

SOUTH AUSTRALIA

Report on the Operations

of the

Auditor-General's Department

for the

Year ended 30 June 2001



EMPLOYEES OF THE AUDITOR-GENERAL'S DEPARTMENT 2001

ADDRESS: Auditor-General's Department
Level 9, State Administration Centre
200 Victoria Square
ADELAIDE SA 5000

TELEPHONE: (08) 8226 9640
FACSIMILE: (08) 8226 9688
INTERNET: <http://www.audit.sa.gov.au>
EMAIL: admin@audit.sa.gov.au



**Auditor-General's
Department**

9th Floor State Administration Centre
200 Victoria Square
Adelaide
South Australia 5000

Telephone: +61 +8 8226 9640
Facsimile: +61 +8 8226 9688
DX 56208 Victoria Square

E-mail: admin@audit.sa.gov.au
Web: <http://www.audit.sa.gov.au>

ABN: 53 327 061 410

28 September 2001

The Hon J W Olsen, FNIA, MP
Premier
9th Floor
Terrace Towers
178 North Terrace
ADELAIDE SA 5000

Dear Premier

I am pleased to provide you with the Annual Report on the operations of the Auditor-General's Department for the financial year ended 30 June 2001.

Yours sincerely

A handwritten signature in black ink, appearing to read 'K I MacPherson'.

K I MacPherson
AUDITOR-GENERAL

Table of Contents

| | Page No |
|--|---------|
| FORWARD | 1 |
| THREE YEAR SUMMARY | 2 |
| CORPORATE OVERVIEW | 3 |
| Purpose of the Department | 3 |
| Audit Legislation | 3 |
| The Auditor-General | 3 |
| Organisational Structure | 4 |
| Organisation | 4 |
| Departmental Executive | 5 |
| Relationship with Parliament | 6 |
| Relationship with the Porfolio of Premier and Cabinet | 6 |
| Relationships with Auditee Agencies | 7 |
| Relationships with Audit Committees | 7 |
| Relationships with Interstate and Overseas Offices | 7 |
| CORPORATE PLAN 1999-2000 TO 2001-2002 | 8 |
| Background | 8 |
| Mission | 8 |
| Corporate Objectives and Associated Outcomes | 8 |
| Strategies | 8 |
| Achievement of the Planned Strategies | 8 |
| Values | 9 |
| PROVISION OF AUDITING SERVICES | 10 |
| Legislative Mandate | 10 |
| Types of Audits and Reviews Conducted..... | 10 |
| Financial and Compliance Audits | 11 |
| Efficiency and Economy Audits | 13 |
| Review of the Adequacy of Controls Exercised by Auditee Agencies | 13 |
| Examination of Publicly Funded Bodies | 15 |
| Review of a Summary of a Confidential Government Contract..... | 15 |
| Auditor-General's Role in the Electricity Corporations Restructuring and Disposal Process | 15 |
| Whistleblower Legislation | 16 |
| ISSUES FACED BY THE AUDITOR-GENERAL'S DEPARTMENT DURING 2000-2001 | 17 |
| New Audit Methodology | 17 |
| Information Technology Audits | 17 |
| Privatisation | 17 |
| Special Investigations | 17 |
| Financial Management Framework | 18 |
| Whole-of-Government Reporting | 18 |
| Indicators of Workload and Performance | 18 |
| Benchmarking | 19 |
| CORPORATE SUPPORT SERVICES | 20 |
| Administration and Finance | 20 |
| Role and Function | 20 |
| Achievements | 21 |
| Fraud Control Policy | 21 |
| Human Resource Managment and Development | 22 |
| Role and Function | 22 |
| Achievements | 22 |

| | |
|--|-----------|
| Information Technology Support | 22 |
| Role and Function | 22 |
| Achievements | 22 |
| Research and Quality Assurance | 23 |
| Role and Function | 23 |
| Achievements | 23 |
| Special Projects | 25 |
| Role and Function | 25 |
| Achievements | 25 |
| HUMAN RESOURCE MANAGEMENT AND DEVELOPMENT | 26 |
| Human Resource Management Strategic Plan | 26 |
| Leadership | 27 |
| Communication Strategy | 27 |
| Competency Development | 27 |
| Body of Knowledge | 27 |
| Capability | 28 |
| Professional Development | 28 |
| Managing Diversity | 30 |
| Performance Management | 30 |
| Impact - Outcomes | 31 |
| Key Performance Indicators | 31 |
| Capacity to Deliver | 31 |
| Consultative Committee | 31 |
| Trends Analysis | 32 |
| Recruitment, Selection and Placement | 32 |
| Induction | 34 |
| Workforce Profile | 34 |
| Occupational Health, Safety and Welfare | 38 |
| COMMENTARY ON FINANCIAL RESULTS | 41 |
| Funding of Department | 41 |
| Statement of Outputs | 41 |
| Financial Performance - Actual vs Budget | 41 |
| Contracted Audits | 42 |
| Use of Consultants | 42 |
| Payment of Accounts | 42 |
| FINANCIAL STATEMENTS | 43 |
| Statement of Financial Performance for the Year Ended 30 June 2001 | 43 |
| Statement of Financial Position as at 30 June 2001 | 43 |
| Statement of Cash Flows for the Year Ended 30 June 2001 | 43 |
| Schedule of Administered Expenses and Revenues for the Year Ended 30 June 2001 | 44 |
| Schedule of Administered Assets and Liabilities as at 30 June 2001 | 44 |
| Notes to and forming part of the Financial Statements | 44 |
| Independent Audit Report | 50 |
| APPENDICES | |
| APPENDIX A - DEPARTMENTAL ORGANISATION CHART | 51 |
| APPENDIX B - SUMMARY OF PROFESSIONAL DEVELOPMENT PROGRAM 2000-01 | 52 |
| APPENDIX C - SUMMARY OF MAIN EXTERNAL TRAINING PROGRAMS 2000-01 | 53 |
| APPENDIX D - STAFF LIST AS AT JUNE 2001 | 54 |
| APPENDIX E - AGENCIES AND STATUTORY FUNDS AUDITED BY THE DEPARTMENT (AS AT JUNE 2001) | 57 |

Foreword

The Auditor-General's Department contributes to the accountability of the Executive Government and public sector agencies to Parliament by the provision of independent reports on matters concerning public sector finance, use of public resources and the probity and lawfulness of matters associated with public administration.

