For the second consecutive year we were voted in the top 20 of the Australian Association of Graduate Employers' top 75 graduate employers list (see page 15).

Retention

Employee turnover remained low (see page 15), and staff satisfaction is at a survey high of 79% (see page 17).

Developing our people

We delivered a comprehensive professional development program to our staff, with an emphasis on leadership and management development (see page 13).

We are implementing a new online employee performance management and development system (see page 14).

Staff participated in a range of working groups to advance our annual plan strategies and gain new experiences (see pages 10, 11, 16).

Work health and safety

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

Auditor-General's report

'I am pleased to present this annual report on the operations of the Auditor-General's Department for the year ended 30 June 2016'

This report summarises our performance and achievements in 2015-16.

It has been a year of significant achievements. We implemented:

- an improved structured framework for identifying, reviewing and reporting public interest matters
- the IPSAM4 financial auditing methodology
- a local government review methodology.

We also:

- acquired an online employee performance management and development system
- developed a new corporate plan

We presented our first local government report to Parliament, and have further enhanced our audit program and reporting to improve the content, relevance and presentation of our Parliamentary reports. A future strategic priority for us is to deliver regular performance audits as a substantial and routine element of our annual audit program and to deliver reports more frequently.

We developed data analytics tests across agency expenditure data, considering it the most effective method of collecting and analysing data to obtain the greatest efficiencies. This was central to one of our reports for the year. I look forward to this project continuing in 2016-17 as we develop a departmental strategy to incorporate data analytics into our standard audit processes.

Our new corporate plan for the next three years will be released to staff in November 2016. We engaged an external consultant to do an environmental scan and facilitate the planning process. The consultant met with key departmental stakeholders, each member of the Executive and facilitated senior management and employee focus group sessions.

A planning survey of staff, designed to gauge staff needs and satisfaction and to obtain specific input into the future challenges we face was undertaken. Overall staff satisfaction was rated at a survey high of 79%, and 80% of our staff would recommend the Department as a good place to work. It was pleasing that there were so many positives regarding future aspirations, training and development and the team environments our staff work in, but I am mindful of the areas where employees have concerns such as workloads and staff allocations and we are continuing to develop strategic actions around these.

We actively sought contributions from our staff throughout the planning process. Their insights were highly valuable in shaping the plan. I am confident we are getting more involved with sharing ideas, something we started last year. This has again resulted in new approaches and emerging solutions

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 accountability, integrity and cost effectiveness in public sector financial administration.

The acquisition of an on-line employee performance management and development system follows a comprehensive research and procurement process that reflects the significance of this system and project to our staff. I now look forward to the next vital step of implementing the system to support our performance management and development goals.

To meet our responsibilities and the particular demands of increased reporting of public interest reviews, changes to the audit team directorate reporting arrangements were implemented in 2015-16. The new structure will continue for 2016-17. We will monitor its success as we implement the corporate plan to ensure we have a structure in place to meet our responsibilities and future challenges going forward.

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 2015-16. Their ongoing responsiveness and commitment to changes I have sought and to building our plans for the future, means we are well placed to fulfill our responsibilities and respond to public sector changes.

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 2016	123
Number of audits as 30 June 2016	152
Independent auditor's reports issued in 2015-16	156

Financial indicators

	2015-16 \$'000	2014-15 \$'000	2013-14 \$'000
Net cost of providing services	16 501	15 124	14 811
Total audit fees raised	14 575	14 055	13 778
Total assets	5 316	5 264	4 404
Total liabilities	5 369	4 419	4 664

Reports presented to Parliament this year

5 July 2016	Report of the Auditor-General – Supplementary report: Department for Communities and Social Inclusion – Concessions: June 2016
5 July 2016	Report of the Auditor-General – Supplementary report: Enterprise Patient Administration System: June 2016
29 February 2016	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 2015 to 31 December 2015
19 November 2015	Report of the Auditor-General – Supplementary report: Government marketing communications: November 2015
19 November 2015	Report of the Auditor-General – Supplementary report: New Royal Adelaide Hospital report: November 2015
27 October 2015	Report of the Auditor-General – Supplementary report: Information and communications technology report: October 2015
27 October 2015	Annual report on the operations of the Auditor-General's Department for the year ended 30 June 2015
13 October 2015	Report of the Auditor-General – Supplementary report: State finances and related matters: October 2015
13 October 2015	Report of the Auditor-General – Annual report for the year ended 30 June 2015 – Part A: Executive Summary, Part B: Agency audit reports and Appendices: Treasurer's statements and public sector agencies audited financial reports
7 September 2015	Report of the Auditor-General – Examination of the local government indemnity schemes: September 2015
31 August 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 January 2015 to 30 June 2015

What we do

‘Contributing to public sector accountability through audit and examination activity of government agencies and local government 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 Auditor-General’s Annual Report is the main communication between the Auditor-General and the Parliament. It comprises:

- Part A: Executive Summary – the opinions the Auditor-General is required to give under the PFAA and commentary on the main financial management, accounting and control matters arising from audits.
- Part B: Agency audit reports – a summary of the outcomes of the audit of each agency, with a snapshot of key agency information covering financial statistics, significant events and transactions and whether the financial statement and controls opinions are unmodified or modified (qualified).
- Appendix to the Annual Report – scanned copies of the Treasurer’s statements and the final audited financial reports of public sector agencies that are, in the Auditor-General’s opinion, important enough to publish.

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 2015-16

'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:

- implementing an improved structured framework for identifying, reviewing and reporting public interest matters
- implementing a local government review methodology for planning, executing and reporting on local government examinations
- further enhancing our audit program and reporting to improve the content, relevance and presentation of our Parliamentary reports
- updating our financial auditing methodology
- developing an approach to using data analytics in the audit process
- undertaking a project to redesign our employee performance management and development system
- 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:

- increase the frequency and number of supplementary reports to Parliament and further advance the online presence of our reports
- adopt the practice of undertaking performance audits and move to develop a significant performance auditing capability
- expand the data analytics project to include more datasets and develop a departmental strategy to integrate data analytics into our standard audit processes
- implement an online employee performance management and development system
- maintain our reputation as a professional finance and audit practice to attract, retain and develop employees
- start to implement a new corporate plan for the next three years.

Key result area 1

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

Key strategic actions

- Issuing independent audit and controls opinions
- Conducting public interest reviews
- Meeting public integrity responsibilities
- Monitoring productivity and performance of the audit program
- Updating our financial auditing methodology
- Improving our reporting to Parliament
- Developing the use of data analytics in the audit process

Our performance in 2015-16

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) team, a public interest review team and a local government review team.

We issued 156 independent auditor’s reports in 2015-16, 16 of them qualified. Most of the opinions were issued for agencies with financial years ending on 30 June 2015 or 31 December 2015.

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)

	2015-16	2014-15	2013-14
Number of independent auditor’s reports issued	156	159	161
Number of qualified audit opinions issued	16	21	25
Average working days between an agency’s end of financial year and issuing an Independent Auditor’s Report	87	88	86

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 2014-15 audits remained relatively stable at 108 200. 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)

	2014-15	2013-14	2012-13
Conduct of audits (hours)	99 200	101 100	96 300
Management of audits (hours)	9 000	8 900	9 900
Total hours charged	108 200	110 000	106 200
Subcontract audit fees (\$)	\$1 110 000	\$1 290 000	\$1 270 000

Conducting public interest reviews (PIRs)

A public interest review (PIR) is defined as an assurance engagement covering all review work undertaken by the Auditor-General other than work undertaken to satisfy the Department's minimum requirements of review to issue the independent auditor's report or controls opinion.

PIR work is undertaken by staff working in:

- the PIR team under the direction of the Assistant Auditor-General (Public Interest Reviews)
- the ITA and Local Government audit teams under the direction of the Assistant Auditor-General (Local Government and Information Technology Reviews)
- field audit teams under the direction of their Assistant Auditor-General (Field Operations).

