

Report of the Auditor-General

Report 7 of 2019

Auditor-General's Department
2018-19 Annual Report
for the year ended 30 June 2019



Auditor-General's Department

www.audit.sa.gov.au

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Hon Steven Marshall
Premier
Department of the Premier and Cabinet
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ADELAIDE SA 5000

Dear Premier

Annual report on the operations of the Auditor-General's Department

Attached is the annual report on the operations of the Auditor-General's Department for the year ended 30 June 2019, forwarded in line with the requirements of the *Public Sector Act 2009*.

This annual report summarises our performance and achievements in 2018-19 and gives an overview of what we have achieved in the three strategic priority areas of our corporate plan.

I am proud of our significant accomplishments this year, including:

- implemented our new controls opinion audit methodology using a planning approach from a whole-of-government perspective rather than at an individual agency level
- selected a replacement for our financial auditing methodology and software
- developing our performance auditing capability, and increased our performance audit reporting to Parliament
- conducted a survey of Parliamentarians to obtain their feedback on the Auditor-General, the Department and the reports and services we provide
- sought external feedback on the impact, quality and relevance of several of our performance audit reports

- commenced process to replacement our practice management information system with a system that meets our data and information needs now in and in the future
- commenced process to review our organisation structure.

I would like to thank my professional and dedicated Executive and staff for their commitment and hard work in 2018-19. Their continuing effort and energy to implementing changes we are introducing through our corporate plan has been personally motivating and satisfying.

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

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

Yours sincerely

A handwritten signature in black ink, appearing to read 'Richardson', with a long horizontal flourish extending to the right.

Andrew Richardson
Auditor-General

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2018-19 highlights

Corporate plan

Our major projects are well underway as we complete the third year of our four-year corporate plan.

Reports

The Annual Report of the Auditor-General for the year ended 30 June 2018 was presented to Parliament.

We finalised a major examination of the District Council of Coober Pedy and reported the findings to Parliament.

We presented two reports on the Adelaide Oval redevelopment project, and nine other reports to Parliament (*see page 2 for a list of our reports*)

Performance auditing

We refined our performance audit methodology to ensure we comply with ASAE 3500 *Performance Engagements*.

We applied our revised topic selection process to select performance audits.

We started to develop our effectiveness performance audit capacity and capability (*see page 5*).

Survey of Parliamentarians

We surveyed Parliamentarians to get their feedback on the Auditor-General, the Department and the reports and services we provide (*see page 6*).

Controls opinion methodology

Our new controls opinion audit methodology was implemented using a planning approach from a whole-of-government perspective rather than at an individual agency level.

We produced a new report, Part B of the Annual Report, on this work (*see page 7*).

Review of performance audit reports

We got external feedback on the impact, quality and relevance of some of our performance audit reports (*see page 7*).

Data analytics

We developed an audit planning analytics toolkit to improve the quality of our audits (*see page 8*).

Practice management system

We started a process to replace our practice management information system with a system that meets our data and information needs (*see page 8*).

Financial audit methodology

We selected a replacement for our financial auditing methodology and software. Pilot testing will occur in 2019-20, with full implementation planned for 2020-21 (*see page 8*).

Organisation structure review

We commenced a process to review our organisation structure to ensure it best suits our business needs (*see page 8*).

Recruitment

We revised our application process to make it easier for interested graduates to access our vacancies (*see page 9*).

We recruited 11 graduates (*see page 31*).

Developing our people

We continued to invest in developing our people's technical and leadership skills.

Our leadership and management development program was expanded and we launched an external coaching program.

We formalised work from home arrangements and evaluated our flexible work options.

We implemented our Gender Equity in Leadership strategy. This included stakeholder engagement, developing an action plan and setting a target to achieve gender balance at the executive level (*see page 8*).

Reports presented to Parliament this year

29 April 2019	Report 4 of 2019 <i>Update to the annual report for the year ended 30 June 2018</i>
18 March 2019	Report 3 of 2019 <i>Consolidated Financial Report review</i>
25 February 2019	Report 2 of 2019 <i>Adelaide Oval redevelopment for the designated period 1 July 2018 to 31 December 2018</i>
11 February 2019	Report 1 of 2019 <i>State finances and related matters</i>
10 December 2018	Report 12 of 2018 <i>Land services commercialisation project</i>
3 December 2018	Report 11 of 2018 <i>New Royal Adelaide Hospital operating term arrangement</i>
3 December 2018	Report 10 of 2018 <i>Examination of the District Council of Coober Pedy</i>
26 November 2018	Report 9 of 2018 <i>Battery storage procurement</i>
22 October 2018	Report 8 of 2018 <i>Health budget performance 2017-18</i>
15 October 2018	Report 7 of 2018 <i>Digital licensing</i>
28 September 2018	Report 6 of 2018 <i>Auditor-General's Department 2017-18 Annual Report for the year ended 30 June 2018</i>
28 September 2018	Report 5 of 2018 <i>Annual report for the year ended 30 June 2018 – Part A: Executive summary and Part B: Agency audit reports</i>
31 August 2018	Report 4 of 2018 <i>Adelaide Oval redevelopment for the designated period 1 January 2018 to 30 June 2018</i>

What we do

‘Providing the Parliament and people of South Australia with timely, relevant information on the performance and accountability of government agencies and local government’

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 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, the 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 and accounting matters arising from audits.
- Part B: Controls opinion – provides our observations on significant control matters identified from our controls opinion audit program.
- Part C: 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).

The agencies we audit

A list of the financial statements for the agencies we audit is published annually in Part A of the Annual Report of the Auditor-General.