The 2000-2001 year was an exceptionally challenging and demanding period. Some of the challenges stem from the administrative, service delivery and financial management changes affecting the size, risk profile and accountability framework of this State's public sector. Other challenges arise in the context of this Department's continuous drive to enhance the culture and work environment that will both attract and retain high quality staff and lead to improved audit work performance.

While continuing to conduct independent audits of public sector agencies, the Department has also been required to devote considerable resources to two focussed and extensive reviews relating to the disposal of the Government's electricity assets and the Hindmarsh Soccer Stadium Redevelopment Project. The review relating to the disposal of

the Government's electricity assets involving the production of five separate reports to Parliament, was finalised in March 2001 and the examination into the Hindmarsh Soccer Stadium Redevelopment Project is in the final stages of completion.

Last year the Department commenced the implementation of a new financial audit methodology to be used when conducting the independent audits of some public sector agencies. This year saw the substantive implementation of that methodology to the conduct of the majority of this Department's portfolio of auditee agencies. The implementation process required a comprehensive training program for all audit staff and the dedicated support and efforts of staff in introducing and applying the new methodology to auditee agencies.

The Department has also continued to maintain a strong emphasis on addressing matters seen by the Executive and staff of the Department as important in improving its human resource policies and practices.

It is important to relate that the work ethic of the staff of the Department was again of a high order and this enabled the Department to achieve its intended outcomes in an exceptionally demanding year.

The Corporate Plan of the Department includes a section relating to 'values' that I and all members of the Department hold as the foundation upon which our actions, words and decisions are based and may be evaluated. They comprise integrity, independence, innovation, respect, quality and accountability.

Staff members of the Auditor-General's Department are working in a professional and committed manner to uphold these values and I am most grateful for their support to me during the year.



SA AUDITOR-GENERAL
KEN MacPHERSON

Three Year Summary

KEY FINANCIAL INDICATORS

| | 1998-99 | 1999-2000 | 2000-01 |
|--------------------------|---------|-----------|---------|
| | \$'000 | \$'000 | \$'000 |
| Total Audit Fees Raised | 8 030 | 8 234 | 7 913 |
| Total Expenses | | | |
| • Auditing Services | 8 641 | 8 753 | 8 648 |
| • Special Investigations | - | 775 | 1 029 |
| Total Assets | 845 | 1 364 | 1 195 |
| Total Liabilities | 1 941 | 2 066 | 1 918 |

KEY OPERATING RESULTS

| | 1998-99 | 1999-2000 | 2000-01 |
|--|---------|-----------|---------|
| Number of Audit Clients | 195 | 190 | 182 |
| Number of Independent Audit Reports Issued | 172 | 177 | 170 |
| Qualified Audit Opinions Issued | 17 | 12 | 11 |
| Number of Reports to Parliament ⁽¹⁾ | | | |
| • Annual Report | 1 | 1 | 1 |
| • Special Reports | - | - | 3 |
| • Operations Report | 1 | 1 | 1 |
| • Supplementary Reports | 1 | 4 | 4 |
| Staff Establishment (FTE) | 106 | 106 | 106 |
| Average FTE for the year ⁽²⁾ | 93.6 | 96.4 | 100.0 |

(1) For the audit year ended 30 September.

(2) Average FTE for the year excludes graduates employed as part of the South Australian Government University Graduate Youth Recruitment Initiative Equal Employment Opportunity Program.

Corporate Overview

PURPOSE OF THE DEPARTMENT

The Department provides the Parliament (and consequently the people of South Australia) and public sector entities with independent professional opinions on matters related to financial management, compliance with legislative requirements and, where appropriate, comments on the efficiency and economy with which public sector resources are used.

As part of the public sector accountability process, the function of the Auditor-General's Department is to assist the Auditor-General to carry out the duties prescribed in the *Public Finance and Audit Act 1987*. The Auditor-General is currently the prescribed auditor of 182 public sector entities.



Auditor-General's Department located in the State Administration Centre Victoria Square, Adelaide

AUDIT LEGISLATION

The Public Finance and Audit Act 1987 (the Act) provides a vital link in the chain of accountability of the Executive Government to the Parliament and to the taxpayers of this State who are the ultimate providers of funds for the operations of Government.

The Act prescribes the financial reporting obligations of the Treasurer and of public sector agencies. The provision of an independent professional attestation to those financial reports by the Auditor-General, in accordance with the provisions of the Act, together with the associated statutory reporting responsibilities of the Auditor-General, ensures that Parliament is provided with a high level of assurance that monies that have been raised and collected have been expended properly and in accordance with the law.

There are a wide range of statutory provisions that have a direct influence on the operations of the Auditor-General's Department. These include statutes that appoint the Auditor-General as the auditor of public sector agencies, other legislation which embodies special Commonwealth/State financial arrangements, the financial law of this State (eg Supply Acts, Appropriation Acts) and the Corporations Act.

THE AUDITOR-GENERAL

The Auditor-General, who is appointed by Parliament under the *Public Finance and Audit Act 1987*, leads the Auditor-General's Department and has specific statutory responsibilities in relation to the audit of the Public Accounts, the accounts of public authorities and to the review of the efficiency and economy of public sector operations.

The accountability for public funds is provided through the statutory audit performed by the Auditor-General and also through his statutory responsibility to report to Parliament on the manner in which Executive Government has fulfilled its accountability responsibilities.

ORGANISATIONAL STRUCTURE

Organisation

In essence there are two 'fundamental activities' that underpin the operations of the Department ie 'Financial and Operational Audit Activities' and 'Corporate Support Activities'. A complete Departmental organisational chart is attached as Appendix A to this Report.

Financial and Operational Audit Activities

The field operations directorates' functions are to assist the Auditor-General in carrying out the audit responsibilities under the *Public Finance and Audit Act 1987*. Within the field operations directorates the Department currently operates 14 field audit sections, an information systems audit section, and a special investigation section. All sections report to a Director of Audits (Field Operations) or the Deputy Auditor-General.