Our PIR strategy requires careful consideration of strategic factors, like the staffing structure and the competing demands of our statutory audit mandate, to determine the extent of PIR work we do.

All PIR work is identified in our annual plan and is supported by our PIR methodology and framework. Budgets are set, resources allocated and project briefs approved. As well as the PIR work undertaken by our dedicated PIR team and 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.

In 2015-16 we implemented an improved structured framework for identifying, reviewing and reporting public interest matters.

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

- information and communications technology systems
- SA Government concessions administration
- the new Royal Adelaide Hospital
- the South Road upgrade (Torrens Road to River Torrens) project
- the Adelaide Riverbank development.

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

OUR PERFORMANCE

Meeting public integrity responsibilities

Following the extension of the Auditor-General's statutory remit into the local government sector, a local government review methodology for planning, executing and reporting on local government examinations was implemented. An examination of the efficiency and cost-effectiveness of the following two local government indemnity schemes was performed:

- Local Government Association Mutual Liability Scheme – provides members with risk, claims and legal services for civil liabilities
- Local Government Workers Compensation Self-Insurance Scheme – a scheme for self-insurance against work related injuries to scheme member employees.

The results of this examination were tabled in Parliament in September 2015.

Work continues on an examination into the Brown Hill and Keswick Creeks Stormwater Management Project and an examination of governance arrangements in local government.

Monitoring productivity and performance of the audit program

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

Last year a productivity and performance workgroup was established to update our internal management reporting and determine exactly what information is needed to monitor our audit work 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 our people are fully utilised.

In 2015-16 the workgroup consulted with Assistant Auditors-General and Principal Audit Managers, and acting on the feedback:

- amended internal costing structures and developed guidelines to achieve consistency across the Department when costing time to audits in the practice management system
- adjusted the way productivity is measured by including time not charged directly to audits but which directly impacts audit outcomes
- modified the audit fee recommendation form to capture better information about time not charged to audit clients.

Future work will involve collating progress and performance data over time to establish useful benchmarks for measuring employee productivity and performance.

Updating our financial auditing methodology

The Integrated Public Sector Audit Methodology (IPSAM) is the financial auditing software used by the Department. An upgrade to version 4, which has had the most substantial changes to IPSAM to date, was undertaken in 2015-16.

The Quality and Standards team managed the significant upgrade project, provided training to all IPSAM users and supported the implementation post-training.

Improving our reporting to Parliament

The Auditor-General produces several types of reports to Parliament. The main report, required under section 36 of the PFAA, is the Auditor-General's Annual Report, which comprises two parts and an Appendix.

Part B provides commentary on significant issues of administration, financial management and control in individual public authorities. In 2015-16, an executive summary was introduced into Part B, 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 changed the presentation of agency financial reports. Our past practice had been to republish agency financial statements in the report by keying them in a uniform presentation style. From the year ended 30 June 2015, agency financial reports have been scanned and presented as an appendix to the annual report.

The benefits of these changes include:

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

In 2015-16 we consulted the Plain English Foundation about our parliamentary report formats, and we intend to continue to pursue plain English initiatives in future reporting to Parliament.

We also established a workgroup to develop risk ratings for control issue findings, to help the reader's understanding of the significance, likelihood and impact of our audit findings. This work will progress in 2016-17.

Using data analytics in the audit process

Huge volumes of transaction data are created and stored by agencies each year. Traditional auditing often involves testing representative samples of these transactions. Data analytics is the process of inspecting and modelling complete data sets with the goal of highlighting useful information and trends, and drawing conclusions. But integrating analytics into the audit process needs careful planning and expert consideration. In 2015-16 we established a data analytics workgroup of field audit representatives, headed by the Principal Audit Manager (Data Analytics). Its objective was to develop data analytics tests for financial audits, starting with across-government expenditure data.

The workgroup's focus has been on:

- collecting and analysing volumes of data to provide field auditors with greater information on agency expenditure and areas of potential risk across audit planning and conduct
- targeting the most effective methods of collecting and analysing data to identify areas where the greatest efficiencies can be achieved
- developing an automated process to load expenditure data into a centralised audit data warehouse
- developing data analytics tests and reports across the data
- providing targeted training to field audit teams on how to access data and reports.

The new data analytics scripts and reports are now being applied to audits to focus audit effort and improve efficiency. In addition, we used data analytics as a tool to prepare the Supplementary Report: Department for Communities and Social Inclusion – Concessions: June 2016.

Based on the success of the expenditure project, we plan to expand the project in 2016-17 to cover payroll, general ledger and other expenditure systems, develop further data analytics tests and automate reconciliations between the different data sources.

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 2015-16

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, and the Budget and Finance Committee once. We provided feedback on the 2016 model financial statements to the Public Finance 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 held with Shared Services SA for a stakeholder perspective on issues facing the public sector in the areas they service.

Members of the Executive also delivered presentations at the 2016 Government Accounting Information Forum.

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
- university auditors 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
- Implementing a new employee performance management and development system
- Implementing an online application system
- Formalising consultative processes for annual planning and staff allocations

Our performance in 2015-16

Meeting the development needs of our staff

Growing the capability of staff to respond to ongoing change in our internal and external environments is critical to the Department’s performance and success.

Supporting on-the-job development, we invest in the continuing professional development of our staff through the Department’s annual professional development program. The program aims to provide staff at all levels with technical, personal and management skills training that supports good performance and a demonstration of their core role competencies.

2015-16 foreshadowed some significant changes in organisational direction and this was reflected in the professional development program’s strategic focus and level of investment, particularly for senior staff. New technical, personal and management training programs provided development to address emerging challenges in the work environment and audit practices. These included training in the IPSAM4 audit methodology and system, accounting standards updates, public sector contract management and procurement, strategic and critical thinking, continuous improvement and innovation, client engagement, managing complex people issues and building resilience.

Our workforce maintains a high level of skill through ongoing professional accreditation. CPA and CAANZ members receive support with their professional education fees, and study leave is provided to staff working towards qualifications related to their work. The Department has maintained its Recognised Employer status with the CPA by providing staff with opportunities to meet their obligations for continuing professional development hours.

Staff also receive support to attend external courses including tertiary leadership programs, conferences and seminars that are relevant to their work responsibilities and development.

Our training and development expenditure for all employees is lower than last year at 3.2% of total employee expenses, but is consistent with prior years. Our focus in 2015-16 was on leadership and management training and expenditure in this area increased.

Training and development costs in 2015-16

	Total cost	% of total employee expenses
Total training and development expenditure	\$406 147	3.2%
Leadership and management development expenditure	\$ 92 307	0.7%

Performance management and development

Our performance management and development process is integral to building organisational performance and capability through our people. Performance reviews help to clarify roles and accountabilities, acknowledge achievement, provide feedback on work quality and identify role and career development needs.

Most of our staff have a current performance and development review (PRD). In 2015-16 we placed a strong emphasis on completing PRDs which resulted in some improvement.

Following a 2014-15 external review of the performance review and development process the Executive endorsed a recommendation to redesign the process and implement an online system. This became a key strategic action for the 2015-16 Annual Plan.

In 2015 a project officer was engaged to coordinate the project, with the top priority deliverables identified as:

- a simpler process
- multiple touch points for more regular staff check-ins with managers
- alignment of corporate and staff goals
- an online system.

The newly designed process will shift our performance management approach to simplify documentation, align work effort to strategic priorities, more frequent conversations, quality two-way feedback, and enhanced workplace engagement.

After a rigorous evaluation and procurement process featuring extensive consultation with executive and staff representative groups, a new performance management system was purchased.

We are currently in the final stages of system configuration.

In 2016-17, we will provide training to all employees in the use of the online system and soft skills training for managers and staff to further engage staff in conversations and work effort that improves the quality and effectiveness of everything we do.