Our vision, purpose and values

'We uphold the South Australian public sector values and our own values align with them

Our vision

The South Australian public sector operating to the highest levels of accountability and integrity

Our purpose

To provide timely, relevant information to Parliament on the performance and accountability of government agencies and local government from our audits, reviews and examinations

Our strategic priorities

Priority 1

Establish performance auditing as a core output

Priority 2

Improve the impact, quality and relevance of our audits and reports

Priority 3

Build our capability and capacity to meet the changing demands of public sector auditing and the changes across the public sector environment

What we value

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

Integrity

We act fairly, honestly, impartially and independently

Accountability

We value and take responsibility for the trust and resources invested in our function. We hold ourselves and others accountable for achieving results

Responsiveness

We listen and respond to our clients and stakeholders within the constraints of our independence

Collaboration

We value and support teamwork that builds relationships and cooperation across the Department. We value our working relationships with our clients

Courage and tenacity

We persevere, listen attentively, question thoughtfully and challenge openly, and encourage others to do the same

Respect

We value and strive for respectful relationships between our staff and with our clients and external stakeholders

Innovation

We encourage and value ideas for improvement

Strategic priority 1

'Establish performance auditing as a core output'

Key strategic actions

- Refined our performance audit methodology to ensure we comply with ASAE 3500 *Performance Engagements*
- Applied our revised topic selection process to select performance audits
- Started a process to develop of our effectiveness performance audit capacity and capability

Our performance in 2018-19

Refining our performance audit methodology

Our performance audits are undertaken in line with Australian Auditing Standards. The Standard ASAE 3500 *Performance Engagements* covering performance audit work was revised and we updated our performance audit methodology to comply with the new requirements.

We updated our methodology for the improvement opportunities identified by the external reviewer we engaged to review our work on two performance audits.

Applied our revised topic selection process to select performance audits to be conducted in 2019-20

A post-implementation review of the topic selection process we used for performance audits in 2017-18 was undertaken to recommend improved processes for future years. Those recommendations were implemented, and we applied our revised the topic selection process to select performance audits to be conducted in 2019-20.

We are also prepared 'proof of concept' project briefs for some planned 2018-19 performance audit work and will prepare them for all planned 2019-20 performance audit.

Commenced a process to develop our effectiveness performance audit capacity and capability

We conducted a topic selection process to identify potential effectiveness performance audit topics.

We also agreed to engage an external expert to help us conduct our first effectiveness audit, allowing us use their expert knowledge to develop our own capacity to undertake this work. We completed a market analysis of potential providers and we are now establishing the competitive procurement process to engage the external expert.

In response to recent growth and changes to the performance audit function, the team structure was reviewed and new role descriptions developed and implemented.

Strategic priority 2

'Improve the impact, quality and relevance of our audits and reports'

Key strategic actions

- Conducted our first survey of Parliamentarians
- Continued to actively engage with our clients on emerging accounting and audit matters
- Update to our Annual Reports to Parliament
- Published the financial reports and independent audit reports for all the agencies we audit
- Revised our controls opinion methodology

Our performance in 2018-19

Survey of Parliamentarians

For the first time we commissioned a survey of South Australian Parliamentarians to get their feedback on the Auditor-General, the Department and the reports and services we provide. Most Parliamentarians agreed that the Auditor-General's reports are balanced, easy to understand and provided sufficient detail to help them in their Parliamentary role to monitor public sector performance.

Continued to actively engage with our clients

After receiving positive feedback last year, we held another two briefings for the chairs of agency Audit Committees. We discussed emerging audit matters and shared issues of mutual interest for the year. We will continue to do this in future years.

We developed and are implementing strategies to engage with the Department of Treasury and Finances and our clients on new accounting standards (leasing, revenue and service concession arrangements).

Update to our Annual Reports to Parliament

In September 2018 we issued my Annual Report for the year ended 30 June 2018. In it we reported on the audit outcomes for 46 agencies and the opinions I am required to give under the PFAA. We included the significant financial outcomes, events and control matters communicated to those agencies. Not every agency we audit is included in these Annual Reports. Some audits are unfinished at the time, and some we use discretion under the PFAA to exclude.

This year we prepared a new report, *Update to the annual report for the year ended 30 June 2018*. It summarises the audit outcomes for the remaining 103 agencies that were audited for 2017-18. We intend to make this an annual report to Parliament.

Publishing the financial reports and independent audit reports for all the agencies we audit

Following amendments to the PFAA in July 2018, the financial reports and independent audit reports for all the agencies we audit are now published on the Auditor-General's Department website.

This is a significant accountability measure that ensures they will all be available centrally for the first time and in future years.

Controls opinion methodology

During the year we implemented a new approach to the annual controls opinion given in the Annual Report so that we have the best opportunity to provide the most relevant and timely reports to Parliament.

For 2018-19, we planned the controls opinion audit program from a whole-of-government perspective rather than at an individual agency level. We focused on the areas we assessed as of most quantitative and qualitative significance for the whole of government. Through this audit program, our audits of financial statements and some of our performance audits, we have comprehensively covered individual agency controls.

We produced a new report, Part B of the Annual Report, to report on this work.

This is the first year of this new approach. It will evolve in future years. While any change brings challenges, I believe this is moving us towards achieving the outcome I sought in focusing our resources on the matters of most significance that arise from year to year.

External expert feedback on the impact, quality and relevance of some of our performance audit reports

We received feedback from an expert external panel on the impact, quality and relevance of some of our performance audit reports in 2018-19. They were judged to be comprehensive, logical, well-structured and well supported by diagrams, graphs and pictures. Our audit findings were supported by evidence and our recommendations were generally clear, specific and practical. Some suggestions for future improvements have since been adopted.

