

Report of the Auditor-General

Report 6 of 2018

Auditor-General's Department
2017-18 Annual Report
for the year ended 30 June 2018



Auditor-General's Department

www.audit.sa.gov.au

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Hon Steven Marshall
Premier
Department of the Premier and Cabinet
Level 15 State Administration Centre
200 Victoria Square
ADELAIDE SA 5000
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 2018, forwarded in line with the requirements of the *Public Sector Act 2009*.

This annual report summarises our performance and achievements in 2017-18 and gives an overview of what we have achieved in the three strategic priority areas of our corporate plan.

I am proud of the significant achievements that we have accomplished, including:

- developing our performance auditing capability, and increasing our performance audit reporting to Parliament
- engaged an external consultant to independently assess the quality of work undertaken in conducting two recent performance audits
- implemented the changes to the *Public Finance and Audit Act 1987*, to give us more flexibility in reporting and to assist us to ensure we work efficiently and effectively
- a new ICT audit methodology was implemented, and we are developing a new controls opinion methodology for implementation in 2018-19

- establishing a stakeholder engagement policy and holding our first briefing for the chairs of public sector Audit and Risk Committees.

I would like to thank my professional and dedicated Executive and staff for their commitment and hard work in 2017-18. Their responsiveness to changes I have sought over a short period of time has been personally motivating and satisfying.

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

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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2017-18 highlights

Corporate plan

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

Performance auditing

An independent quality assurance review of two of our audits was undertaken and we conducted a post-implementation review of our Performance Audit Review Committee (see page 5).

Reports

The Annual Report of the Auditor-General for the year ended 30 June 2017 was presented to Parliament.

We presented two reports on the Adelaide Oval redevelopment project, and six supplementary reports to Parliament. (See page 2 for details of our reports).

Audits

158 independent auditor's reports were issued, 17 of them qualified (see page 11).

Audit methodology

The new ICT audit methodology was implemented (see page 8) and we are developing a new controls opinion methodology for implementation in 2018-19 (see page 7).

Data analytics

We have developed in-house software for audit sampling and have created a learning model to build staff capabilities (see page 8).

Stakeholder engagement

We established a stakeholder engagement policy and our Executive team presented to many public sector groups (see page 6).

Recruitment

We recruited 15 graduates (see page 9).

Retention

Employee turnover continued to decline and is the lowest it has been for the last five years (see page 10).

Developing our people

We implemented the second phase of our online Performance and Learning Management System (see Appendix D).

We trialed short-bite learning forums and senior manager learning sets and continued to deliver a comprehensive professional development program to our staff, with an emphasis on leadership and management development (see page 9).

Work health and safety

We maintained a high standard of workplace safety (see page 10).

Reports presented to Parliament this year

Reports presented to Parliament this year

29 May 2018	Report of the Auditor-General – Supplementary report: Consolidated Financial Report review: May 2018
3 May 2018	Report of the Auditor-General – Supplementary report: New Royal Adelaide Hospital: March 2018
1 March 2018	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 2017 to 31 December 2017: February 2018
28 November 2017	Report of the Auditor-General – Supplementary report: Grant to One Community SA: November 2017
28 November 2017	Report of the Auditor-General - Supplementary report: Adelaide Riverbank (Festival Plaza) Development: November 2017
28 November 2017	Report of the Auditor-General – Supplementary report: Disaster recovery planning: November 2017
28 November 2017	Report of the Auditor-General – Supplementary report: State finances and related matters: November 2017
17 October 2017	Annual report on the operations of the Auditor-General’s Department for the year ended 30 June 2017
17 October 2017	Report of the Auditor-General – Annual report for the year ended 30 June 2017 – Part A Executive Summary, Part B: Agency audit reports and Appendices: Treasurer’s statements and public sector agencies audited financial reports
1 September 2017	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 2017 to 30 June 2017: August 2017

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, 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).

The agencies we audit

The Auditor-General is the prescribed auditor of 154 public sector agencies. They are listed in Appendix E.

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

- Refine our performance audit methodology
- Develop forward plans for growth of the performance audit function
- Build staff capabilities

Our performance in 2017-18

Changes to our audit mandate

The PFAA was amended in September 2018, to make it clear the Auditor-General has the mandate to undertake performance audits. The PFAA was amended in several places to enable the Auditor-General to examine the effectiveness with which a public authority uses its resources.

Our audits are in accordance with Australian Auditing Standards. This amendment aligns the PFAA with the Standard ASAE 3500 Performance Engagements and with other Australian jurisdiction audit provisions.

Refining our performance audit methodology

A performance audit evaluates whether an agency or government program/activity is performing effectively, economically and/or efficiently, and in compliance with relevant legislation.

Last year we implemented new quality control practices for performance audits. All performance audits are now reviewed by a Performance Audit Review Committee. During the year an internal post-implementation review of the Performance Audit Review Committee was undertaken to ensure it is meeting its intended purpose.

In addition, an independent quality assurance review of two performance audits was undertaken. The review included an assessment of how the performance audit methodology had been applied. Our work was assessed as satisfactory and a number of opportunities for improvement were identified and will be implemented next year.