Performance review and development completed in 2015-16

Employees who have had:	% of workforce
A review within the last six months	87%
A review older than six months	5%
No review	8%

Implementing an online application system

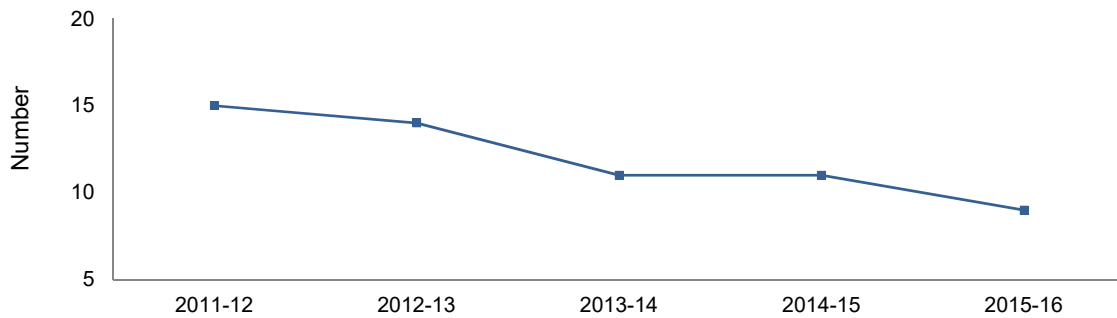
The Department’s existing online application system was developed in-house and is very resource intensive to maintain and use. Further the system’s functionality was very limited and was a poor introduction to a potential applicant’s initial interactions with the Department. During the year we purchased and implemented a new online system that better supports our recruitment and selection processes.

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, and we recruited nine graduates. Temporary and contract staff are also brought in during periods of peak demand.

For the second consecutive year we made the top 20 best graduate employers as listed by the Australian Association of Graduate, voted 19th in 2016 and 10th in 2015.¹

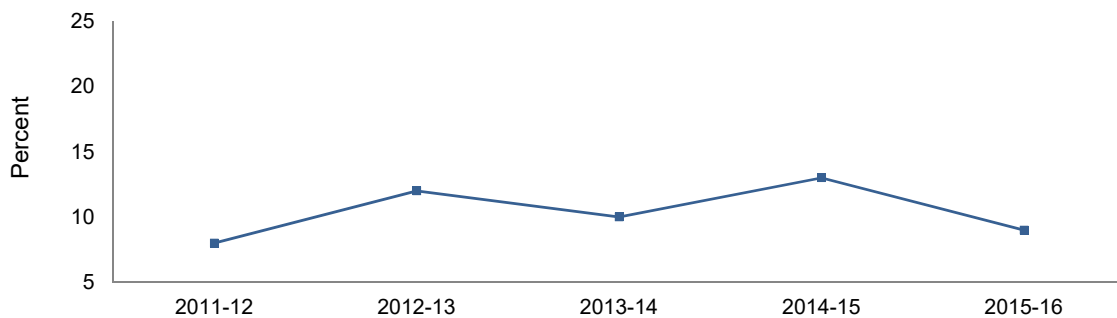
Graduates appointed in the past five years



Staff turnover

Staff turnover decreased by four percentage points to 9% in 2015-16 and continues to be relatively low.

Employee turnover for the past five years



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

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

OUR PERFORMANCE

Formalising consultative processes for annual planning and staff allocations

Previous staff feedback identified the annual planning and section resourcing process as an area of dissatisfaction for employees.

A working party was established to develop a more consultative approach to this process that features:

- input from Audit Managers about year end workload and needs
- staff input on any work placement preferences, professional development needs and other matters they consider relevant.

A policy was developed to provide a consistent, fair and efficient approach to allocating staff to field audit teams, and communication and consultation with staff on movements between teams.

Key result area 4

‘Running an effective business’

Key targets

- developing our new corporate plan
- maintaining a culture of open communication and consultation with staff
- identifying opportunities for innovation and lean thinking
- meeting our WHS targets

Our performance in 2015-16

Developing our new corporate plan

This year we developed our corporate plan for the next triennium – 2017 to 2019. To do this we engaged an external consultant to undertake an environmental scan and facilitate the planning process. The consultant met with key departmental stakeholders and members of the Executive, and facilitated senior management and employee focus groups. The purpose of the focus groups was to explore:

- strengths and areas for improvement relevant to our current operations
- key principles and values important to our staff
- employee perspectives on the current organisational culture
- important issues and trends that should be addressed in the current corporate planning process

Our new corporate plan represents a major shift in orientation towards performance auditing. The implementation of the plan should see us conducting regular performance audits as a substantial and routine element of our annual work program.

Staff consultation

Staff feedback is integral to the Department’s strategic planning and continuous improvement processes. In 2015-16 we conducted our fifth planning survey, which is voluntary, anonymous and open to all staff.

The survey is designed to gauge staff needs and satisfaction, and to obtain specific feedback about strategic priorities and ways to improve our performance. The results help us to identify issues that need to be dealt with and areas of strong performance that need to be locked in, and were used to develop the corporate plan.

The response rate for the survey was 67%. Although lower than the last staff survey participation rate in 2012 (74%), staff opinion was still considered to be well represented.

Overall staff satisfaction was rated at a survey high of 79%, and 80% of our staff would recommend the Department as a good place to work. There were also positive swings in attitudes towards job satisfaction, training and development, team morale, quality and service and future aspirations. When compared with the results of the last survey conducted in 2012 more people:

- see themselves staying in the Department for the foreseeable future or having a career here
- are satisfied with the Department’s commitment to providing training and development
- have a clear understanding of their work expectations and feel valued by the Executive

OUR PERFORMANCE

- feel very positive about their work teams and are comfortable raising issues
- overwhelmingly feel a sense of pride working here and think the department is a positive place to work.

Areas where results were not so strong and will warrant action in the next corporate plan include:

- a decrease in the number of people who feel their workload is reasonable
- continued dissatisfaction with the way we evaluate performance, provide feedback and deal with poor behaviours in a timely and effective manner
- a fall in satisfaction with the annual process used to decide staffing movements.

While these issues do not appear to have had a negative impact on overall views about working in the Department, key strategic actions are either already in development or will be targeted for specific improvement over the next three years. A consultative process for annual planning and staff allocations, discussed under key result area 3, has already progressed to the policy stage.

Innovation and lean thinking

Last year we reported on a new initiative to encourage new ideas and develop them into meaningful improvements. In 2015-16 our Innovation and Lean Thinking team (TILT) – a cross-functional workgroup with a focus on creating opportunities to innovate and be more efficient – progressed this initiative by:

- canvassing staff opinion on the Department's ability to innovate
- researching recent development in service industry innovation, particularly in the public sector
- looking at what other organisations do to be innovative.

Our staff felt that the main barriers to innovation were our perceived risk averse culture, lack of time/resources, poor incentives to innovate and the absence of a mechanism to share ideas across the organisation. Promoting the importance of innovation, engaging all staff and recognising innovation when it happens were some of the suggestions for changing culture to foster innovation.

With this in mind, TILT established an online ideas bank to promote and share ideas. All staff can 'deposit' their ideas into the bank. A structured assessment is applied to each idea, and good ones are acted on quickly.

Some great ideas have already come out of this process and all contributors were acknowledged for their suggestions.

Looking ahead the process will be refined. A big focus for 2016-17 will be looking at how TILT and the ideas bank can support the targeted work that needs to be done to achieve the changes in the next corporate plan.

Meeting our Work Health and Safety targets

The Department is a self-insured employer under the *Return to Work Act 2014*. To maintain this status, we must adopt and apply the service standards set out in Schedule 5.

The Department's Work Health and Safety (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. Its membership 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.

In 2015-16 the Department engaged a consultant to review our workplace health and safety legislative compliance and safety management systems. The consultant identified a range of opportunities to improve our practices, and these recommendations will be considered for implementation in 2016-17.

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.