Strategic priority 3

‘Build our capability and capacity to meet the changing demands of public sector auditing and the changes across the public sector environment’

Key strategic actions

- Building our data analytics capacity and capability
- Replacing our practice management information system
- Replacing our financial audit methodology
- Reviewing our organisation structure
- Implementing the online learning component of our performance and learning management system
- Developing leadership, people and strategic management skills
- Improving the way we manage work health and safety

Our performance in 2018-19

Building our data analytics capacity and capability

Data analytics is the process of inspecting, cleaning, transforming and modelling data with the goal of highlighting useful information, conclusions and supporting decision-making. Our Data Analytics team has developed and is refining an audit planning analytics toolkit. The toolkit helps our field audit teams to improve the quality of our audits by better understanding our clients, their business processes and associated risks, resulting in information that can be used to better target our audit efforts:

In addition, further work has been done to automatically collect and validate more client data.

Replacing our practice management information system

During the year we started a project to ensure our practice management system meets our data and information needs now and in the future. We engaged a project officer to develop the functional and business requirements for a new system and assess the market for potential suppliers. We are now finalising a procurement process to select a system to implement in 2019-20.

Replacing our financial audit methodology

We have used the Integrated Public Sector Audit Methodology (IPSAM) as our financial auditing methodology and software for many years. IPSAM is being phased out so we started a project to find a replacement. A selective request for proposal for the purchase of audit methodology and software was released in February 2019 and we selected CaseWare as the IPSAM replacement. We will pilot it in three audit teams in 2019-20 with full implementation planned for 2020-21.

Reviewing our organisation structure

This year we started a process to review our organisation structure to ensure it best suits our commitment to relevant and timely reporting to Parliament, with the flexibility to respond to changing priorities. We have agreed the approach we will take over the next two years.

In preparation our business units participated in workshops to consider their purpose, outcomes and deliverables. The Executive also agreed a new purpose statement for the Department. We started research to understand the structures adopted by our peers. This information will be used as background for future consideration of the organisational structure.

Implementing the online learning component of our performance and learning management system

Our performance and learning management system is now in its third round of performance appraisals (work plans). With the exception of the Auditor-General, who reports directly to Parliament, 100% of our staff are assigned a work plan.

The formal aspect of the work plan includes aligning work effort to strategic priorities and supervisor and self-assessment against competencies and organisational values. There is a strong focus on more frequent conversations with two-way feedback.

Compliance is measured by reporting completion rates for the initial annual work plan and for each formal checkpoint to the Executive Management Group. The 83% positive response rate we achieved in the category of 'Enabling High Performance' in the recent IWorkforSA staff survey indicates that our system is working effectively.

In addition, we implemented the online learning component of our performance and learning management system. We developed customised e-learning courses for Data Analytics, and the employee obligations component of our induction program. We will look to develop and roll out more e-learning courses next year.

Developing leadership, people and strategic management skills

We focused on removing barriers for our potential leaders by:

- implementing our Gender Equity in Leadership strategy.
- reviewing our work practices to give us a strong base for an improved flexible working arrangements policy
- establishing a policy that provides the opportunity for our employees to work from home.

In response to the Department's significant change initiatives, our professional development and leadership strategies included a large component to support the changes we are making. Dedicated forums for managers to talk about the business and engage in change initiatives were introduced and we continued to deliver short-bite learning forums for our executive and senior managers. In addition, we provided the opportunity for the next level of managers to participate in these activities. We also launched an external coaching program to support our managers.

We continue to value ongoing professional accreditation and provide support for paying professional education fees and time off for study. The Department has maintained its Recognised Employer status with CPA Australia by providing staff with opportunities to meet their obligations for continuing professional development hours.

OUR PERFORMANCE

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. We implemented a simplified and continuous application process to make it easier for interested graduates to access our vacancies.

Improve the way we manage work health and safety.

Our work health and safety (WHS) efforts this year focused on refreshing our policies, procedures and processes with the assistance of an expert consultant. As part of this process we revisited and updated our WHS risk management plan and reviewed the equipment needs of our field audit staff.

Work continues, with the assistance of the expert consultant, to integrate the revised suite of policies and procedures into our daily operations.

This process was overseen by the Department's WHS committee. Membership of the committee was also refreshed during the year and comprises management, employee representatives and the Department's WHS coordinator. The committee also oversaw the development and delivery of the annual WHS training program.

Onsite influenza vaccinations, ergonomic assessments and confidential counselling with external professionals through the Employee Assistance Program are available to staff. These programs are preventative in nature. If an employee is injured at, or arising from work, injury management rehabilitation services provided through the Department of Treasury and Finance will assist the employee to return to work.

Measures of performance

A list of the financial statements for the agencies we audit is published annually in Part A of the Annual Report of the Auditor-General. That list also includes the Auditor-General's Department financial statement that are audited by Nexia Edwards Marshall.

Currently we are auditing 153 financial statements and last year we audited 149 financial statements.

One measure of our audit performance is the time it takes us to issue an audit opinion to our clients, although delays can occur for many reasons that are outside of our control. The average number of working days to issue an opinion has been steady for the past three years.

Audit activity output measures (financial years)

	2016-17	2017-18	2018-19
Average working days between an agency's end of financial year and issuing an Independent Auditor's Report	76	73	75

Also relevant to understanding how we have performed is the number of hours we commit to audits. This is best measured by audit year rather than financial year. An audit year typically 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 for financial report and controls opinion audits for the past three audit years are shown in the next table. These hours are generally recovered from public sector agencies through audit fees and provide a measure of the resources we commit to undertaking audits.