Each field audit section is responsible for a portfolio of audits and is led by a Principal Audit Manager or an Audit Manager, who is supported by a team of up to seven auditors.

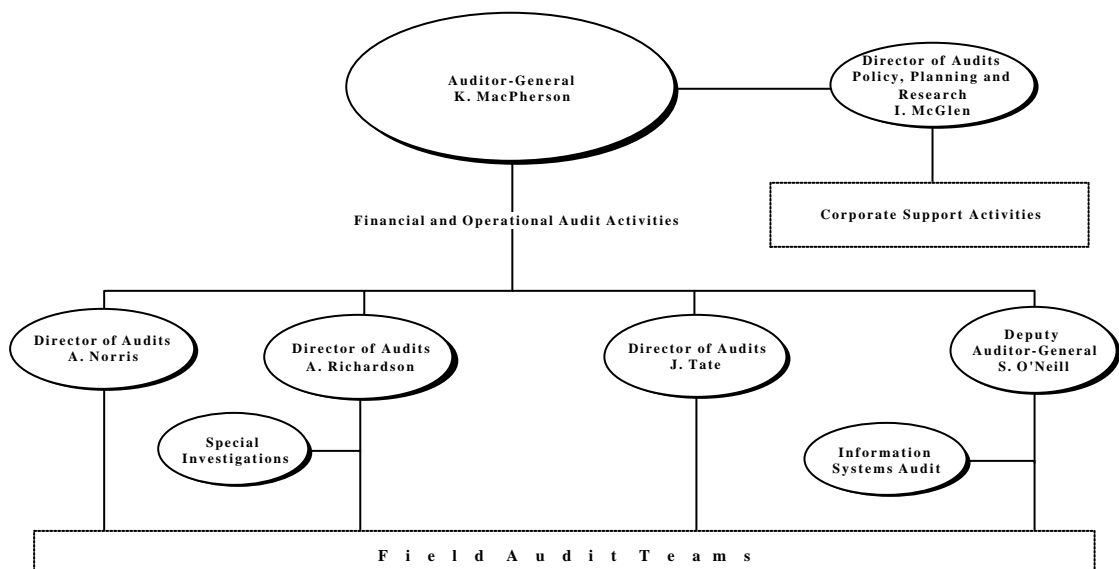
Corporate Support Activities

This directorates' function is to support audit staff in the discharge of their financial and operational audit responsibilities and to assist the Auditor-General in discharging his Departmental responsibilities as Chief Executive of the Auditor-General's Department. The directorate comprises five sections namely:

- Administration and Finance;
- Human Resource Management and Development;
- Information Technology Support;
- Research and Quality Assurance;
- Special Projects.

Each section reports to the Director of Audits (Policy, Planning and Research).

Auditor-General's Department Organisation Chart



Departmental Executive

The Executive of the Department consists of the Auditor-General and the five Directors of Audits. It meets on a regular basis (usually weekly) and considers its accountability in two areas.

Firstly, the Executive, in consultation with staff of the Department, sets corporate policies, strategies and annual work programs to meet statutory audit responsibilities to the

Parliament and public sector agencies; ensures the good administration of the Department; and oversees the development of all staff.

Secondly, the Executive works with senior corporate and audit managers in coordinating and overseeing policy implementation; executes the strategies and work programs; and ensures the achievement of associated targeted outcomes.



DEPARTMENTAL EXECUTIVE

Front Row (left to right): John Tate, Ken MacPherson, Simon O’Neill.
 Back Row (left to right): Alan Norris, Ian McGlen, Andrew Richardson.

RELATIONSHIP WITH PARLIAMENT

The *Public Finance and Audit Act 1987* (the Act) establishes the independence of the Auditor-General from the Executive Government and provides that the primary relationship of the Auditor-General is to the Parliament.

Provisions contained in the Act relating to the appointment and removal of the Auditor-General and funding for his salary emphasise that independence. However, it is the provisions contained in subsection 24(6) of the Act which state that the Auditor-General is not subject to the direction of any person as to the manner in which he carries out the functions or exercises powers under the Act or to the priority that he gives any matter that reinforces that independence.

The *Public Finance and Audit Act 1987* also provides for a high level of accountability to be exercised, mainly through the Auditor-General's statutory report to Parliament. That report provides the major means of communication between the Auditor-General and Parliament. In addition the Auditor-General meets with the Committees of the Parliament on an 'as needs' basis.

RELATIONSHIP WITH THE PORTFOLIO OF PREMIER AND CABINET

The Auditor-General is accountable for the outcomes of this Department to the Parliament. A critical factor in satisfying the various responsibilities in an effective and efficient manner relates to the matter of the independence of the Auditor-General. Recognising this the *Public Finance and Audit Act 1987* requires and provides for the Auditor-General to be independent of Executive Government.

Accordingly, while the Department is considered part of the portfolio of the Premier and Cabinet, in the discharge of its audit responsibilities, it is independent of Executive Government.

Further, the Department reports directly to the Parliament and its relationship with the Department of the Premier and Cabinet is limited to matters concerning administrative arrangements.



Parliament House.

RELATIONSHIPS WITH AUDITEE AGENCIES

One of the dominant themes of recent developments in public sector management is the demand which is being placed upon Chief Executives and managers for the implementation and maintenance of sound financial systems and processes by auditee agencies.

As part of the audit process, the Department contributes to the quality of public sector management by:

- Providing independent information and advice on the operations of agencies.
- Encouraging the development and maintenance of effective financial and management processes.
- Supporting the promotion and improvement in the form and quality of internal and external financial reporting by agencies.

RELATIONSHIPS WITH AUDIT COMMITTEES

The Auditor-General's Department recognises the benefits from creating and maintaining a climate of professional respect between itself and its auditee agencies. A method for building such an environment is the contribution made by the employees of this Department through their attendance at audit committee meetings for various auditee agencies.

RELATIONSHIPS WITH INTERSTATE AND OVERSEAS OFFICES

The Australian Council of Auditors-General (ACAG) was established following the 19th Bicentennial Conference of Auditors-General in Perth in 1993. It provides consultative arrangements for the structured sharing of pertinent information and intelligence between Auditors-General in a time of increasing complexity and rapid change.