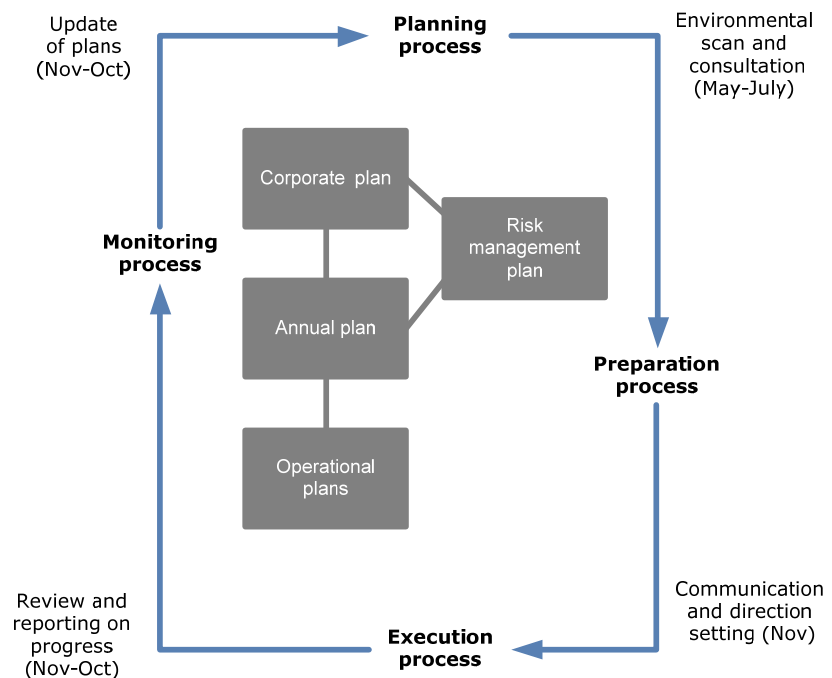
Risk management policy and plan

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’

Auditor-General’s 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, and Assistant Auditors-General.

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

The Executive Management Group meets weekly. The minutes of these meetings are communicated to all staff.

Executive Field Operations Group

The Executive Field Operations Group comprises the Assistant Auditors-General (Field Operations). The group meets weekly and coordinates the activities of the field audit teams.

Notes 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, Assistant Auditors-General, Manager Corporate Strategy, Manager Human Resources and the Director, Quality and Standards.

The group meets monthly 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 Assistant Auditors-General and their 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 Management Group.

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 2016

	Budget	Actual		
	2015-16 \$'000	2015-16 \$'000	2014-15 \$'000	2013-14 \$'000
Net cost of providing services	16 596	16 501	15 124	14 811
Total audit fees raised	14 341	14 575	14 055	13 778
Total assets	4 677	5 316	5 264	4 404
Total liabilities	4 913	5 369	4 419	4 664

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 \$266 000 in 2015-16 (\$103 000 in 2014-15). The increase in 2015-16 was primarily the result of a review of the actuarial valuation of SA Crown Self Insured Agencies Workers Compensation Liabilities and an expanded actuarial review of the Return to Work Corporation of South Australia. In addition, the Department engaged a consultant in 2015-16 to undertake an environmental scan and facilitate the corporate planning process.

Consultancies in 2015-16	Number	\$'000
Under \$10 000	-	-
\$10 000 - \$50 000	4	120
Above \$50 000:		
<i>KPMG actuarial services for the audit of Return to Work Corporation of SA</i>	1	146
Total	5	266

Contractual arrangements

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

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.

During the year, fraudulent activity on a departmental corporate credit card was detected. The attempted fraudulent purchases were not made by an employee and the financial services provider made a full credit refund. We are not aware of any other actual, suspected or alleged fraudulent activity affecting the Department in 2015-16.

Whistleblowers Protection Act 1993

We have nominated seven responsible officers to receive and action disclosures under the *Whistleblowers Protection Act 1993*. All complaints under this Act are investigated in accordance with our 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 2016

	Note	2016 \$'000	2015 \$'000
Expenses:			
Employee expenses	4	12 747	11 748
Supplies and services:	5		
Contractors		1 300	1 369
Office accommodation and service costs		689	696
Consultancies		266	103
Other supplies and services	6	1 331	1 231
		<u>3 586</u>	<u>3 399</u>
Depreciation and amortisation		169	199
Total expenses		<u>16 502</u>	<u>15 346</u>
Income:			
Employee benefits transferred	7	-	220
Other income		1	2
Total income		<u>1</u>	<u>222</u>
Net cost of providing services	16.2	<u>16 501</u>	<u>15 124</u>
Revenues from (Payments to) SA Government:			
Appropriations and contingency provision grant	8	16 603	16 229
Return of surplus cash		(1 000)	-
Total Revenues from (Payments to) SA Government		<u>15 603</u>	<u>16 229</u>
Net result		<u>(898)</u>	<u>1 105</u>
Total comprehensive result		<u>(898)</u>	<u>1 105</u>

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

**Statement of Financial Position
as at 30 June 2016**

	Note	2016 \$'000	2015 \$'000
Current assets:			
Cash and cash equivalents	9,16.1	4 770	4 789
Receivables	10	172	141
Total current assets		<u>4 942</u>	<u>4 930</u>
Non-current assets:			
Computing and office facilities	11	334	295
Intangible assets	11	40	39
Total non-current assets		<u>374</u>	<u>334</u>
Total assets		<u>5 316</u>	<u>5 264</u>
Current liabilities:			
Payables	12	467	296
Employee benefits	13	1 415	1 201
Provision for workers compensation	14	18	9
Total current liabilities		<u>1 900</u>	<u>1 506</u>
Non-current liabilities:			
Payables	12	318	262
Employee benefits	13	3 116	2 623
Provision for workers compensation	14	35	28
Total non-current liabilities		<u>3 469</u>	<u>2 913</u>
Total liabilities		<u>5 369</u>	<u>4 419</u>
Net assets		<u>(53)</u>	<u>845</u>
Equity:			
Opening balance – surplus (deficit)		845	(260)
Increase (Decrease) in net assets		(898)	1 105
Total equity		<u>(53)</u>	<u>845</u>

Total equity is attributable to the SA Government as owner

Commitments 15

Statement of Changes in Equity for the year ended 30 June 2016

	Retained earnings \$'000	Total \$'000
Balance at 1 July 2014	(260)	(260)
Total comprehensive result for the year 2014-15	1 105	1 105
Balance at 30 June 2015	845	845
Total comprehensive result for the year 2015-16	(898)	(898)
Balance at 30 June 2016	(53)	(53)

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

Statement of Cash Flows for the year ended 30 June 2016

		2016 Inflows (Outflows) \$'000	2015 Inflows (Outflows) \$'000
Cash flows from operating activities:	Note		
Cash outflows:			
Employee expenses		(11 826)	(11 730)
Supplies and services		(3 922)	(3 761)
Payments for Paid Parental Leave Scheme		(47)	(43)
Cash inflows:			
Other income		1	2
Goods and services tax refunds from Australian Taxation Office		334	323
Receipts for Paid Parental Leave Scheme		47	38
Cash flows from (to) SA Government:			
Appropriations and contingency provision grant	8	16 603	16 229
Return of surplus cash pursuant to cash alignment policy		(1 000)	-
Net cash provided by operating activities	16.2	190	1 058
Cash flows from investing activities:			
Cash outflows:			
Purchase of computing and office facilities		(186)	(192)
Purchase of intangible assets		(23)	(30)
Net cash (used in) investing activities		(209)	(222)
Net increase (decrease) in cash and cash equivalents		(19)	836
Cash and cash equivalents at 1 July		4 789	3 953
Cash and cash equivalents at 30 June	9,16.1	4 770	4 789

Notes to and forming part of the financial statements

1. Objectives of the Auditor-General's Department (the Department)

The Department is an administrative unit of the public service established under the *Public Finance and Audit Act 1987* (PFAA). 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 as required by the PFAA.