Hours charged to audits (by audit year)

	2016-17	2017-18	2018-19
Conduct of audits (hours)	95 500	92 500	93 600
Management of audits (hours)	10 700	12 200	11 400
Total hours charged	106 200	104 700	105 000

Our financial report

Auditor-General's Department

Statement of Comprehensive Income for the year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
Expenses:			
Employee expenses	2	13 657	12 844
Supplies and services:			
Contractors		1 603	1 483
Office accommodation and service costs		707	723
Consultancies		279	296
Other supplies and services	5	1 137	1 317
		3 726	3 819
Depreciation and amortisation		209	231
Total expenses		17 592	16 894
Income:			
Services received free of charge	6	73	65
Other income		1	1
Total income		74	66
Net cost of providing services		17 518	16 828
Revenues from (Payments to) SA Government:			
Appropriations and contingency provision grant	7	17 618	17 270
Return of surplus cash	7	-	(1 000)
Total revenues from (payments to) SA Government		17 618	16 270
Net result		100	(558)
Total comprehensive result		100	(558)

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

**Statement of Financial Position
as at 30 June 2019**

	Note	2019 \$'000	2018 \$'000
Current assets:			
Cash and cash equivalents	8	6 585	5 498
Receivables	9	145	158
Total current assets		<u>6 730</u>	<u>5 656</u>
Non-current assets:			
Computing and office facilities	10	314	316
Intangible assets	10	10	8
Total non-current assets		<u>324</u>	<u>324</u>
Total assets		<u>7 054</u>	<u>5 980</u>
Current liabilities:			
Payables	11	489	369
Employee benefits	3	1 753	1 650
Provision for workers compensation	4	20	20
Total current liabilities		<u>2 262</u>	<u>2 039</u>
Non-current liabilities:			
Payables	11	395	329
Employee benefits	3	3 947	3 264
Provision for workers compensation	4	31	29
Total non-current liabilities		<u>4 373</u>	<u>3 622</u>
Total liabilities		<u>6 635</u>	<u>5 661</u>
Net assets		<u>419</u>	<u>319</u>
Equity:			
Retained earnings		419	319
Total equity		<u>419</u>	<u>319</u>
Total equity is attributable to the SA Government as owner			
Commitments	12		

**Statement of Changes in Equity
for the year ended 30 June 2019**

	Retained earnings \$'000	Total \$'000
Balance at 1 July 2017	877	877
Total comprehensive result for the year 2017-18	(558)	(558)
Balance at 30 June 2018	319	319
Total comprehensive result for the year 2018-19	100	496
Balance at 30 June 2019	419	815

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

**Statement of Cash Flows
for the year ended 30 June 2019**

	2019 Inflows (Outflows) \$'000	2018 Inflows (Outflows) \$'000
Cash flows from operating activities:		
Cash outflows:		
Employee expenses	(12 780)	(12 568)
Supplies and services	(3 932)	(4 170)
Payments for Paid Parental Leave Scheme	(38)	(88)
Cash inflows:		
Other income	1	1
Goods and services tax refunds from Australian Taxation Office	375	356
Receipts for Paid Parental Leave Scheme	52	88
Cash flows from (to) SA Government:		
Appropriations and contingency provision grant	17 618	17 270
Return of surplus cash	-	(1 000)
Net cash provided by (used in) operating activities	1 296	(111)
Cash flows from investing activities:		
Cash outflows:		
Purchase of computing and office facilities	(199)	(219)
Purchase of intangible assets	(10)	-
Net cash provided by (used in) investing activities	(209)	(219)
Net increase (decrease) in cash and cash equivalents	1 087	(330)
Cash and cash equivalents at 1 July	5 498	5 828
Cash and cash equivalents at 30 June	6 585	5 498

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). It is a wholly owned and controlled entity of the Crown. Accordingly, all government-related entities are related parties of the Department.

The Department's main statutory responsibilities are to audit and examine the activities of State and Local Government agencies and to report the results to Parliament 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 sub-activities:

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 \$17.5 million (\$16.6 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, a Minister or the Independent Commissioner Against Corruption can require the Auditor-General to undertake certain examinations and report these to Parliament. In 2018-19 the Department spent \$77 000 (\$292,000) on special investigations.

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, less GST, into the SA 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 SA Government's Consolidated Account. The Auditor-General's remuneration, and recoveries from the Consolidated Account for it, are reported as administered items.

2. Employee expenses	2019	2018
Employee benefits:	\$'000	\$'000
Salaries	10 132	9 769
Annual leave	933	942
Long service leave	696	365
Skills and experience retention leave	50	55
Total employee benefits	11 811	11 131
Employee on-costs:		
Superannuation	1 184	1 141
Payroll tax	657	626
Total employee on-costs	1 841	1 767
Workers compensation	5	(54)
Total employee expenses	13 657	12 844

2.1 Remuneration of employees

The number of employees whose normal remuneration is equal to or greater than the base executive remuneration level during the year are grouped within the following bands:	Executive		Staff	
	2019 Number	2018 Number	2019 Number	2018 Number
\$149 001 - \$151 000	n/a	-	n/a	1
\$151 001 - \$171 000	-	-	1	-
\$171 001 - \$191 000	1	4	-	-
\$191 001 - \$211 000	3	-	-	-
\$211 001 - \$231 000	-	1	-	-
\$231 001 - \$251 000	1	-	-	-
\$251 001 - \$271 000	1	1	-	-
\$371 001 - \$391 000	-	1	-	-
\$391 001 - \$411 000	1	-	-	-
Total	7	7	1	1

The table includes all employees whose normal remuneration is equal to or greater than the base executive remuneration level. Total remuneration received or receivable by these employees was \$1.82 million (\$1.78 million).