Membership of ACAG is open to the Auditor-General of all audit jurisdictions within Australia, Fiji, Hong Kong, New Zealand, and Papua New Guinea.

The role and function of ACAG is to:

- provide a communication/coordination channel between audit offices to facilitate information and expertise exchange;
- provide a 'public voice' aimed at developing a collective image by articulating collective views on matters of audit interest;
- research and prepare papers on newly emerging or topical issues of interest to Auditors-General;
- coordinate the development of a collective opinion of Auditors-General on accounting and auditing standards and other relevant issues;
- coordinate efforts to improve the efficiency and effectiveness of public sector audit.

During 2000-01, the Auditor-General attended one ACAG Conference in June 2001 and the Department participated in a number of benchmarking exercises and projects involving the exchange of information and expertise.

Corporate Plan 1999-2000 to 2001-02

BACKGROUND

The Corporate Plan is an important means of communicating to Parliament (our client) and to auditees, staff and the public why we exist, where we are heading and what we expect to achieve.

The Department developed, in consultation with the staff of the Department, a new Corporate Plan covering the three year period 1999-2000 to 2001-02. The Plan aims to address a number of challenges facing the Department and the mission, values and corporate objectives of the Department detailed in the plan are described below.

MISSION

To contribute as an important body to the accountability of the Executive Government and public sector agencies to Parliament by the provision of independent reports on matters concerning public sector finance, use of public resources and the probity and lawfulness of matters associated with public administration.

CORPORATE OBJECTIVES AND ASSOCIATED OUTCOMES

- Perform professional independent audits and other examinations of the accounts and operations of public sector agencies.

Outcome - Improved provision of professional assurance services to the public sector.

- Report to Parliament on matters relating to public finance, public administration and public accountability that in the opinion of the Auditor-General are important to bring to the attention of Government and Parliament; and Report to public sector agencies regarding issues arising from the audit review of accounts and operations.

Outcome - Improved provision of professional, timely, relevant, independent opinions and reports on public sector finance, administration and public accountability matters.

- Enhance the Department's ability to attract, maintain and retain highly skilled and committed professional people.

Outcome - Improved environment and opportunities for staff members.

- Provide infrastructure and support that encourages improved use of knowledge and expertise, to assist the Department to meet its ongoing professional responsibilities.

Outcome - Enhanced utilisation of corporate knowledge systems in the provision of audit service.

STRATEGIES

To achieve these objectives, the Department's corporate plan has strategies and associated targeted outcomes which are considered important to discharging, in a professional manner, the responsibilities conferred on the Auditor-General and the Department by legislation and the administrative arrangements of the Government.

ACHIEVEMENT OF THE PLANNED STRATEGIES

The following provides details of the significant achievements with respect to the Corporate Plan during the 2000-01 financial year.

- Implementation of the new audit methodology to all field audit teams.
- Presentation of the Auditor-General's Annual Audit Report to Parliament as prescribed by the *Public Finance and Audit Act 1987*.
- Presentation the following Supplementary Reports to Parliament pursuant to the *Public Finance and Audit Act 1987*.
 - Electricity Businesses Disposal Process in South Australia: Engagement of Advisors: Some Audit Observations;

- Electricity Businesses Disposal Process in South Australia: Arrangements for the Disposal of ETSA Utilities Pty Ltd and ETSA Power Pty Ltd: Some Audit Observations;
- Agency Audit Reports;
- Electricity Businesses Disposal Process in South Australia: Arrangements for the Disposal of Optima Energy Pty Ltd, Synergen Pty Ltd, Flinders Power Pty Ltd, Terra Gas trader Pty Ltd and ElectraNet SA Pty Ltd: Some Audit Observations.
- Presented the Report of the Auditor-General on Summary of Pelican Point Power Station Project Documents under section 41A of the *Public Finance and Audit Act 1987*.
- Presented the Report of the Auditor-General on the Electricity Businesses Disposal Process in South Australia: Report by the Auditor-General pursuant to section 22(2) of the *Electricity Corporations (Restructuring and Disposal) Act 1999* on Relevant Long Term Leases.
- Presented the Interim Report of the Auditor-General on the Hindmarsh Soccer Stadium Redevelopment Project.
- Independent quality assurance reviews were conducted on fourteen agency audits and no significant matters were identified.

Our values are:

| | |
|-----------------------|--|
| <i>Integrity</i> | We will display integrity through honest, ethical and professional behaviour. |
| <i>Independence</i> | In the conduct of our work and in forming our opinions we will exhibit independence, impartiality and fairness. |
| <i>Innovation</i> | We will strive for continuous improvement through acceptance and promotion of innovative ideas and the sharing of knowledge. |
| <i>Respect</i> | We will respect diversity and the contribution of others and will create a collaborative/team environment that encourages open communication, trust and empowerment. We will foster effective working relationships which acknowledge and value the role and responsibilities of key stakeholders. |
| <i>Quality</i> | We will ensure our work is of high quality reflecting relevance, sound methodology, good judgement and thoroughness. |
| <i>Accountability</i> | We will be accountable for our decisions and actions and be transparent in the way we conduct our business. |

VALUES

The values we hold, both as individuals and as a collective body (as a Department), are the foundation upon which our actions, words and decisions are based. Acknowledging this we have taken the opportunity to document the values which the Department is committed to and which underpin the strategic planning processes and the operations of the Department.

Provision of Auditing Services

LEGISLATIVE MANDATE

The statute that has the greatest impact on the operations of this Department is the *Public Finance and Audit Act 1987*. That Act provides the statutory mandate for the Auditor-General to conduct the audits of public sector agencies.

The major principles embodied in that Act provide for the Auditor-General to:

- be appointed;
- be independent of the Executive Government;
- audit the accounts of the Treasurer, government departments, statutory authorities and other public sector agencies;
- examine the efficiency and economy with which government departments, statutory authorities and other public sector agencies use their resources;
- report audit findings and other stipulated matters to both Houses of Parliament;
- review summaries of confidential government contracts and report on the adequacy of the document as a summary of the contents of the contract when requested to do so by a Minister;
- have full and free access to all accounts, records, documents and information required for the discharge of the audit function;
- charge fees for conducting audits with the approval of the Treasurer.