Controlled

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. During the year the Department spent \$16.49 million (\$15.34 million) on this activity. The main component of work relates to the annual statutory audit of State public sector agencies.

Special investigations

Under the PFAA, the Parliament, Treasurer, Minister or the Independent Commissioner Against Corruption can require the Auditor-General to undertake certain examinations and report these to Parliament. We have had no such requests that have resulted in expenditure on this activity in 2014-15 or 2015-16. Where we undertake special investigations, we receive special appropriation to fund our work, and therefore we do not charge audit fees.

Administered

We also administer certain activities on behalf of the SA Government but do not control the related income, expenses, assets or liabilities. These comprise the following two activities:

Receiving and passing on auditing fees

We charge fees for our audits as permitted by section 39 of the PFAA, but do not retain these fees. We transfer audit fees received into the Government's Consolidated Account as they are received.

Administering special acts

Section 24(4) of the PFAA provides that the salary and allowances of the Auditor-General, as determined by the Governor, will be paid from the Government's Consolidated Account. The Auditor-General's remuneration, and recoveries from the Consolidated Account for it, are therefore reported as administered items.

2. Summary of significant accounting policies

(a) *Basis of preparation*

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 APSs require certain disclosures in addition to AASs.

The financial statements have been prepared based on a 12 month operating cycle and are presented in Australian currency. Values are rounded to the nearest thousand dollars unless otherwise specified.

We have not early-adopted any AASs or Australian interpretations issued by the Australian Accounting Standards Board.

Income and expenses have been classified according to their nature.

Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle have been classified as current.

The Statement of Cash Flows has been prepared on a cash basis. Other statements are prepared on an accrual basis, and unless otherwise specified, apply the historical cost convention.

The administered financial statements have been prepared applying the same accounting policies as for items controlled by the Auditor-General's Department.

(b) *Taxation*

The Department is liable for payroll tax, fringe benefits tax and goods and services tax (GST) but not income 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.

Operating cash flows in the Statement of Cash Flows include GST. The GST on investing and financing cash flows is included as operating cash flows.

(c) Revenues from (Payments to) SA Government

We are funded by Parliamentary appropriations, paid into a special deposit account titled 'Auditor-General's Department Operating Account'. We are also appropriated for some expenses which will not require a cash payment, such as depreciation. Some appropriations are deposited into a special deposit account at Department of Treasury and Finance titled 'Accrual Appropriation Excess Funds'. Although we control this money, its use must be separately approved by the Treasurer. We do not earn interest on either of these special deposit accounts.

Payments to SA Government relate to the return of surplus cash in accordance with the principles of the cash alignment policy.

The appropriation for special acts reported in the administered financial statements relates to recoveries from the Government for the Auditor-General's salary.

(d) Non-current assets

Computing and office facilities are held at fair value as required by the APSs. We use cost less accumulated depreciation to determine fair value. Intangible assets are held at cost less accumulated amortisation. We only capitalise items greater than \$2000. There are no indications of impairment of our assets.

We depreciate/amortise all assets over three years except laptops which we depreciate over two years. Depreciation and amortisation is on a straight-line basis. All computing and office facilities are classified as level 3 as a key input is management's assessment of the useful life and condition.

(e) Payables

All payables are normally settled within 30 days from the date of the invoice or date the invoice is first received.

(f) Employee benefits

Salaries

Liabilities for unpaid salaries for service prior to reporting date are measured at current pay rates.

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 is estimated to be less than the annual entitlement for sick leave.

Long service leave

An actuarial assessment of long service leave liability is undertaken by the Department of Treasury and Finance. The estimated liability for long service leave is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data for SA Government entities. Expected future payments are discounted using government bonds rates with durations that align with estimated future cash flows.

The long service leave expected to be taken in the 12 months to 30 June 2017 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 the South Australian Superannuation Board, who then assume the liabilities to beneficiaries. Contributions due but not yet paid are included in payables.

(g) Provision for workers compensation

The Department is responsible for the payment of workers' compensation claims. The provision is for the estimated cost of ongoing payments to employees as required under current legislation. The workers compensation provision is an actuarial estimate of the outstanding liability at 30 June 2016 provided by a consulting actuary engaged through the Office for the Public Sector.

(h) Events after the end of the reporting period

There have been no events subsequent to 30 June 2016 that have had a material impact on the information disclosed in these financial statements.

3. Accounting standards issued not yet adopted which will have a material impact on our financial report

In next year's financial report, we will include disclosures required by AASB 124 *Related Party Disclosures*.

AASB 16 *Leases* will apply for the first time to our 30 June 2020 financial report. This standard will require us to recognise all leased items in the statement of financial position as assets to represent the value of what we lease, and liabilities to represent expected future lease payments. Depending on what lease arrangements we have entered into at the time, this could see assets and liabilities of up to \$3 million being recognised and, over the lease term, amortised.

4. Employee expenses	2016	2015
Employee benefits:	\$'000	\$'000
Salaries	9 419	8 915
Annual leave	848	827
Long service leave	590	342
Skills and experience retention leave	57	52
Total employee benefits	10 914	10 136
Employee on-costs:		
Superannuation	1 080	1 005
Payroll tax	616	579
Total employee on-costs	1 696	1 584
Workers compensation	137	28
Total employee expenses	12 747	11 748
5. Supplies and services provided by entities within SA Government		
Office accommodation and service costs	686	692
Other supplies and services	186	197
Total supplies and services provided by entities within SA Government	872	889
6. Other supplies and services		
Computing and network processing costs	483	401
Staff recruitment, development and training	299	265
Other expenses	185	172
Motor vehicles	158	168
Staff travel, accommodation and allowances	67	88
Shared Services SA charges	66	69
Fringe benefits tax	61	59
Report printing	12	9
Total other supplies and services	1 331	1 231
7. Employee benefits transferred		
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.		
8. Appropriations and contingency provision grant		
Appropriations to the Department in 2015-16 amounted to \$16.598 million (\$16.191 million) and there was a contingency provision grant of \$5000 (\$38 000).		
9. Cash and cash equivalents	2016	2015
Deposits with the Treasurer:	\$'000	\$'000
Auditor-General's Department Operating Account	2 824	2 993
Accrual Appropriation Excess Funds	1 946	1 796
Total cash and cash equivalents	4 770	4 789

FINANCIAL SUMMARY

10. Receivables	2016	2015
Current:	\$'000	\$'000
GST recoverable from the Australian Taxation Office	158	137
Other	14	4
Total current	172	141

Other receivables are with SA Government entities.

11. Non-current assets	2016	2015
11.1 Classes of assets	\$'000	\$'000
Computing and office equipment – at cost	684	723
Accumulated depreciation	(544)	(580)
	140	143
Laptop computer equipment – at cost	388	306
Accumulated depreciation	(273)	(273)
	115	33
Leasehold improvements – at cost	783	758
Accumulated depreciation	(704)	(639)
	79	119
Intangible assets – Computer software – at cost	549	558
Accumulated amortisation	(509)	(519)
	40	39
	374	334

11.2 Reconciliation of carrying amount	Carrying amount			Depreciation/	Carrying amount
	01.07.15	Additions	Disposals	Amortisation	30.06.16
	\$'000	\$'000	\$'000	\$'000	\$'000
Computing and office equipment	143	52	-	55	140
Laptop computer equipment	33	109	-	27	115
Leasehold improvements	119	25	-	65	79
Computer software	39	23	-	22	40
Total computing and office facilities	334	209	-	169	374

	Carrying amount			Depreciation/	Carrying amount
	01.07.14	Additions	Disposals	Amortisation	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
Computer software	24	30	-	15	39
Total computing and office facilities	327	206	-	199	334

12. Payables	2016	2015
Current:	\$'000	\$'000
Employee on-costs	262	229
Creditors	65	54
Accrued expenses	133	13
Paid Parental Leave Scheme payable	-	-
Total current	460	296

Non-current:		
Employee on-costs	318	262
Total non-current	318	262
Total payables	778	558

Payables to entities within the SA Government	331	282
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Creditors are normally settled within 30 days. All payables are non-interest bearing. The carrying amount of payables approximates fair value.