Growth of the performance audit function and staff capabilities

A post-implementation review of the topic selection process used for performance audits in 2017-18 was undertaken to consider and develop recommendations to improve processes for future years. This resulted in a different selection process for the 2018-19 plan and recommendations for implementation in future plans. We are also developing 'proof of concept' project briefs for all planned 2018-19 performance audit work.

Staff capabilities in the areas of report writing and developing project briefs were expanded during the year.

Strategic priority 2

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

Key strategic actions

- Develop a stakeholder engagement framework
- Implement the new structure and branding for reports to Parliament
- Consider the basis (risk and materiality) for including agencies in the Annual Report
- Review the scope of our controls opinion work

Our performance in 2017-18

Stakeholder engagement framework

The Department is committed to open and transparent communication with our stakeholders and recognises that our success relies on building respectful and mutually beneficial relationships, without compromising our independence.

An engagement framework covering each of our key external stakeholders has been developed, with key principles universal to all providing a guide for all engagement activities.

For the first time we invited the chairs of Audit Committees to a briefing to discuss emerging audit matters and to share issues of mutual interest for the year. Given the positive feedback we intend to make this an annual event.

Reports to Parliament

Last year we implemented a new structure and format for our reports to Parliament, for improved clarity and readability. We also want all of our reports to Parliament to have a consistent look and feel.

This year we developed a guideline for preparing a report in the new template which provided practical advice on how to start a report, how to use the template and how to apply the presentation and plain English conventions to make our reports easier to read. Targeted training was also provided to audit report authors.

In addition, we developed a corporate brand that we will apply to all future reports and other written communications.

Agencies included in the Annual Report

A workgroup was established to look at the basis (risk and materiality) for including agencies in the Annual Report, the value of reporting on sectors and other information currently provided.

The workgroup's recommendations included a new approach for the inclusion of agencies in the Auditor-General's Annual Report that were implemented for the 2017-18 Annual Report. Agencies that were included last year but are to be removed from the 2017-18 Annual Report have received written advice of the change.

Controls opinion scope

During the year we considered the practices we adopt to support the annual controls opinion given in the Annual Report. From 2018-19 we will amend our practices so that we have the best opportunity to provide the most relevant and timely reports we can to the Parliament.

We will now plan our controls opinion auditing from a whole-of-government perspective rather than for every individual agency. To form the annual overall controls opinion, we will focus on those areas of most quantitative or qualitative significance for the whole-of-government. Through this, our other responsibilities to audit each set of financial statements and our performance audits, we will be able to comprehensively cover individual agency controls.

We expect the transition from the practices we have used for many years will take more than one year to settle. We are confident this approach will ensure we can satisfy Parliament's expectation that we will focus our limited resources on the matters of significance that arise from year to year.

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

- Review audit process and other Departmental operations to create efficiencies
- Build our data analytics capacity and capability
- Develop performance measures needed for effective governance
- Implement the next stage of the performance management system – *refer Appendix D*
- Develop leadership, people and strategic management skills

Our performance in 2017-18

Review of audit processes and other Departmental operations to create efficiencies

The Department strives to continually improve existing processes and operations across all areas to create efficiencies.

The revised approach to the consideration of Information Communications and Technology (ICT) controls in financial audits developed in 2016-17 to assist teams to assess IT control risks for their agencies was implemented this year. A post implementation review has been undertaken to further improve the efficiency and consistency of audit consideration and documentation of IT systems and controls.

Build 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. These processes allow us to improve the quality of our audits by better understanding our clients, their business processes and associated risks, resulting in information which can be used to better target our audit efforts.

A provider for the procurement and implementation of new data analytics software has been selected and we are looking forward to piloting the audit planning analytics toolkit and the release of standard dashboards for expenditure and payroll followed by full implementation for all field audit teams. These changes will significantly strengthen our audit planning and risk identification processes.

Developing performance measures for effective governance

For effective governance over our audit practice we need to ensure we are efficiently managing our resources. In 2017-18 a workgroup was established to build on previous work undertaken in establishing performance measures and setting benchmarks for individual productivity for audit staff. Recommendations from the group which included establishing individual performance benchmarks across all audit areas, reporting improvements, and principles to apply to annual plan strategy measures will be implemented in 2018-19.

Developing leadership, people and strategic management skills

We are continually striving to improve our Professional Development Program, in conjunction with on the job learning, to increase individual and organisational capacity.

In 2017-18 we introduced short-bite learning forums for our executive and senior managers. These focused on topics considered high priority for our organisational leaders, and were of less than two hours duration. Senior Manager Learning Sets, small group self-directed learning activities, were also introduced. These learning activities have received positive feedback and are continuing in 2018-19, expanded to include our Manager level staff.

Constructive styles which encourage the attainment of organisational goals through people development, promotion of teamwork and synergy and the enhancement of individual, group and organisational adaptability and effectiveness are the aim for all senior positions within the organisation. The use of facilitated discussions at the senior management level, have resulted in the active involvement of managers in change processes.

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 (CPD) hours.

Our training and development expenditure for all employees is slightly lower than last year at 3.9% of total employee expenses. Training in leadership and management development continued to be a focus area for the department this year, although expenditure is lower due to the lower cost of shorter duration training.