The Act imposes a statutory obligation on the Auditor-General to conduct the audits of 174 public sector agencies and statutory funds. In addition, in accordance with section 33 of the Act, the Auditor-General has accepted appointment as auditor of 8 entities.

TYPES OF AUDITS AND REVIEWS CONDUCTED

The Act provides a mandate for the Auditor-General to conduct five different types of audit. These are:

- financial and compliance audits - subsection 31(1);
- efficiency and economy audits - subsection 31(2);
- reviews of the adequacy of controls exercised by auditee agencies - subsection 36(i)(a)(iii);
- examinations of the accounts of a publicly funded bodies - section 32;
- review of a summary of a confidential government contract - section 41A.

In addition, the Auditor-General had a statutory obligation to examine and report on relevant long term leases under section 22 of the *Electricity Corporations (Restructuring and Disposal) Act 1999*.



Audit Manager, Martin Diegmann, with team members at the Botanic Gardens in Adelaide.

Financial and Compliance Audits

Subsection 31(1) of the Act imposes a statutory obligation on the Auditor-General to audit the accounts of the Treasurer and also each public authority (as defined in the Act).

Such audits are known as financial and compliance audits. As that term indicates, the main thrust of these audits is directed towards the matter of accountability for the funds and resources made available and administered by agencies. The audit also provides a high level of assurance that all legal obligations and requirements have been met.

The Act does not prescribe the methods to be used in conducting financial and compliance audits. The methods and practices adopted are continually reviewed and assessed by the Department to ensure the efficiency and effectiveness of the Department's audit processes are maintained.

The audit methodology used by the Department follows that stipulated in the Auditing Standards and Auditing Guidance Statements issued by the Australian Accounting Research Foundation on behalf of the two major accounting bodies in Australia.

The particular methodology adopted by this Department is known as 'Risk Based Auditing'. This methodology places considerable emphasis on the planning of audits.

The first stage of audit planning requires that all auditable areas of the auditee agency be identified and the audit risk associated with each of those auditable areas is identified and documented by the auditor.

Factors taken into account in determining the audit risk include the risk inherent in the activities being undertaken by the auditee agency, the adequacy of the internal control structure established by the auditee agency, and the risk that the procedures employed by the auditor may not detect material misstatements in the financial statements.

The second stage requires that sufficient audit coverage and testing is planned in order to ensure that the audit risk identified in the first stage is reduced to an acceptable level. All audit plans are reviewed and approved by a Director of Audits.

Transactions and/or records required for audit testing are generally selected using statistical sampling methods and many are extracted from agency files using special audit software routines.



Audit Manager (on the right), Philip Rossi, with team members at the South Australian Ports Corporation.



Audit Manager (second from the right): Gianna Giannopoulos with team members at the University of South Australia.

Similarly, many of the audit tests to which those transactions and/or records are subjected are applied by using specialised audit software which runs on the powerful notebook personal computers issued to each staff member.

For more information regarding the audit methodology, refer to comments in this Report under the heading Research and Quality Assurance on page 23 of this Report.

Details of the audit work done and the results of that work are recorded electronically using an audit software package acquired from an international firm of chartered accountants.

Findings resulting from the audit are discussed with appropriate auditee agency staff and subsequently forwarded in writing by means of a management letter to the appropriate level of auditee agency management. A response in writing to the issues raised by Audit is sought from agency management. The time period for a response is usually four weeks.

At the conclusion of each audit, a series of quality control reviews are undertaken by senior audit officers to ensure that:

- the work performed was of an acceptable professional standard;

- sufficient work was performed in order to form an opinion on the auditee agency's financial statements;
- the work performed was in accordance with that planned or good reasons exist (and are documented) for any material deviations;
- the results have been conveyed accurately and in a timely manner to auditee agency management;
- a written response has been received;
- the opinion expressed on the financial statements is reflected by the results of the audit;
- the opinion expressed on the controls exercised by the auditee agency is reflected by the results of the audit.

In accordance with professional standards, the Auditor-General issues an opinion on the financial statements of each auditee agency through a document known as an 'Independent Audit Report'.

The Independent Audit Report in most cases is not qualified. However, where the results of an audit are not satisfactory or where the accounting treatment for certain transactions does not comply with applicable professional accounting standards, the Independent Audit Report may be qualified, or in extreme cases, no opinion may be expressed. The inability to express an opinion signals the fact that there were issues associated with the audit of an auditee agency that warranted the attention of the Government and the Parliament. In accordance with professional requirements, full reasons are provided in those cases where the Independent Audit Report is qualified or where no opinion is given.

Efficiency and Economy Audits

Subsection 31(2) of the Act authorises the Auditor-General to examine the efficiency and economy with which a public authority (as defined in the Act) uses its resources.

Such audits are also known as 'value for money (or performance) audits'. As would be expected, this type of audit can be diverse in respect of the types of issues reviewed. It may be large and complex, it may encompass more than one organisation, or alternatively, it could be relatively small and cover only one section or part of an organisation.

The methodology and approach adopted will, of course, vary from one subject matter to another. The overall methodology to be followed however, will encompass the following stages:

- planning;
- fact gathering;
- assessment of facts;
- forming provisional conclusions;
- natural justice/procedural fairness processes;
- quality control;
- reporting.

The Act provides the Auditor-General with flexibility regarding reporting the results of efficiency and economy audits to Parliament. They may be included in the Annual Report

produced in accordance with the requirements of subsection 36(1) of the Act or they may be the subject of a special report produced in accordance with section 37 of the Act.

It has been the policy of this Department to include comment on efficiency and economy audits finalised during the year in the Auditor-General's Annual Report to Parliament produced in accordance with subsection 36(1) of the Act.

A number of efficiency and economy audits and extended audit reviews were undertaken during 2000-01. The results of these audit reviews will be included in the 2000-01 Auditor-General's Report to Parliament.

This Department does not maintain a separate dedicated team to conduct efficiency and economy audits. The audits are conducted by field audit staff supplemented where necessary by external consultants.