13. Employee benefits	2016	2015
	\$'000	\$'000
Current:		
Salaries	154	75
Annual leave	958	872
Long service leave	235	198
Skills and experience retention leave	68	56
Total current	1 415	1 201
Non-current:		
Long service leave	3 116	2 623
Total non-current	3 116	2 623
Total employee benefits	4 531	3 824

AASB 119 contains the calculation methodology for long service leave liability. The actuarial assessment performed by the 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% at 30 June 2015 to 2% at 30 June 2016. 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 actuarial assessment by the 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.

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.

For annual leave and skills and experience retention leave the salary inflation rate remained at 3% in 2016.

14. Provision for workers compensation	2016	2015
	\$'000	\$'000
Current:		
Provision for workers compensation	18	9
Total current	18	9
Non-current:		
Provision for workers compensation	35	28
Total non-current	35	28
Total provision	53	37
Carrying amount at 1 July	37	32
Workers compensation payments		-
Increase (Decrease) in provision	16	5
Carrying amount at 30 June	53	37

15. Commitments

Operating lease commitments

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

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):	2016	2015
	\$'000	\$'000
Not later than one year	700	705
Later than one year but not later than five years	1 927	2 545
Total operating lease commitments as lessee	2 627	3 250

15. Commitments (continued)	2016 \$'000	2015 \$'000
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):		
Not later than one year	974	443
Later than one year but not later than five years	1 315	-
Total operating lease commitments as lessee	2 289	443
16. Cash flow reconciliations		
16.1 Reconciliation of cash and cash equivalents		
Cash and cash equivalents at 30 June per:		
Statement of Financial Position	4 770	4 789
Statement of Cash Flows	4 770	4 789
16.2 Reconciliation of net cost of providing services to net cash provided by operating activities		
Net cost of providing services	(16 501)	(15 124)
Net cash flows from SA Government	15 603	16 229
Depreciation and amortisation	169	199
Movements in assets/liabilities:		
Receivables	(31)	(17)
Employee benefits	707	(137)
Provision for workers compensation	16	5
Payables	227	(97)
Net cash provided by (used in) operating activities	190	1 058
17. Remuneration of employees	2016 Number	2015 Number
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:		
\$155 001 - \$165 000	1	-
\$165 001 - \$175 000	-	1
\$175 001 - \$185 000	3	2
\$205 001 - \$215 000	-	1
\$215 001 - \$225 000	1	-
\$225 001 - \$235 000	-	1
\$235 001 - \$245 000	1	-
\$265 001 - \$275 000	-	1
\$375 001 - \$385 000	1	-
\$885 001 - \$895 000*	-	1
Total	7	7
* This bandwidth includes leave entitlement payments made to an executive employee on termination of service.		
The table includes all employees whose normal remuneration is equal to or greater than the base executive remuneration level of \$145 021. Total remuneration received or receivable by these employees was \$1.38 million (\$2.12 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.		
18. Remuneration of auditor	2016 \$'000	2015 \$'000
Remuneration for audit of financial statements	11	13
	11	13

19. 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	
	2016	2015
	\$'000	\$'000
Financial assets		
Cash and cash equivalents	4 770	4 789
Receivables*	14	4
Financial liabilities		
Payables	205	67

* 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.

20. Budgetary reporting and explanations of major variances

The following provides details of the 2015-16 original budget, actual amounts and the associated variances.

Statement of Comprehensive Income	Original budget*	Actual	Variance
	\$'000	\$'000	\$'000
Expenses:			
Employee expenses	12 742	12 747	5
Supplies and services:			
Contractors	1 622	1 300	(322)
Office accommodation and service costs	713	689	(24)
Consultancies	137	266	129
Other supplies and services	1 165	1 331	166
Depreciation and amortisation	218	169	(49)
Total expenses	16 597	16 502	(95)
Income:			
Other income	1	1	-
Total income	1	1	-
Net cost of providing services	16 596	16 501	(95)
Revenues from (Payments to) SA Government:			
Appropriations and contingency provision grant	16 598	16 603	5
Return of surplus cash	-	(1 000)	(1 000)
Total Revenues from (Payments to) SA Government	16 598	15 603	(995)
Net result and total comprehensive result	2	(898)	(1)(900)
Investing expenditure summary:			
Minor capital works and equipment	211	209	(2)
Total annual programs	211	209	(2)

* 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 (2015-16 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 the return of surplus cash in accordance with the principles of the cash alignment policy.

**Statement of Administered Comprehensive Income
for the year ended 30 June 2016**

	Note	2016 \$'000	2015 \$'000
Expenses:			
Employee expenses		345	394
Employee benefits transferred	7	-	220
Audit fees paid/payable to Consolidated Account		14 575	14 055
Total expenses		14 920	14 669
Income:			
Fees for audit services		14 575	14 055
Appropriation – Special Acts		316	879
Total income		14 891	14 934
Net result		(29)	265
Total comprehensive result		(29)	265

**Statement of Administered Financial Position
as at 30 June 2016**

	Note	2016 \$'000	2015 \$'000
Current assets:			
Cash and cash equivalents	A2.1	586	731
Receivables	A1	766	1 079
Total assets		1 352	1 810
Current liabilities:			
Employee benefits		40	39
Audit fees payable to Consolidated Account		731	985
GST payable		445	649
Total current liabilities		1 216	1 673
Non-current liabilities:			
Employee benefits – long service leave		334	306
Total non-current liabilities		334	306
Total liabilities		1 550	1 979
Net assets		(198)	(169)
Equity:			
Opening balance – deficit		(169)	(434)
Increase (Decrease) in net assets		(29)	265
Total equity		(198)	(169)

**Statement of Administered Changes in Equity
for the year ended 30 June 2016**

	Retained earnings \$'000	Total \$'000
Balance at 1 July 2014	(434)	(434)
Total comprehensive result for the year 2014-15	265	265
Balance at 30 June 2015	(169)	(169)
Total comprehensive result for the year 2015-16	(29)	(29)
Balance at 30 June 2016	(198)	(198)

**Statement of Administered Cash Flows
for the year ended 30 June 2016**

		2016 Inflows (Outflows) \$'000	2015 Inflows (Outflows) \$'000
Cash flows from operating activities:	Note		
Cash outflows:			
Employee expenses		(317)	(879)
Amounts paid to Consolidated Account		(14 829)	(14 924)
Goods and services tax paid to Australian Taxation Office		(1 661)	(2 112)
Cash inflows:			
Fees for audit services	A1	16 346	16 402
Cash flows from SA Government:			
Appropriations – Special Acts		316	879
Net cash (used in) operating activities	A2.2	(145)	(634)
Net increase (decrease) in cash and cash equivalents		(145)	(634)
Cash and cash equivalents at 1 July		731	1 365
Cash and cash equivalents at 30 June	A2.1	586	731

Notes to and forming part of the administered financial statements

A1. Receivables	2016 \$'000	2015 \$'000
Fees outstanding at 1 July	1 079	2 020
Billings	16 033	15 461
	17 112	17 481
Receipts	16 346	16 402
Fees outstanding at 30 June	766	1 079

In addition at 30 June, the value of audit work in progress was \$6.97 million (\$7.19 million). We are of the opinion that this amount is recoverable.