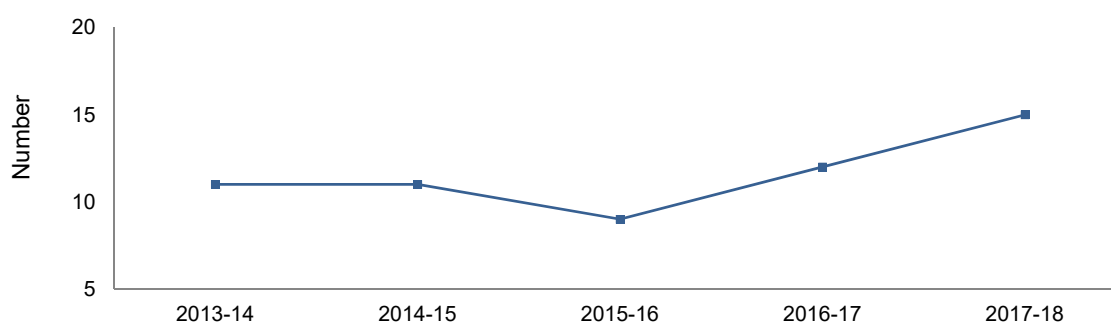
Training and development costs in 2017-18

	Total cost	% of total employee expenses
Total training and development expenditure	\$510,758	3.9%
Leadership and management development expenditure	\$ 62,599	0.5%

Staff recruitment

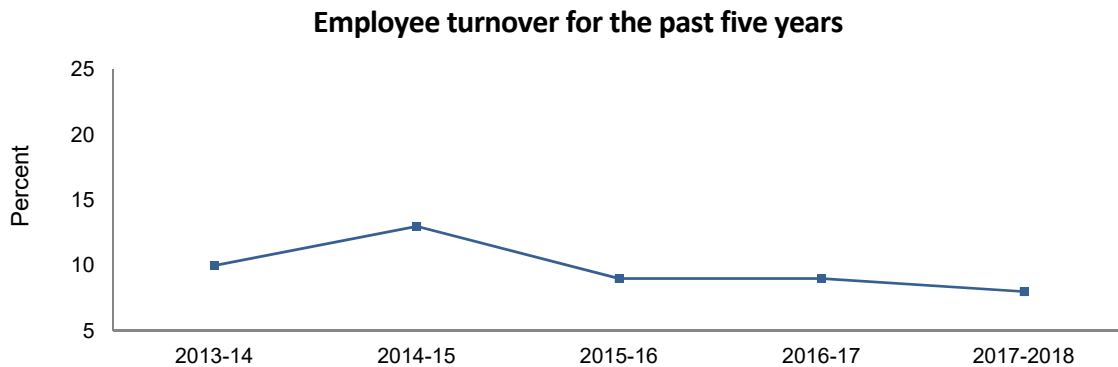
The market for quality audit staff is very competitive, yet we continue to attract high numbers of applications for our positions, particularly those for graduate accountants. We maintain a strong market presence including close links with Universities and professional accounting organisations. We recruited 15 graduates this year, and will also use temporary and contract staff during periods of peak demand.

Graduates appointed in the past five years



Staff turnover

Staff turnover remained low at 8% in 2017-18.



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

Worker health, safety and rehabilitation programs

Our work health and safety (WHS) efforts this year focused on preventative actions and reviewing all WHS related processes.

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

On-site influenza vaccinations, ergonomic assessments and confidential counselling with external professionals through the Employee Assistance Program are available to staff. 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 Premier and Cabinet will assist the employee to return to work.

The Department has engaged a consultant to assist in the integration of new systems and a training framework to meet the its long-term goals.

After taking the consultant’s advice we will review the role and membership of the WHS committee and implement any process changes needed to ensure we meet our WHS responsibilities.

Measures of performance

We issued 158 independent auditor's reports in 2017-18, 17 of them qualified. Most of the opinions were issued for agencies with financial years ending on 30 June 2017 or 31 December 2017.

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 average working days has historically been in the mid to high eighties. As per the table below this figure reduced to 73 days in 2017-18.

Audit activity output measures (financial years)			
	2017-18	2016-17	2015-16
Number of independent auditor's reports issued	158	154	156
Number of qualified audit opinions issued	17	19	16
Average working days between an agency's end of financial year and issuing an Independent Auditor's Report	73	76	87

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 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 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.

Hours charged to audits and fees paid to subcontract auditors (by audit year)			
	2016-17	2015-16	2014-15
Conduct of audits (hours)	92 500	95 500	99 200
Management of audits (hours)	12 200	10 700	9 000
Total hours charged	104 700	106 200	108 200
Subcontract audit fees (\$)	\$1 330 000	\$1 110 000	\$1 110 000

Our financial report

Auditor-General's Department

Statement of Comprehensive Income for the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
Expenses:			
Employee expenses	2	12 844	12 174
Supplies and services:			
Contractors		1 483	1 359
Office accommodation and service costs		723	683
Consultancies		296	264
Other supplies and services	5	1 317	1 303
		3 819	3 609
Depreciation and amortisation		231	254
Total expenses		16 894	16 037
Income:			
Services received free of charge	6	65	-
Other income		1	1
Total income		66	1
Net cost of providing services		16 828	16 036
Revenues from (Payments to) SA Government:			
Appropriations and contingency provision grant	7	17 270	16 966
Return of surplus cash	7	(1 000)	-
Total revenues from (payments to) SA Government		16 270	16 966
Net result		(558)	930
Total comprehensive result		(558)	930