Reviews of the Adequacy of Controls Exercised by Auditee Agencies

The responsibility to prepare financial statements and to present them for audit rests with the senior management of each auditee agency. That level of management also has a responsibility to maintain accounting systems which provide a high level of assurance over the accuracy of financial records and safeguard the assets of the auditee agency. An essential part of achieving this high level of assurance is the implementation and maintenance of a sound system of internal control.

Within the South Australian public sector, the responsibility for internal control systems is mandated in the Treasurer's Instructions, issued pursuant to the Act. Specifically Treasurer's Instruction 2 'Financial Management Policies' requires the Chief Executive of a Public authority to ensure that the authority develops, implements and documents policies, procedures and systems which will assist the Chief Executive and the responsible Minister to discharge accountability in relation to the authority's:

- reporting of financial information to users of financial reports;
- application of accounting policies;

- financial management;
- internal control systems;
- business policies and practices;
- compliance with applicable laws and regulations;
- monitoring and controlling risk.

The requirement for the Auditor-General to assess the adequacy of the management approach is found in section 36 of the Act. That section requires the Auditor-General to form and express an opinion as to whether:

... the controls exercised by the Treasurer and public authorities in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities is sufficient to provide reasonable assurance that the financial transactions of the Treasurer and public authorities have been conducted properly and in accordance with law.

To satisfy this legislative requirement, the Auditor-General expresses a separate audit control opinion for the Treasurer and for individual public authorities. These separate opinions are published annually in the Auditor-General's Report to Parliament.

It follows therefore, that the audits of public sector agencies conducted by the Auditor-General must place particular emphasis on the identification, evaluation and testing of each auditee agency's system of internal control. The Department has developed a separate Controls Opinion Methodology, which formalises the processes involved in planning for, conducting and reaching, conclusions with respect to the opinion on internal controls.

At this stage, no external auditor in either the private sector or the public sector, other than the South Australian Auditor-General formally expresses an opinion on the effectiveness of an auditee agency's structure of internal control.

Indeed the legislative requirement for the Auditor-General to express such an opinion illustrates one of the more significant differences between auditing in the public sector and auditing in the private sector.



Audit Manager (standing on left) Robert Matthews with team members at the Police Department.

The Department's formal methodology has embraced many of the principles identified and reported on by the Committee of Sponsoring Organisations of the Treadway Commission (COSO). The COSO report sets out to establish a common, modern definition of internal control and to provide a standard against which all entities can assess and improve their internal control systems.

Importantly, COSO emphasises that internal control is not limited to expectations with respect to financial controls but it also encompasses the operational and regulatory environments, a fact which aligns the COSO principles with the Auditor-General's statutory mandate.

In accordance with Government objectives to improve performance and to allocate resources more efficiently through improved financial management practices, the Department of Treasury and Finance introduced a Financial Management Framework (FMF). The FMF places an emphasis on agency financial controls, introduces best practice techniques in financial management, and describes key attributes of financial accounting.

The underlying principles of the FMF are consistent with the concepts identified and reported on by the COSO. The significant aspects of the FMF have been incorporated in the Controls Opinion Methodology utilised by the Department.

Examinations of Publicly Funded Bodies

When requested to do so by the Treasurer, the Auditor-General is also, empowered to examine the accounts of any publicly funded body.

A publicly funded body is defined in the Act as either an entity constituted under the *Local Government Act 1934* or any body or person carrying out functions of public benefit that has received money from the State by way of grant or loan.

Subsection 32(3) of the Act requires that any report resulting from such an examination be tabled in both Houses of Parliament.

An examination of the circumstances surrounding the redevelopment of Hindmarsh Soccer Stadium continued during 2000-01.

On 25 July 2001 a report titled 'Interim Report of the Auditor-General on the Hindmarsh Soccer Stadium Redevelopment Project' was tabled in Parliament.

It is expected that the Final Report on this examination will be finalised for presentation in the spring sitting of Parliament.

Review of a Summary of a Confidential Government Contract

Section 41A of the Act requires the Auditor-General, at the request of a Minister, to examine and report on summaries of confidential government contracts.

The Report of the Auditor-General, expressing an opinion on the adequacy of the summary, is to be presented to the requesting Minister and to be presented to both Houses of Parliament.

Following a request from the Treasurer, the Auditor-General, in November 2000 presented to Parliament a Report on the Summary of Pelican Point Power Station Project Documents.

Auditor-General's Role in the Electricity Corporations Restructuring and Disposal Process

The Auditor-General had obligations flowing from the restructure and disposal of the government-owned electricity assets.

In particular section 22 of the *Electricity Corporations (Restructuring and Disposal) Act 1999*, required that the Auditor-General must within the period of six months after the 'prescribed date', examine each relevant long-term lease and report on:

- the proportion of the proceeds of the leases used to retire State debt;
- the amount of interest on State debt saved as a result of the application of those proceeds.

Further the Auditor-General must incorporate in the report, a report on the probity of the processes leading up to the making of each relevant long-term lease, and ensure copies of the report are presented to both Houses of Parliament.

As there was no mandate pursuant to the *Electricity Corporations (Restructuring and Disposal) Act 1999* for the Auditor-General to report progressively on the probity of the processes for the disposal of the electricity assets, a number of reports by the Auditor-General were prepared in terms of subsection 36(1)(b) of the *Public Finance and Audit Act 1987*.

That subsection of the Act enabled the Auditor-General to report on any matter that, in the opinion of the Auditor-General, should be brought to the attention of the Parliament and Government. Obviously the matter of the disposal of the electricity assets is one of public interest and importance.

During 2000-01 the following reports relating to the disposal of the South Australian Government-owned electricity assets were tabled in Parliament:

- Supplementary Report of the Auditor-General on 'Electricity Businesses Disposal Process in South Australia: Engagement of Advisers: Some Audit Observations'.
- Supplementary Report of the Auditor-General on 'Electricity Businesses Disposal Process in South Australia: Arrangements for the Disposal of ETSA Utilities Pty Ltd and ETSA Power Pty Ltd: Some Audit Observations'.
- Supplementary Report of the Auditor-General on 'Electricity Businesses Disposal Process in South Australia: Arrangements for the Disposal of Optima Energy Pty Ltd, Synergy Pty Ltd, Flinders Power Pty Ltd, Terra Gas trader Pty Ltd and ElectraNet SA: Some Audit Observations'.