A2. Notes to the Administered Statement of Cash Flows

A2.1 Reconciliation of cash and cash equivalents

Cash and cash equivalents at 30 June per:

Statement of Administered Financial Position	586	731
Statement of Administered Cash Flows	586	731

A2.2 Reconciliation of net result to net cash (used in)	2016	2015
operating activities	\$'000	\$'000
Net result	(29)	265
Movements in assets/liabilities:		
Receivables	313	941
Employee benefits	29	(266)
Amounts payable to the Consolidated Account	(254)	(868)
Goods and services tax payable	(204)	(706)
Net cash provided by (used in) operating activities	<u>(145)</u>	<u>(634)</u>

A3. 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	12 668	12 378
Expenses	14 575	14 055
Financial assets	647	841
Financial liabilities	731	985

A4. Budgetary reporting and explanations of major variances

The following provides details of the 2015-16 original budget, actual amounts and the associated variances. No explanations are provided as the variances do not exceed the greater of 10% of the original budgeted amount and 5% of original budgeted total expenses.

Statement of Comprehensive Income

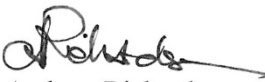
	Original Budget*	Actual	
	\$'000	\$'000	\$'000
Expenses:			
Employee expenses	327	345	18
Amounts paid/payable to Consolidated Account	14 341	14 575	234
Total expenses	<u>14 668</u>	<u>14 920</u>	<u>252</u>
Income:			
Fees for audit services	14 341	14 575	234
Appropriation – Special Acts	315	316	1
Total income	<u>14 656</u>	<u>14 891</u>	<u>235</u>
Net result and total comprehensive result	<u>(12)</u>	<u>(29)</u>	<u>(17)</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 (2015-16 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



Megan Stint
Manager, Finance



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 2016, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows, Statement of Administered Comprehensive Income, Statement of Administered Changes in Equity and Statement of Administered Cash Flows for the year then ended, notes comprising a summary of significant accounting policies, other explanatory notes and the Certification of the Financial Report by Auditor-General and the Manager, Finance.

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

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

Auditor's Responsibility

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

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

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

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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 2016, 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 2016 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.

Nexia Edwards Marshall
Chartered Accountants

Jamie Dreckow
Managing Partner

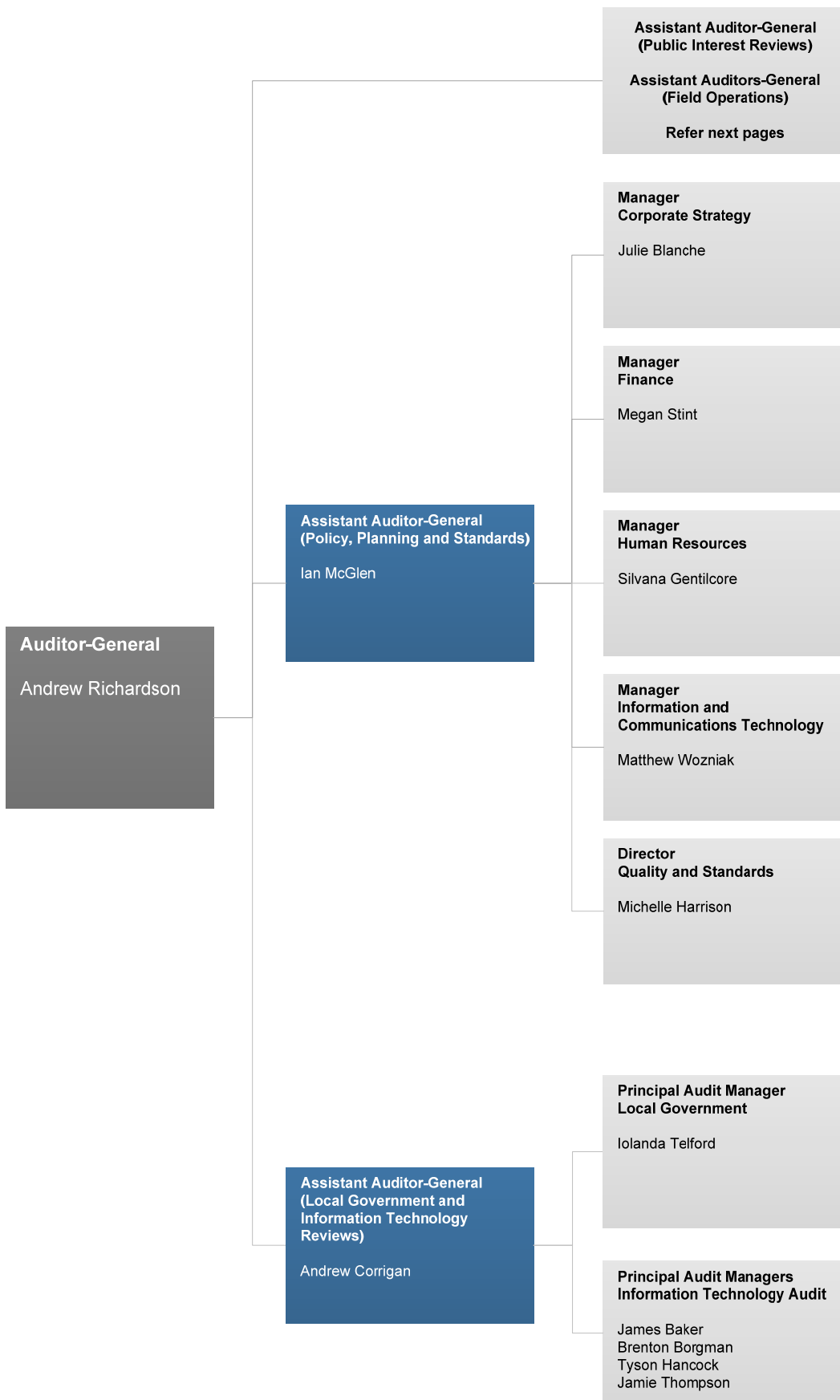
Adelaide
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8 September 2016

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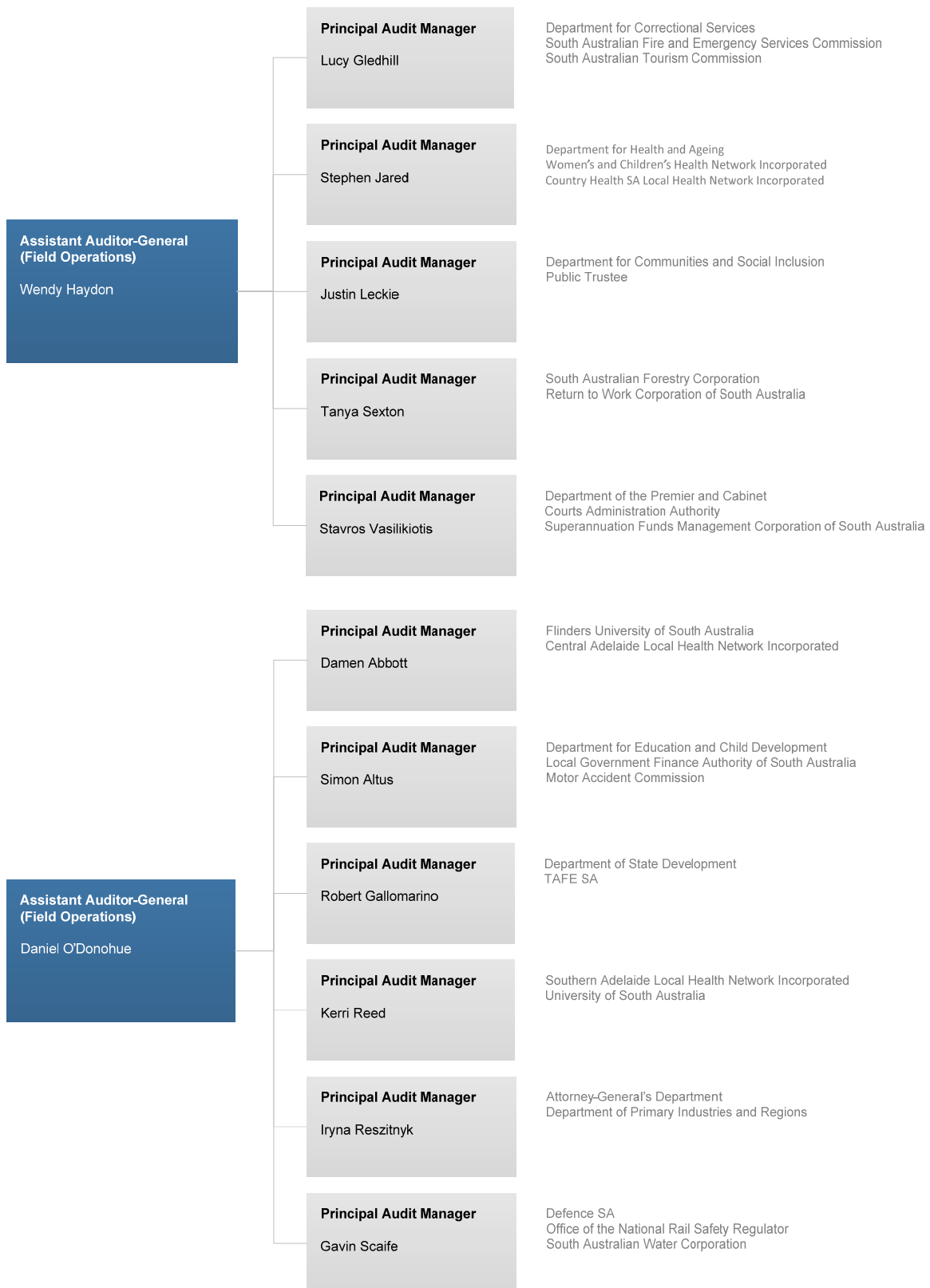
Our organisation structure