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

**Statement of Financial Position
as at 30 June 2018**

	Note	2018 \$'000	2017 \$'000
Current assets:			
Cash and cash equivalents	8	5 498	5 828
Receivables	9	158	135
Total current assets		<u>5 656</u>	<u>5 963</u>
Non-current assets:			
Computing and office facilities	10	316	311
Intangible assets	10	8	25
Total non-current assets		<u>324</u>	<u>336</u>
Total assets		<u>5 980</u>	<u>6 299</u>
Current liabilities:			
Payables	11	369	389
Employee benefits	3	1 650	1 611
Provision for workers compensation	4	20	33
Total current liabilities		<u>2 039</u>	<u>2 033</u>
Non-current liabilities:			
Payables	11	329	307
Employee benefits	3	3 264	3 009
Provision for workers compensation	4	29	73
Total non-current liabilities		<u>3 622</u>	<u>3 389</u>
Total liabilities		<u>5 661</u>	<u>5 422</u>
Net assets		<u>319</u>	<u>877</u>
Equity:			
Retained earnings		319	877
Total equity		<u>319</u>	<u>877</u>

Total equity is attributable to the SA Government as owner

Commitments 12

**Statement of Changes in Equity
for the year ended 30 June 2018**

	Retained earnings \$'000	Total \$'000
Balance at 1 July 2016	(53)	(53)
Total comprehensive result for the year 2016-17	930	930
Balance at 30 June 2017	877	877
Total comprehensive result for the year 2017-18	(558)	(558)
Balance at 30 June 2018	319	319

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

**Statement of Cash Flows
for the year ended 30 June 2018**

	2018 Inflows (Outflows) \$'000	2017 Inflows (Outflows) \$'000
Cash flows from operating activities:		
Cash outflows:		
Employee expenses	(12 568)	(11 921)
Supplies and services	(4 170)	(4 171)
Payments for Paid Parental Leave Scheme	(88)	(54)
Cash inflows:		
Other income	1	1
Goods and services tax refunds from Australian Taxation Office	356	396
Receipts for Paid Parental Leave Scheme	88	57
Cash flows from (to) SA Government:		
Appropriations and contingency provision grant	17 270	16 966
Return of surplus cash	(1 000)	-
Net cash provided by (used in) operating activities	(111)	1 274
Cash flows from investing activities:		
Cash outflows:		
Purchase of computing and office facilities	(219)	(213)
Purchase of intangible assets	-	(3)
Net cash provided by (used in) investing activities	(219)	(216)
Net increase (decrease) in cash and cash equivalents	(330)	1 058
Cash and cash equivalents at 1 July	5 828	4 770
Cash and cash equivalents at 30 June	5 498	5 828

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 \$16.6 million (\$16.04 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. A request was received in May 2017 which resulted in some expenditure being incurred in 2016-17. These costs were absorbed as part of our prescribed audits expenditure. In 2017-18 the Department spent \$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 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 reported as administered items.

2. Employee expenses	2018	2017
Employee benefits:	\$'000	\$'000
Salaries	9 769	9 356
Annual leave	942	864
Long service leave	365	168
Skills and experience retention leave	55	54
Total employee benefits	11 131	10 442
Employee on-costs:		
Superannuation	1 141	1 079
Payroll tax	626	592
Total employee on-costs	1 767	1 671
Workers compensation	(54)	61
Total employee expenses	12 844	12 174

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	
	2018 Number	2017 Number	2018 Number	2017 Number
\$149 001 - \$159 000	-	-	1	1
\$179 001 - \$189 000	4	4	-	-
\$219 001 - \$229 000	1	1	-	-
\$229 001 - \$239 000	-	1	-	-
\$249 001 - \$259 000	1	-	-	-
\$379 001 - \$389 000	-	1	-	-
\$389 001 - \$399 000	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 of \$149 404. Total remuneration received or receivable by these employees was \$1.78 million (\$1.73 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.

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 \$1.63 million (\$1.58 million). This includes compensation recorded in both the Department's financial statements and in the administered financial statements.

3. Employee benefits	2018	2017
Current:	\$'000	\$'000
Salaries	198	195
Annual leave	1 091	1 008
Long service leave	284	334
Skills and experience retention leave	77	74
Total current	1 650	1 611
Non-current:		
Long service leave	3 264	3 009
Total non-current	3 264	3 009
Total employee benefits	4 914	4 620

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 remained at 3% in 2018.

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 has remained at 2.50% at 30 June 2018.

The net financial effect of the changes to actuarial assumptions in the current financial year is an increase in the long service liability of \$86 000 and employee benefit expense of \$86 000. 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 2019 (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	2018	2017
Current:	\$'000	\$'000
Provision for workers compensation	20	33
Total current	20	33
Non-current:		
Provision for workers compensation	29	73
Total non-current	29	73
Total provision	49	106
Carrying amount at 1 July	106	53
Increase (Decrease) in provision	(57)	53
Carrying amount at 30 June	49	106

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 2018 provided by a consulting actuary engaged through the Office for the Public Sector.