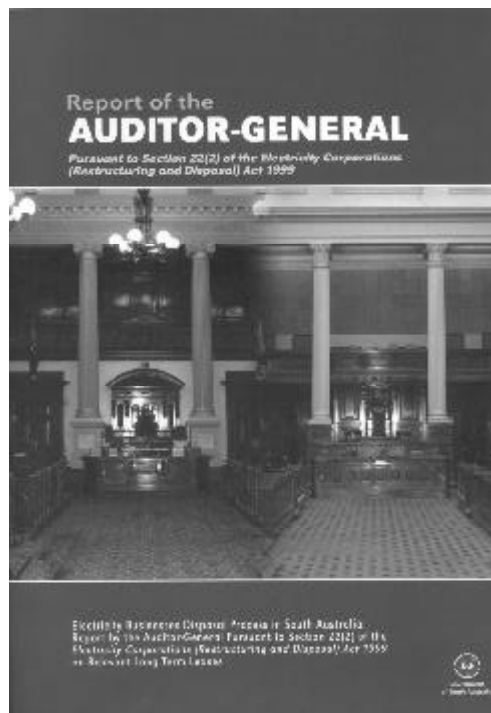
In addition, the final report as required by the *Electricity Corporations (Restructuring and Disposal) Act 1999* was tabled in Parliament:

- Report of the Auditor-General on 'Electricity Businesses Disposal Process in South Australia: Report by the Auditor-General Pursuant to section 22(2) of the *Electricity Corporations (Restructuring and Disposal) Act 1999* on Relevant Long Term Leases.

This report discharged the obligations of the Auditor-General under that Act in terms of being issued within six months of the date of the last relevant long term lease, commenting

on the proceeds used to retire State debt and the interest on State debt saved, and commenting on the probity of the processes leading up to the making of each relevant long term lease.

To assist in the production of the previously mentioned reports, it was necessary to supplement the resources available to the Department with external expertise. This expertise was provided by officers from the Australian Government Solicitor following approval from both the Commonwealth and State Governments.



WHISTLEBLOWER LEGISLATION

In accordance with guidelines issued by the Commissioner for Public Employment, this Department has identified five senior officers to be 'responsible officers' to receive and action disclosures under the *Whistleblowers Protection Act 1993*.

Where complaints pursuant to the *Whistleblowers Protection Act 1993* are received by the Department, they are investigated

Issues faced by the Auditor-General's Department During 2000-2001

During 2000-01 a number of issues impacted on the operations of this Department.

Some of those issues were brought about by internal changes, some by changed administrative procedures and others occurred as a result of Government policy directives.

New Audit Methodology

In 2000-01, the Department completed its phased introduction of a new audit methodology that supports the performance of financial compliance and internal control audits conducted by the Department. Implementation commenced in the previous year. Work in 2000-01 involved the implementation of the methodology to audits in all of the Department's field audit teams requiring training for all relevant staff, system changes and upgrades and management of the implementation process at a Departmental and team level.

As with all major systems and process upgrades, the implementation process involved a major commitment of the Department's resources to the change process. The implementation process in 2000-01 was highly successful and has established a solid foundation for the conduct of future financial compliance and internal control audits.

The results of audits conducted are included as relevant in the Part B of the 2000-01 Auditor-General's Report to Parliament.

Information Technology Audits

The implementation of a new audit methodology has also required a renewed focus on the information technology audit process. During 2000-01 extensive data collection and planning processes were conducted with respect to all major computer environments across the Department's mandated audits.

Audit has also over the past few years reviewed certain contractual and security aspects of selected agency electronic commerce facilities, which provide for the payment of amounts due to agencies over the internet. The focus on review of selected agency electronic commerce facilities has been further pursued this year with the

increasing adoption by Government and its agencies of electronic commerce for financial transactions and operational service delivery.

Audit has a rotational plan with respect to the review of the EDS (Australia) Pty Ltd processing bureau at Glenside and remote agency computing sites which address various operational and security aspects under the IT Infrastructure contract with EDS (Australia) Pty Ltd.

Privatisation

In the 2000-01 Auditor-General's Report to Parliament there is commentary on asset sales. For most assets, the sale process is complex with the consequent need to recognise and address the associated risks.

The most significant public sector asset disposal in the State's history is that of the electricity assets. Under the *Electricity Corporation (Restructuring and Disposals) Act 1999* the Auditor-General had certain explicit responsibilities. Notwithstanding, these responsibilities, the requirement to consider the adequacy of controls in relation to the acquisition and disposal of assets under the *Public Finance and Audit Act 1987* has led to an extensive workload in relation to the electricity assets disposal process. In 2000-01 audit effort has principally been directed to:

- the finalisation of the disposals process for electricity assets;
- the effect of electricity asset disposals on the public finances;
- asset sales processes for the South Australian Totalizator Agency Board and South Australian Ports Corporation.

These matters are subject to a range of reporting in the 2000-01 Auditor-General's Report and Supplementary Reports to the 1999-2000 Auditor-General's Report.

Special Investigations

In December 1999 the Auditor-General received a formal request from the Treasurer of South Australia, pursuant to section 32 of the *Public Finance and Audit Act 1987* to examine and report on dealings relating to the Hindmarsh Soccer Stadium Redevelopment

Project. The formal request of the Treasurer was consistent with a request embodied in a motion passed by the Legislative Council in November 1999.

Audit's examination of the Hindmarsh Soccer Stadium Redevelopment Project has been extensive, involving:

- Relating in a formal manner with persons and organisations within Government and external to Government to obtain access to accounts, records and documents relating to the redevelopment, operation, financial affairs and management of the Hindmarsh Soccer Stadium.
- Reviewing, cataloguing, analysing and evaluating the contents of all information obtained relative to the Terms of Reference of the examination.
- Conducting formal interviews with various persons to further explore and clarify specific issues that have arisen in the course of the examination.

It is expected the Final report on the examination will be finalised for presentation in the spring session of Parliament.

Financial Management Framework

From 1 July 1998 a Financial Management Framework that sets out principles for good financial management applied to all non-commercial sector agencies. The framework identifies a number of key components and related principles that together address matters including internal control, planning and reporting. The framework is of direct relevance to the Auditor-General's responsibilities in relation expressing an opinion on the effectiveness of the control structures in agencies.