Major audit responsibilities:



Major audit responsibilities:



Our workforce profile

The Department has an approved staffing establishment of 122.2 FTEs including the Auditor-General. On 30 June 2016 the Department employed 129 people, representing 123.3 FTEs (121 FTEs at 30 June 2015). The average employee FTE level for 2015-16 was 122, compared with 120.8 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/workforce-information/>

Employee numbers, gender and status

Employees by gender (as at 30 June 2016)

	People	FTEs
Total employees	129	123.3
Female (%)	59.7	42
Male (%)	40.3	58

Executives

Executives by gender, classification and status (as at 30 June 2016)

	Ongoing		Term*		Other		Total		
	F	M	F	M	F	M	F	M	Total
CEO	0	1	0	0	0	0	0	1	1
SAES Level 1	0	0	1	4	0	0	1	4	5
Exec B	0	0	0	1	0	0	0	1	1
Total	0	1	1	5	0	0	1	6	7

* Untenured

Leave management

Average leave taken by employees during 2015-16

	Days per employee			
	2015-16	2014-15	2013-14	2012-13
Sick leave	*6.27	*6.86	*5.72	5.38
Family carer's leave	1.18	1.22	0.79	1.02
Special leave with pay	1.05	1.06	1.67	1.33

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

Eight people were on leave without pay from the Department on 30 June 2016 compared with two people as at 30 June 2015.

Employee movements

Number of people in 2015-16 who have:

Separated from the Department	12
Been recruited to the Department	13

Workforce diversity

Age profile of employees

At 30 June 2016 the average age of the Department's employees was 37.2 years (36.7 years as at 30 June 2015). Almost two-thirds of our staff (65.2%) are under 40 years of age, compared with the South Australian workforce statistics benchmark of 46.7%.

Age profile (as at 30 June 2016)

Age:	Female	Male	Total	% of total	*2014 workforce benchmark
15-19	0	0	0	0	5.5
20-24	6	4	10	7.8	9.7
25-29	23	10	33	25.6	11.2
30-34	12	6	18	14.0	10.7
35-39	13	10	23	17.8	9.6
40-44	7	4	11	8.5	11.4
45-49	7	7	14	10.8	11.1
50-54	6	8	14	10.8	11.4
55-59	3	2	5	3.9	9.1
60-64	0	1	1	0.8	6.7
65+	0	0	0	0	3.6
Total	77	52	129	100.0	100.0

* Source: Australian Bureau of Statistics Australian Demographic Statistics, 6291.0.55.001 Labour Force Status (ST LM8) by sex, age, state, marital status – employed – total from Feb78 Supertable, South Australia at 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 2016 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 its 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 an Assistant Auditor-General.

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 are 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 under 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

Section 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 2016

Aboriginal Lands Trust
Adelaide and Mount Lofty Ranges Natural Resources Management Board
Adelaide Cemeteries Authority
Adelaide Dolphin Sanctuary Fund
Adelaide Festival Centre Trust
Adelaide Festival Corporation
Adelaide Film Festival
Adelaide Oval SMA Limited
Adelaide Venue Management Corporation
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
COAG Health Council
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

Public sector agencies audited at 30 June 2016

Economic Development Board (Project Coordination Board)
Education Adelaide
Education and Child Development - Department for
Electoral Commission of South Australia
Electoral Districts Boundaries Commission
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
History Trust of South Australia
HomeStart Finance
Independent Commissioner Against Corruption
Independent Gambling Authority
Independent Gaming Corporation Ltd
Investment Attraction South Australia
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 2016

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 - 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 Green Industries SA
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

Public sector agencies audited at 30 June 2016

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 Mental Health Commission
South Australian Metropolitan Fire Service
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 statements
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 2016

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

Total number of agencies audited at 30 June 2016: 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 sensors 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, and we have recently converted many of our human resources (payroll) and procurement forms to interactive electronic forms that provide for digital signatures and no longer need to be printed. In 2015-16 we transitioned to the new CHRIS21 payroll system and staff were provided with access to a web-based system enabling them to apply for leave and amend some payroll details online, further reducing the need for paper forms. In 2016-17 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 as report printing is outsourced).

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. Cloud technology is also used to share information electronically.

Waste management (GoGO priority area 3)

Waste management services are provided to the Department as part of our occupancy of SA Government premises. Central collection bins enable all waste to be recycled, and are designed so that no waste is sent to landfill. In 2015-16, 34 kilograms of waste was diverted from landfill predominantly through the recycling of printer cartridges and bottle and waste collections. 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

WHS Statistics

Work Health and Safety (WHS) Prosecutions, Notices and Corrective Action Taken				
Number of notifiable incidents pursuant to WHS Act Part 3				0
Number of notices served pursuant to WHS Act Sections 90, 191 and 195 (provisional improvement, improvement and prohibition notices)				0
Number of prosecutions pursuant to WHS Act Part 2 Division 5				0
Number of enforceable undertakings pursuant to WHS Act Part 11				0
Work Health and Safety Performance (Building Safety Excellence Targets)				
Total new workplace injury claims				0
Significant injuries – where time lost exceeds one working week (expressed as frequency rate per 1000 FTE)				0
Significant musculoskeletal injuries – where time lost exceeds one working week (expressed as frequency rate per 1000 FTE)				0
Significant psychological injuries – where time lost exceeds one working week (expressed as frequency rate per 1000 FTE)				0
Agency gross¹ worker's compensation expenditure for 2015-16 compared with 2014-15				
	2015-16	2014-15	Variation (\$)+ (-)	% Change + (-)
Hospital	0	0	0	0
Income Maintenance	0	8 345	(8 345)	(100)
Investigations	0	0	0	0
Legal expenses	525	0	525	100
Lump sum	0	0	0	0
Other	0	0	0	0
Registered Medical	7 851	4 721	3 130	66.3
Rehabilitation	0	0	0	0
Travel	225	0	225	100
Total claims expenditure	8 601	13 066	(4 465)	(34.2)

¹ Before 3rd party recovery

An employee resignation/redemption agreement was effective 30 June 2016. This has been treated as an accrued expense in the Department's financial statements, however as the payment occurred in 2016-17 it is not showing in the above totals.

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 time frame.

Our important external relationships

Parliament

The position of Auditor-General is accountable to the Parliament. It is independent of the Executive Government and not subject to the direction of any person in carrying out statutory functions and exercising 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.