5. Other supplies and services	2018	2017
	\$'000	\$'000
Computing and network processing costs	527	485
Staff recruitment, development and training	291	255
Other expenses	172	220
Motor vehicles	147	151
Shared Services SA charges	65	67
Fringe benefits tax	62	64
Staff travel, accommodation and allowances	53	61
Total other supplies and services	1 317	1 303
6. Resources received free of charge		
Services received free of charge – Shared Services SA	65	-
Total resources received free of charge	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 2017-18 amounted to \$17.219 million (\$16.966 million) and there was a contingency provision grant of \$51 000 (\$0).

In 2017-18 the Department paid \$1 million to the Consolidated Account for the return of surplus cash in accordance with the principles of the cash alignment policy.

8. Cash and cash equivalents	2018	2017
Deposits with the Treasurer:	\$'000	\$'000
Auditor-General's Department Operating Account	3 358	3 769
Accrual Appropriation Excess Funds	2 140	2 059
Total cash and cash equivalents	5 498	5 828
9. Receivables		
Current:		
Goods and services tax	149	124
Other	9	11
Total current	158	135

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

10. Non-current assets	2018	2017
10.1 Classes of assets	\$'000	\$'000
Computing and office equipment – at cost	747	733
Accumulated depreciation	(658)	(592)
	<u>89</u>	<u>141</u>
Laptop computer equipment – at cost	572	384
Accumulated depreciation	(354)	(232)
	<u>218</u>	<u>152</u>
Leasehold improvements – at cost	786	786
Accumulated depreciation	(777)	(768)
	<u>9</u>	<u>18</u>
Intangible assets – Computer software – at cost	552	552
Accumulated amortisation	(544)	(527)
	<u>8</u>	<u>25</u>
	<u>324</u>	<u>336</u>

10.2 Reconciliation of carrying amount	Carrying amount 01.07.17 \$'000	Additions \$'000	Disposals \$'000	Depreciation/ Amortisation \$'000	Carrying amount 30.06.18 \$'000
Computing and office equipment	141	31	-	83	89
Laptop computer equipment	152	188	-	122	218
Leasehold improvements	18	-	-	9	9
Computer software	25	-	-	17	8
Total computing and office facilities	<u>336</u>	<u>219</u>	<u>-</u>	<u>231</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	2018	2017
Current:	\$'000	\$'000
Employee on-costs	306	291
Creditors	57	74
Accrued expenses	4	22
Paid Parental Leave Scheme payable	2	2
Total current	<u>369</u>	<u>389</u>
Non-current:		
Employee on-costs	329	307
Total non-current	<u>329</u>	<u>307</u>
Total payables	<u>698</u>	<u>696</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):	2018 \$'000	2017 \$'000
Not later than one year	641	635
Later than one year but not later than five years	621	1 210
Total operating lease commitments as lessee	1 262	1 845

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	1 000	1 316
Later than one year but not later than five years	236	1 079
Total contractual commitments as lessee	1 236	2 395

13. Significant accounting policies

(a) *Basis of preparation*

The financial statements are general purpose financial statements, prepared in accordance 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 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.

The appropriation for special acts reported in the administered financial statements relates to recoveries from the 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. This standard 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 \$1.26 million are disclosed in note 12.

The Department has quantified the impact of applying AASB 16. Our office accommodation lease expires on 30 June 2020. On the basis that a five year lease with similar terms is entered into by this date, a right-of-use asset and lease liability of around \$2.7 million will be recognised at the commencement of the lease.

The timing and presentation of expenses will also change. Currently lease expenses for accommodation are consistently around \$590 000 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 \$615 000 (based on an interest rate of 2.5%). 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 \$560 000.

For fleet vehicles, a right-of-use asset and lease liability of around \$73 000 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	
	2018	2017
	\$'000	\$'000
Financial assets		
Cash and cash equivalents	5 498	5 828
Receivables*	9	11
Financial liabilities		
Payables	61	96

* 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 2017-18 original budget, actual amounts and the associated variances.

Statement of Comprehensive Income	Original budget	Actual	Variance
	\$'000	\$'000	\$'000
Expenses:			
Employee expenses	13 234	12 844	(390)
Supplies and services:			
Contractors	1 707	1 483	(224)
Office accommodation and service costs	770	723	(47)
Consultancies	144	296	152
Other supplies and services	1 142	1 317	175
Depreciation and amortisation	221	231	10
Total expenses	17 218	16 894	(324)

	Original budget \$'000	Actual \$'000	Variance \$'000
Income:			
Services received free of charge	-	65	65
Other income	1	1	-
Total income	<u>1</u>	<u>66</u>	<u>65</u>
Net cost of providing services	<u>17 217</u>	<u>16 828</u>	<u>(389)</u>
Revenues from (Payments to) SA Government:			
Appropriations and contingency provision grant	17 219	17 270	51
Return of surplus cash	-	(1 000)	(1 000)
Total revenues from (payments to) SA Government	<u>17 219</u>	<u>16 270</u>	⁽¹⁾ <u>(949)</u>
Net result and total comprehensive result	<u>2</u>	<u>(558)</u>	<u>560</u>
Investing expenditure summary:			
Minor capital works and equipment	221	219	(2)
Total annual programs	<u>221</u>	<u>219</u>	<u>(2)</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 (2017-18 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 total revenues from (payments to) SA Government is due to the payment of \$1 million to the Consolidated Account for 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 2018**