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

2.2 Key management personnel

The key management personnel of the Department are the Auditor-General, the Deputy Auditor-General and the five Assistant Auditors-General.

Total compensation for the Department's key management personnel was \$1.67 million (\$1.63 million). This includes compensation recorded in both the Department's financial statements and in the administered financial statements.

3. Employee benefits liability	2019	2018
Current:	\$'000	\$'000
Salaries	209	198
Annual leave	1 217	1 091
Long service leave	252	284
Skills and experience retention leave	75	77
Total current	1 753	1 650
Non-current:		
Long service leave	3 947	3 264
Total non-current	3 947	3 264
Total employee benefits	5 700	4 914

Salaries

Liabilities for unpaid salaries for service prior to the 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. The salary inflation rate decreased to 2.2% in 2019.

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

AASB 119 *Employee Benefits* contains the calculation methodology for long service leave liability. An actuarial assessment of long service leave liability has been 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.

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 decreased to 1.25% at 30 June 2019.

The net financial effect of the changes to actuarial assumptions in the current financial year is an increase in the long service liability of \$354 000 and employee benefit expense of \$354 000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions – a key assumption is the long-term discount rate.

The actuarial assessment by 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 long service leave expected to be taken in the 12 months to 30 June 2020 (current long service leave), 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.

4. Provision for workers compensation	2019	2018
Current:	\$'000	\$'000
Provision for workers compensation	20	20
Total current	20	20
Non-current:		
Provision for workers compensation	31	29
Total non-current	31	29
Total provision	51	49
Carrying amount at 1 July	49	106
Increase (Decrease) in provision	2	(57)
Carrying amount at 30 June	51	49

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 2019 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment.

5. Other supplies and services	2019	2018
	\$'000	\$'000
Computing and network processing costs	395	527
Staff recruitment, development and training	250	291
Other expenses	168	172
Motor vehicles	142	147
Shared Services SA charges	73	65
Fringe benefits tax	61	62
Staff travel, accommodation and allowances	48	53
Total other supplies and services	1 137	1 317
6. Resources received free of charge		
Services received free of charge – Shared Services SA	73	65
Total resources received free of charge	73	65

In 2017-18 the charging of general government sector agencies for standard services provided by Shared Services SA ceased. The Department is now only charged for non-standard services received.

7. Revenues from (Payments to) government
Appropriations to the Department in 2018-19 amounted to \$17.618 million (\$17.219 million) and there was no contingency provision grant received (\$51 000).

In 2017-18 the Department paid \$1 million to the Consolidated Account for the return of surplus cash in line with the principles of the cash alignment policy. No payment was made in 2018-19.

8. Cash and cash equivalents	2019	2018
Deposits with the Treasurer:	\$'000	\$'000
Auditor-General's Department Operating Account	4 343	3 358
Accrual Appropriation Excess Funds	2 242	2 140
Total cash and cash equivalents	6 585	5 498
9. Receivables		
Current:		
Goods and services tax	140	149
Other	5	9
Total current	145	158

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

10. Non-current assets		2019	2018
10.1 Classes of assets		\$'000	\$'000
Computing and office equipment – at cost		862	747
Accumulated depreciation		(703)	(658)
		<u>159</u>	<u>89</u>
Laptop computer equipment – at cost		430	572
Accumulated depreciation		(275)	(354)
		<u>155</u>	<u>218</u>
Leasehold improvements – at cost		786	786
Accumulated depreciation		786	(777)
		<u>0</u>	<u>9</u>
Intangible assets – Computer software – at cost		520	552
Accumulated amortisation		(510)	(544)
		<u>10</u>	<u>8</u>
		<u>324</u>	<u>324</u>

10.2 Reconciliation of carrying amount	Carrying amount			Depreciation/	Carrying amount
	01.07.18	Additions	Disposals	Amortisation	30.06.19
	\$'000	\$'000	\$'000	\$'000	\$'000
Computing and office equipment	89	127	-	57	159
Laptop computer equipment	218	72	-	135	155
Leasehold improvements	9	-	-	9	-
Computer software	8	10	-	8	10
Total computing and office facilities	<u>324</u>	<u>209</u>	<u>-</u>	<u>209</u>	<u>324</u>

Computing and office facilities are held at fair value as required by the Accounting Policy Statements. 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.

11. Payables		2019	2018
Current:		\$'000	\$'000
Employee on-costs		324	306
Creditors		150	57
Accrued expenses		(1)	4
Paid Parental Leave Scheme payable		16	2
Total current		<u>489</u>	<u>369</u>
Non-current:			
Employee on-costs		395	329
Total non-current		<u>395</u>	<u>329</u>
Total payables		<u>884</u>	<u>698</u>

Employment on-costs

Include payroll tax and superannuation contributions. Superannuation contributions are paid to the South Australian Superannuation Board. The Department does not have any liability for payments to beneficiaries as these have been assumed by the respective superannuation schemes. The superannuation liabilities reported reflect amounts to be paid to the South Australian Superannuation Board.

Other payables

Payables are normally settled within 30 days from the date of the invoice or date the invoice is first received. All payables are non-interest bearing. The carrying amount of payables approximates fair value.

12. 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 Property 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):	2019 \$'000	2018 \$'000
Not later than one year	609	641
Later than one year but not later than five years	16	621
Total operating lease commitments as lessee	<u>625</u>	<u>1 262</u>

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	930	1 000
Later than one year but not later than five years	336	236
Total contractual commitments as lessee	<u>1 266</u>	<u>1 236</u>

13. Significant accounting policies

(a) *Basis of preparation*

The financial statements are general purpose financial statements, prepared in line with applicable Australian Accounting Standards – Reduced Disclosure Requirements, and Treasurer's Instructions including Accounting Policy Statements issued under the PFAA. The Accounting Policy Statements require certain disclosures in addition to Australian Accounting Standards.