	2018	2017
	\$'000	\$'000
Expenses:		
Employee expenses	354	324
Audit fees paid/payable to Consolidated Account	14 847	14 718
Total expenses	<u>15 201</u>	<u>15 042</u>
Income:		
Fees for audit services	14 847	14 718
Appropriation – Special Acts	329	317
Total income	<u>15 176</u>	<u>15 035</u>
Net result	<u>(25)</u>	<u>(7)</u>
Total comprehensive result	<u>(25)</u>	<u>(7)</u>

**Statement of Administered Financial Position
as at 30 June 2018**

	Note	2018	2017
		\$'000	\$'000
Current assets:			
Cash and cash equivalents		237	249
Receivables	A1	340	584
Total assets		<u>577</u>	<u>833</u>
Current liabilities:			
Employee benefits		58	55
Audit fees payable to Consolidated Account		309	532
Goods and services tax payable		93	126
Total current liabilities		<u>460</u>	<u>713</u>
Non-current liabilities:			
Employee benefits – long service leave		347	325
Total non-current liabilities		<u>347</u>	<u>325</u>
Total liabilities		<u>807</u>	<u>1 038</u>
Net assets		<u>(230)</u>	<u>(205)</u>
Equity:			
Retained earnings		(230)	(205)
Total equity		<u>(230)</u>	<u>(205)</u>

**Statement of Administered Changes in Equity
for the year ended 30 June 2018**

	Retained earnings \$'000	Total \$'000
Balance at 1 July 2016	(198)	(198)
Total comprehensive result for the year 2016-17	(7)	(7)
Balance at 30 June 2017	(205)	(205)
Total comprehensive result for the year 2017-18	(25)	(25)
Balance at 30 June 2018	(230)	(230)

**Statement of Administered Cash Flows
for the year ended 30 June 2018**

		2018 Inflows (Outflows) \$'000	2017 Inflows (Outflows) \$'000
Cash flows from operating activities:	Note		
Cash outflows:			
Employee expenses		(330)	(317)
Amounts paid to Consolidated Account		(15 070)	(14 917)
Goods and services tax paid to Australian Taxation Office		(1 518)	(1 791)
Cash inflows:			
Fees for audit services	A1	16 577	16 371
Cash flows from SA Government:			
Appropriations – Special Acts		329	317
Net cash provided by (used in) operating activities		(12)	(337)
Net increase (decrease) in cash and cash equivalents		(12)	(337)
Cash and cash equivalents at 1 July		249	586
Cash and cash equivalents at 30 June		237	249

Notes to and forming part of the administered financial statements

A1. Receivables	2018	2017
	\$'000	\$'000
Fees outstanding at 1 July	584	766
Billings	16 333	16 189
Receipts	16 917	16 955
Fees outstanding at 30 June	16 577	16 371
	340	584

In addition, at 30 June, the value of audit work in progress was \$7.73 million (\$7.08 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 2017-18 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	338	354	16
Amounts paid/payable to Consolidated Account	15 075	14 847	(228)
Total expenses	15 413	15 201	(212)
Income:			
Fees for audit services	15 075	14 847	(228)
Appropriation – Special Acts	326	329	3
Total income	15 401	15 176	(225)
Net result and total comprehensive result	(12)	(25)	13

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 (2017-18 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

12 September 2018



Megan Stint
Manager, Finance

12 September 2018



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 2018, 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 2018, 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 internal controls employed by the Department for the financial year ended 30 June 2018 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.

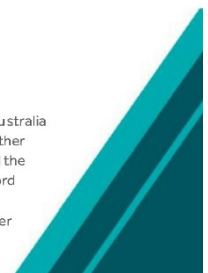
Basis for opinion

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 2018, 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
Chartered Accountants

Jamie Dreckow
Partner

Adelaide
South Australia

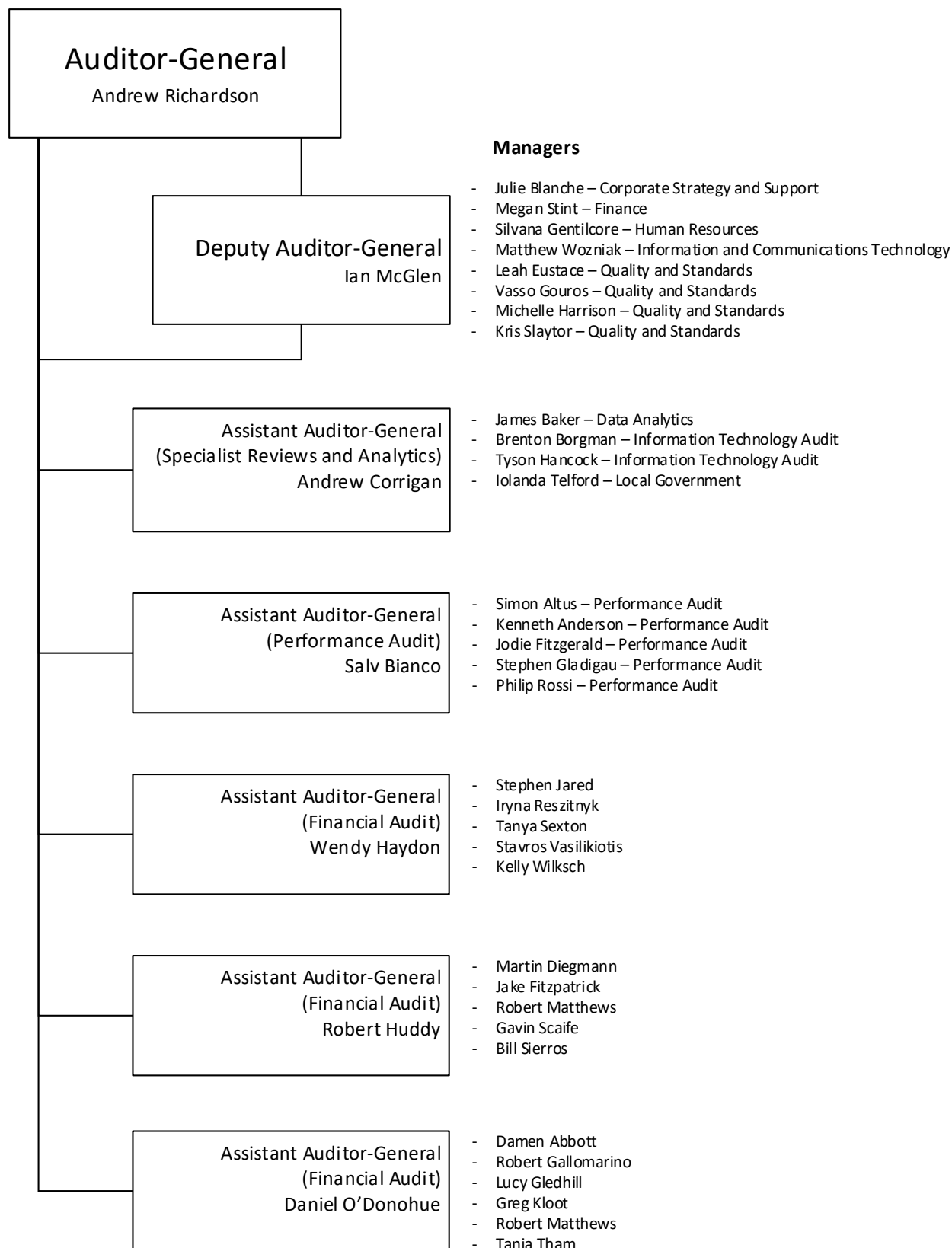
12 September 2018

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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 2018 the Department employed 131 people, representing 125 FTEs (121.9 FTEs at 30 June 2017). The average employee FTE level for 2017-18 was 125.3, compared with 119.9 last year.

The following tables profile our workforce. 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/>

Employees

Employees by gender, number of people and FTEs (as at 30 June 2018)

	People	FTEs
Total employees	131	125
Female (%)	57.3	55.5
Male (%)	42.7	44.5

Leave management

Average leave taken by employees over the past five years

	Days per employee				
	2017-18	2016-17	2015-16	2014-15	2013-14
Sick leave	*8.77	*10.81	*6.27	*6.86	*5.72
Family carer's leave	1.34	1.04	1.18	1.22	0.79
Miscellaneous special leave	.50	1.02	1.05	1.06	1.67

* Sick leave also includes unpaid sick leave

Sick leave taken in 2017-18 decreased from the 2016-17 level but is still higher than prior years. This is the result of a large amount of unpaid sick leave being taken by two employees.

Employee movements

Number of people in 2017-18 who have:

Separated from the Department	11
Been recruited to the Department	20

Workforce diversity

Age profile of employees

At 30 June 2018 the average age of the Department's employees was 37 years (37.6 years as at 30 June 2017), and 64% of our staff are under 40 years of age (60% as at 30 June 2017).

Age profile (as at 30 June 2018)

Age:	Female	Male	Total	% of total
15-19	0	0	0	0
20-24	5	11	16	12.2
25-29	20	7	27	20.6
30-34	14	8	22	16.8
35-39	10	9	19	14.5
40-44	8	1	9	6.9
45-49	6	5	11	8.4
50-54	7	9	16	12.2
55-59	3	5	8	6.1
60-64	2	1	3	2.3
65+	0	0	0	0
Total	75	56	131	100.0

Specific disclosures

Performance management and development system

The on-line Performance and Learning Management System was implemented in February 2017.

The system incorporates an on-line performance appraisal (work plan) and a Learning Management System to strengthen professional and organisation development across the Department. The Performance and Learning modules are fully operational, and implementation of customised e-learning courses is currently underway.

Our current performance management approach focuses on more frequent conversations with two-way feedback, simplified documentation, aligning work effort to strategic priorities and supervisor and self-assessment against competencies and organisational values.

In 2018 this approach was extended to our new staff, including our graduate intake, by implementing tailored work plans for graduates and new staff.

Assessment of effectiveness and efficiency

All staff working in the Department participate in the Performance and Learning Management process and are allocated a work plan (with the appraisal cycle being 1 November – 31 October each year). The only staff member to not be allocated a work plan is the Auditor-General, who reports directly to Parliament.