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

The Department is a not-for-profit entity for financial reporting purposes.

The historical cost convention is used, unless otherwise stated. This means that assets are recorded at their initial cost and liabilities are valued at the amount initially received in exchange for the obligation.

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 GST except:

- when the GST incurred 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 GST included.

Operating cash flows in the Statement of Cash Flows include GST. The GST on investing and financing cash flows are 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 that will not require a cash payment, such as depreciation. Some appropriations are deposited into a special deposit account at the 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.

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

Other significant accounting policies are described under related notes.

14. Accounting standards issued not yet adopted which will have a material impact on our financial report
AASB 16 *Leases* will apply for the first time to our 30 June 2020 financial report. It will require us to recognise all leased items with a term of more than 12 months in the statement of financial position.

The Department enters into leases for office accommodation and fleet vehicles. These operating lease commitments of \$625 000 are disclosed in note 12.

The Department has quantified the impact of applying AASB 16. Our office accommodation lease expires on 30 June 2020. The Treasurer's Instructions (Accounting Policy Statements) mandate that the practical expedient available in paragraph C10(c) of the standard be applied. Therefore no lease liability will be recognised on initial application of the standard and instead it will be accounted for in the same way as a short-term lease.

On the basis that a five year lease with similar terms is entered into by 30 June 2020, a right-of-use asset and lease liability of around \$2.8 million will be recognised at the commencement of the lease. That estimated impact of \$2.8 million includes non-lease components. The department is continuing to refine its calculations of lease assets and liabilities for 2019-20 financial reporting purposes and expects that these figures will change. This includes accounting for non-lease components and clarifying lease terms and treatment of contractual rent increases.

The timing and presentation of expenses will also change. Currently lease expenses for accommodation are consistently around \$580 000 each year.

Under AASB 16, depreciation expenses and interest expenses will be recognised. In the first year of a five-year accommodation lease, these expenses would total approximately \$596 000 (based on an incremental borrowing rate of 1.49% as at 1 July 2019). Expenses will reduce over the life of the lease as the interest component reduces. In the final year of the lease, expenses would total approximately \$563 000.

For fleet vehicles, a right-of-use asset and lease liability of around \$47 000 will be brought on balance sheet on implementation of AASB 16. Expenses will not vary as significantly, due to multiple cars being leased over a shorter term of three years or less.

15. Financial instruments	Carrying amount	
	2019	2018
Financial assets	\$'000	\$'000
Cash and cash equivalents	6 585	5 498
Receivables*	5	9
Financial liabilities		
Payables	149	61

* 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.

16. Budgetary reporting and explanations of major variances

The following provides details of the 2018-19 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	Variance
	\$'000	\$'000	\$'000
Expenses:			
Employee expenses	13 544	13 657	113
Supplies and services:			

Contractors	1 761	1 603	(158)
Office accommodation and service costs	777	707	(70)
Consultancies	148	279	131
Other supplies and services	1 170	1 137	(33)
Depreciation and amortisation	221	209	(12)
Total expenses	17 621	17 592	(29)
	Original budget	Actual	Variance
Income:	\$'000	\$'000	\$'000
Services received free of charge	-	73	73
Other income	1	1	-
Total income	1	74	73
Net cost of providing services	17 620	17 518	(102)
Revenues from (Payments to) SA Government:			
Appropriations and contingency provision grant	17 622	17 618	(4)
Return of surplus cash	-	-	-
Total revenues from (payments to) SA Government	17 622	17 618	(4)
Net result and total comprehensive result	2	100	98
Investing expenditure summary:			
Minor capital works and equipment	227	209	(18)
Total annual programs	227	209	(18)

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 (2018-19 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.

**Statement of Administered Comprehensive Income
for the year ended 30 June 2019**

	2019	2018
	\$'000	\$'000
Expenses:		
Employee expenses	343	354
Audit fees paid/payable to Consolidated Account	15 170	14 847
Total expenses	<u>15 513</u>	<u>15 201</u>
Income:		
Fees for audit services	15 170	14 847
Appropriation – Special Acts	331	329
Total income	<u>15 501</u>	<u>15 176</u>
Net result	<u>(12)</u>	<u>(25)</u>
Total comprehensive result	<u>(12)</u>	<u>(25)</u>

**Statement of Administered Financial Position
as at 30 June 2019**

	Note	2019	2018
		\$'000	\$'000
Current assets:			
Cash and cash equivalents		246	237
Receivables	A1	127	340
Total assets		<u>373</u>	<u>577</u>
Current liabilities:			
Employee benefits		55	58
Audit fees payable to Consolidated Account		115	309
Goods and services tax payable		84	93
Total current liabilities		<u>254</u>	<u>460</u>
Non-current liabilities:			
Employee benefits – long service leave		361	347
Total non-current liabilities		<u>361</u>	<u>347</u>
Total liabilities		<u>615</u>	<u>807</u>
Net assets		<u>(242)</u>	<u>(230)</u>
Equity:			
Retained earnings		(242)	(230)
Total equity		<u>(242)</u>	<u>(230)</u>