Ongoing conversation and review are key to the process. There are two formal checkpoints (February and June) for formal discussion and documentation.

Staff with a work plan for 2017-18

Employees who have had:	% of workforce
An initial work plan completed	*100
Checkpoints completed as at 30 June 2018 *	86

* Excludes the Auditor-General

Executive employment over the past five years

Classification level	2017-18	2016-17	2015-16	2014-15	2013-14
CEO	1	1	1	1	1
SAES Level 1	6	5	5	4	5
Exec B	0	1	1	1	2
Total	7	7	7	6	8

For further information the Office for the Public Sector has a data dashboard on the breakdown of executive gender, salary and tenure by agency. <https://publicsector.sa.gov.au/about/office-for-the-public-sector/dashboard/>

Financial performance

Financial performance for the three years to 30 June 2018

	Budget	Actual		
	2017-18 \$'000	2017-18 \$'000	2016-17 \$'000	2015-16 \$'000
Net cost of providing services	17 217	16 828	16 036	16 501
Total audit fees raised	15 075	14 847	14 718	14 575
Total assets	5 382	5 980	6 299	5 316
Total liabilities	5 503	5 661	5 422	5 369

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 \$296 000 in 2017-18 (\$264 000 in 2016-17).

Consultancies in 2017-18	Number	\$'000
Under \$10 000	2	10
\$10 000 - \$50 000	3	106
Above \$50 000:	2	180
<i>KPMG actuarial services for the audit of Return to Work Corporation SA</i>		
<i>Lipman Karas legal counsel Coober Pedy Investigation</i>		
Total	7	296

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.

Public sector agencies audited at 30 June 2018

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
Art Gallery Board
Attorney-General's Department
Australian Children's Performing Arts Company
Australian Energy Market Commission
Board of the Botanic Gardens and State Herbarium
Carrick Hill Trust
Central Adelaide Local Health Network Incorporated
Child Protection - Department for
COAG Health Council
Coast Protection Board
Construction Industry Training Board
Correctional Services - Department for
Country Health SA Local Health Network Incorporated
Courts Administration Authority
CTP Insurance Regulator
Dairy Authority of South Australia
Defence SA
Distribution Lessor Corporation
Dog and Cat Management Board
Dog Fence Board
Education - Department for
Electoral Commission of South Australia
Electoral Districts Boundaries Commission
Electricity Industry Superannuation Scheme
Environment Protection Authority

Public sector agencies audited at 30 June 2018

Environment and Water - Department for
Essential Services Commission of South Australia
Eyre Peninsula Natural Resources Management Board
General Reserves Trust
Generation Lessor Corporation
Governors' Pensions Scheme
Green Industries SA
Health and Wellbeing - Department for
Health Services Charitable Gifts Board
History Trust of South Australia
HomeStart Finance
Human Services – Department of
Independent Commissioner Against Corruption
Independent Gambling Authority
Independent Gaming Corporation Ltd
Investment Attraction South Australia
Judges' Pensions Scheme
Judicial Conduct Commissioner
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 Primary Industries and Regional Development - Adelaide Hills Wine Industry Fund
Minister for Primary Industries and Regional Development - Barossa Wine Industry Fund
Minister for Primary Industries and Regional Development - Citrus Growers Fund
Minister for Primary Industries and Regional Development - Clare Valley Wine Industry Fund
Minister for Primary Industries and Regional Development - Eyre Peninsula Grain Growers Rail Fund
Minister for Primary Industries and Regional Development - Grain Industry Fund

Public sector agencies audited at 30 June 2018

Minister for Primary Industries and Regional Development - Grain Industry Research and Development Fund
Minister for Primary Industries and Regional Development - Langhorne Creek Wine Industry Fund
Minister for Primary Industries and Regional Development - McLaren Vale Wine Industry Fund
Minister for Primary Industries and Regional Development - Riverland Wine Industry Fund
Minister for Primary Industries and Regional Development - South Australian Apiary Industry Fund
Minister for Primary Industries and Regional Development - South Australian Cattle Industry Fund
Minister for Primary Industries and Regional Development - South Australian Grape Growers Industry Fund
Minister for Primary Industries and Regional Development - South Australian Pig Industry Fund
Minister for Primary Industries and Regional Development - South Australian Sheep Industry Fund
Motor Accident Commission
Museum Board
National Health Funding Pool – South Australian State Pool Account
National Landcare Program Single Holding Account (South Australia)
Native Vegetation Fund
Northern Adelaide Local Health Network Incorporated
Northern and Yorke Natural Resources Management Board
Office of the National Rail Safety Regulator
Outback Communities Authority
Parliamentary Budget Advisory Service
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
Rural Industry Adjustment and Development Fund
SA Ambulance Service Inc
SA Metropolitan Fire Service Superannuation Scheme
SACE Board of South Australia

Public sector agencies audited at 30 June 2018

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 – Hydro Joint Venture
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 Planning Commission
State Procurement Board
State Theatre Company of South Australia
Stormwater Management Authority
StudyAdelaide
Super SA Retirement Investment Fund
Super SA Select Fund

Public sector agencies audited at 30 June 2018

Superannuation Funds Management Corporation of South Australia

TAFE SA

Teachers Registration Board of South Australia

TechInSA

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 2018: 154