**Statement of Administered Cash Flows
for the year ended 30 June 2019**

		2019	2018
		Inflows (Outflows)	Inflows (Outflows)
	Note	\$'000	\$'000
Cash flows from operating activities:			
Cash outflows:			
Employee expenses		(332)	(330)
Amounts paid to Consolidated Account		(15 364)	(15 070)
Goods and services tax paid to Australian Taxation Office		(1 526)	(1 518)
Cash inflows:			
Fees for audit services	A1	16 900	16 577
Cash flows from SA Government:			
Appropriations – Special Acts		331	329
Net cash provided by (used in) operating activities		<u>9</u>	<u>(12)</u>
Net increase (decrease) in cash and cash equivalents		9	(12)
Cash and cash equivalents at 1 July		237	249
Cash and cash equivalents at 30 June		<u><u>246</u></u>	<u><u>237</u></u>

Notes to and forming part of the administered financial statements

A1. Receivables	2019	2018
	\$'000	\$'000
Fees outstanding at 1 July	340	584
Billings	16 687	16 333
	<u>17 027</u>	<u>16 917</u>
Receipts	16 900	16 577
Fees outstanding at 30 June	<u>127</u>	<u>340</u>

In addition, at 30 June, the value of audit work in progress was \$7.6 million (\$7.73 million). We are of the opinion that this amount is recoverable.

A2. Budgetary reporting and explanations of major variances

The following provides details of the 2018-19 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	Variance
	\$'000	\$'000	\$'000
Expenses:			
Employee expenses	344	343	(1)
Amounts paid/payable to Consolidated Account	15 452	15 170	(282)
Total expenses	<u>15 796</u>	<u>15 513</u>	<u>(283)</u>
Income:			
Fees for audit services	15 452	15 170	(282)
Appropriation – Special Acts	332	331	(1)
Total income	<u>15 784</u>	<u>15 501</u>	<u>(283)</u>
Net result and total comprehensive result	<u>(12)</u>	<u>(12)</u>	<u>-</u>

The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2018-19 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;
 - comply with relevant Treasurer's Instructions;
 - 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

12 September 2019



Ian McGlen
Deputy Auditor-General

12 September 2019



AUDITOR-GENERAL'S DEPARTMENT

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

Opinion

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 2019, 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 the Auditor-General and the Manager, Finance.

In our opinion, the accompanying financial report of the Department is in accordance with the *Public Finance and Audit Act 1987*; including:

- i) the financial report presents fairly, in all material respects, the financial position of the Department, as at 30 June 2019, 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);
- ii) the financial report also complies with the accounts and records of the Department; and
- iii) the controls exercised by the Department 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 Department have been conducted properly and in accordance with law;

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

Basis for opinion

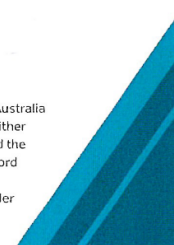
We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Department in accordance with the ethical requirements of the *Public Finance and Audit Act 1987* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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AUDITOR-GENERAL'S DEPARTMENT

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

Other information

The Auditor-General is responsible for the other information. The other information comprises the information in the Department's annual report for the year ended 30 June 2019, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information we are required to report that fact. We have nothing to report in this regard.

Auditor-General's responsibility for the financial report

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

In preparing the financial report, the Auditor-General is responsible for assessing the Department's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

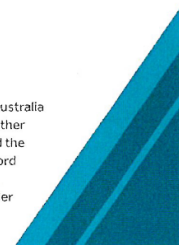
Auditor's responsibility for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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AUDITOR-GENERAL'S DEPARTMENT

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

Auditor's responsibility for the audit of the financial report (cont)

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of control relevant to the audit 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 Department's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Auditor-General.
- Conclude on the appropriateness of the Auditor-General's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Department's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Department to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Auditor-General regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Nexia Edwards Marshall

Nexia Edwards Marshall
Chartered Accountants

B Brett Morkunas

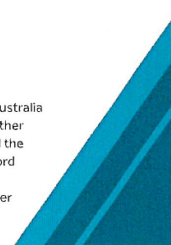
Brett Morkunas
Partner

Adelaide
South Australia

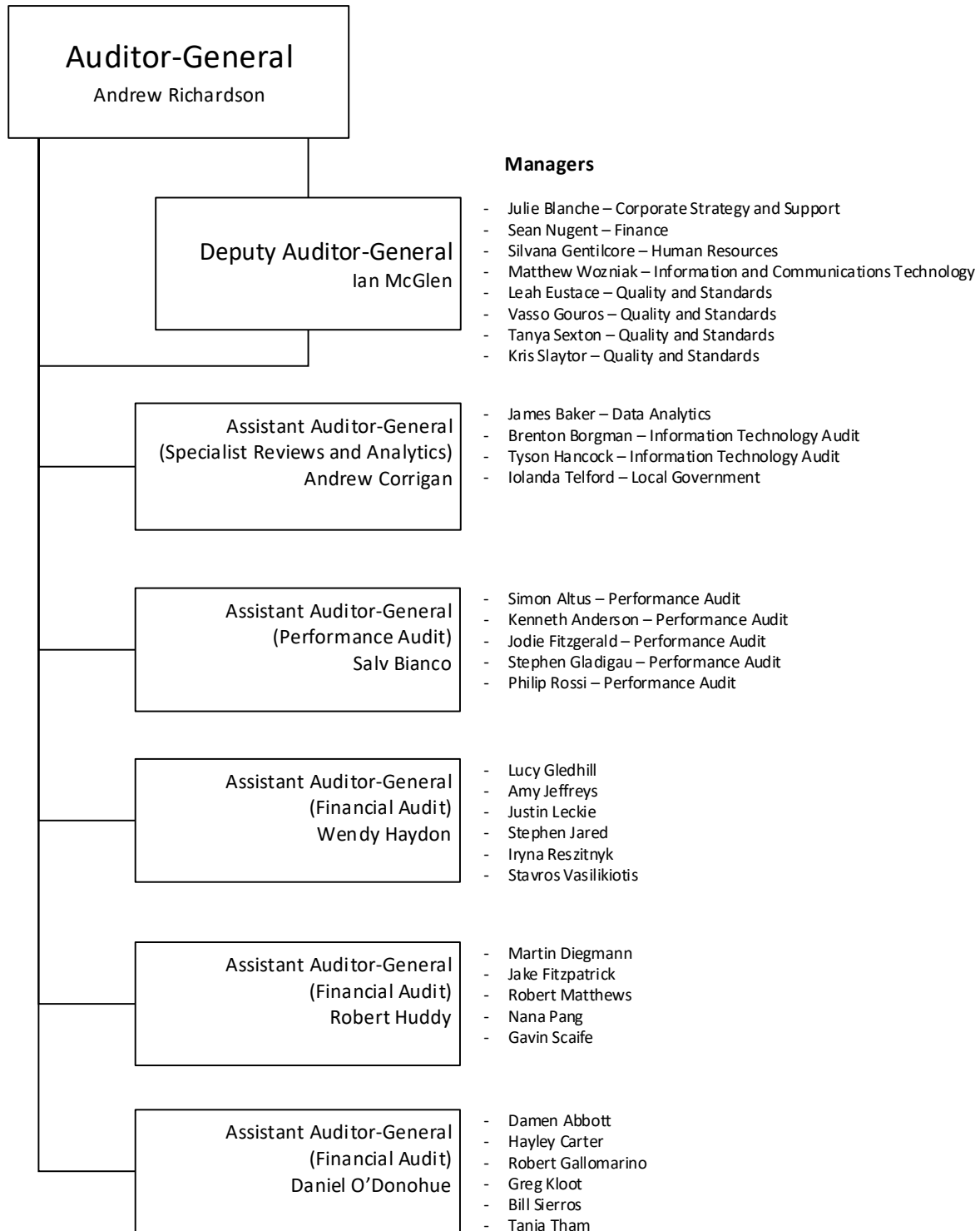
12 September 2019

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Our organisation structure



Our workforce profile

The Department has an approved staffing establishment of 124.2 full-time equivalents (FTEs) including the Auditor-General. On 30 June 2019 we employed 134 people (compared with 131 last year), representing 125.8 FTEs (compared with 125.2 last year). The average employee FTE level for 2018-19 was 125.2 (compared with 125.3 last year).

The following tables profile our workforce.

Gender

Employees by gender (as at 30 June 2019)		
	People	FTEs
Female %	52	50
Male %	48	50

Age profile

Employees by age (as at 30 June 2019)		
Age brackets	Number of employees	% of workforce
15-19	0	0
20-24	12	9
25-29	28	21
30-34	21	16
35-39	19	14
40-44	12	9
45-49	10	7
50-54	16	12
55-59	10	7
60-64	6	4
65+	0	0
Total	134	100

Disability

Employees who have a declared disability (as at 30 June 2019)	
Number of employees	2
% of workforce	1.5

Aboriginal and Torres Strait Islander

Aboriginal and Torres Strait Islander employees (as at 30 June 2019)	
Number of employees	2
% of workforce	1.5

Cultural and linguistic diversity

Employees who have cultural and linguistic diversity (as at 30 June 2019)		
	Number of employees	% of workforce
Born overseas	33	24.6
Speak a language/s other than english	39	29.1

Part-time work

Employees who work on a part-time basis (as at 30 June 2019)	
Number of employees	25
% of workforce	18.6

Executive employment

Executive employment over the past five years					
Classification level	2014-15	2015-16	2016-17	2017-18	2018-19
CEO	1	1	1	1	1
SAES Level 1	4	5	5	6	6
Exec B	1	1	1	0	0
Total	6	7	7	7	7

Graduates

Graduates appointed for the past five years

Number	2014-15	2015-16	2016-17	2017-18	2018-19
	11	9	12	15	11

Employee turnover

Employee turnover for the past five years

Percent	2014-15	2015-16	2016-17	2017-18	2018-19
	13	9	9	8	12

Please note: The slight increase in 2018/19 is attributed to employees gaining ongoing employment in other public sector agencies.

Further workforce information is available from the Office for the Public Sector at the following link: <https://publicsector.sa.gov.au/about/office-for-the-public-sector/workforce-information>

Specific disclosures

Financial performance

Financial performance for the three years to 30 June 2019

	Budget	Actual		
	2018-19 \$'000	2018-19 \$'000	2017-18 \$'000	2016-17 \$'000
Net cost of providing services	17 620	17 518	16 828	16 036
Total audit fees raised	15 452	15 170	14 847	14 718
Total assets	6 090	7 054	5 980	6 299
Total liabilities	5 769	6 635	5 661	5 422

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. The following is a summary of external consultants that have been engaged, the nature of work undertaken and the total cost. Consultancy expenses were \$279 000 in 2018-19 (\$296 000 in 2017-18).

Consultancies in 2018-19	Number	\$'000
Under \$10 000	2	12
\$10 000 - \$50 000	4	119
Above \$50 000:	2	148
<i>EMC² - Technical advice- Performance Audit - Battery storage procurement</i>		64
<i>KPMG - Actuarial services for the audit of Return to Work Corporation SA</i>		84
Total	8	279

See also the Consolidated Financial Report of the Department of Treasury and Finance <http://treasury.sa.gov.au/> for total value of consultancy contracts across the SA Public Sector.

Fraud management

We aim for a workplace that is free of fraud, and internal controls are in place to either prevent or detect it. 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 our fraud management policy aligns with the South Australian public sector fraud and corruption control policy. We are not aware of any actual, suspected or alleged fraudulent activity affecting the Department in 2017-18.

Whistleblowers Protection Act 1993

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

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