Audit attention was given to applying the framework in audits undertaken and assessing agency progress in implementing the framework. This matter is reported in Part A of the 2000-01 Auditor-General's Report to Parliament.

WHOLE-OF-GOVERNMENT REPORTING

From reporting dates on or after 30 June 1999, Australian Accounting Standard AAS 31 Financial Reporting by Governments

became operative. The Government has prepared unaudited whole-of-government financial statements for the three years prior to 1999-2000 and has undertaken work to facilitate the publication of audited financial statements for 1999-2000 in compliance with AAS 31. Audit work this year addressed the 1999-00 whole-of-government statements and matters including the legislative basis for audit. A summary of audit work performed is included in Part A of the 2000-01 Auditor-General's Report to Parliament.

INDICATORS OF WORKLOAD AND PERFORMANCE

The Auditor-General is appointed as the auditor of public sector agencies by statute. The amount of work required on an audit, to enable an audit opinion to be expressed is determined by professional standards.

The quality of the work carried out by this Department and the value and quality of the output produced in the form of reports cannot be assessed by statistical means alone.

That quality can only be assessed by:

- Subjecting the work undertaken to a professional and independent peer review.
- Obtaining feedback from the users of the reports produced.

Nevertheless statistics can be, and are used to assess the workload and the performance of this Department.

The main measure of performance used is that which relates to the time expended on segments of audits (and on whole audits) compared with that budgeted. The implementation of the Practice Management Information System, has improved the managerial control that can be exercised in that manner.

The table on page 19 provides a summary of some indications of the Department's workload and of its performance for the past two years.

In interpreting those statistics relating to time expended on audits etc, it must be understood that the financial year for most auditees ends on 30 June. By necessity the audit year for those audits usually runs from October until the following September.

It is important to note that the Department, as part of its corporate planning process, is committed to the development of additional performance indicators and systems to report those indicators. Performance indicators proposed relate to:

- The timeliness and quality of reporting to auditee management on the results of audits.
- The timeliness of the issue of the Independent Audit Report.
- Further benchmarking the conduct of audits against both internal and best practice benchmarks in similar jurisdictions.

STATISTICS RELATING TO AUDITS AND AUDIT TIMES

| Workload | 2000-01 | 1999-2000 |
|---|---------|--------------------|
| Number of audits undertaken as at 30 June | 182 | 190 ⁽¹⁾ |
| Number of Independent Audit Reports issued | 170 | 177 |
| Average number of working days between auditee's end of financial year and the issuing of an Independent Audit Report | 102 | 87 |
| Number of management letters issued | 186 | 192 |
| Number of hours expended on conducting audits to 30 June (Excludes audit management hours) | 50 825 | 50 147 |
| Number of hours expended on management of audits | 9 594 | 8 749 |
| Number of hours expended on staff presenting and attending professional development courses | 10 516 | 8 348 |
| Number of hours recorded as leave taken during the financial year | 30 295 | 27 357 |

(1) Excludes 8 organisations controlled by the South Australian Asset Management Corporation. These organisations were dissolved on 1 July 2000.

Benchmarking

Currently the Department actively participates in benchmarking exercises with other audit offices as part of its involvement with the Australasian Council of Auditors-General (ACAG). During the year the Department participated in the following benchmarking exercises:

- Benchmarking the audit offices' audit methodologies.
- Benchmarking the audit cost/inputs of each audit office.
- Benchmarking of audit offices Human Resources and Corporate Services.
- Differences in audit mandates, ie audit offices are required to express opinions of various matters viz:
 - performance indicators;
 - controls exercised by auditees.
- Differences in administrative procedures, ie some offices make extensive use of contractors.
- Differences in geographical size and associated travel costs in some jurisdictions.
- Differences in the way auditees operate, including their organisational structure and the financial systems utilised.

It is important to note, however, the performance indicators used in these exercises need to be used with some caution due to the following factors:

Corporate Support Services

The Corporate Support Services directorate supports the field audit staff in the discharge of their financial and operational audit responsibilities and assists the Auditor-General in discharging his departmental responsibilities as the Chief Executive of the Auditor-General's Department.

The directorate includes the following functional units:

- Administration and Finance
- Human Resource Management and Development
- Information Technology Support
- Research and Quality Assurance
- Special Projects

ADMINISTRATION AND FINANCE

Role and Function

The Administration and Finance section comprises:

Administration:

- supplies reception and keyboard processing services (including production of the Auditor-General's Reports to Parliament);

- administers the supply and procurement of office requisites;
- operates the Department's corporate records management and filing system;
- maintains the Department's library.

Finance and Accounting Section:

- processes payroll including the maintenance of personal classification, salary, superannuation, taxation, flexitime and other leave entitlement records;
- processes the general ledger, accounts payable, accounts receivable and asset register accounting functions;
- operates the Practice Management Information System (embracing labour time costing and billing processes);
- processes occupational health and safety and workers compensation claims;
- produces internal and external budgetary, statistical and financial monitoring reports (including the Department's annual financial statements, periodic Treasury and Finance reports and taxation returns).



Members of the Corporate Support Services.

Achievements

Accounting System

The general ledger, accounts payable and accounts receivable processing is performed on a networked desktop computer using the South Australian Government mandated AccPac System using a SQL database. The Asset Register processing is undertaken using D-Bit application software and a Btrieve database. During March 2001 the AccPac system was upgraded from version 4.1 to version 4.2.

The Accounts Receivable module was implemented in March 2001. The Accounts Receivable module allows integration of revenue processing and budgetary reporting functions within the accounting system. The further automation of revenue processing and budgetary monitoring is planned to be implemented in the forthcoming year when relevant data records have been established.

An upgrade to the D-Bit Asset Register software was approved in April 2001 which will enable the application to be used by different personnel for asset maintenance, related security data recording, management and accounting purposes. The software is planned for implementation in the forthcoming year.

Human Resource Information System

The Complete Human Resource Information System (CHRIS Five) was implemented in early June 2001. Live operation of the payroll module commenced on 1 July 2001.

The CHRIS implementation includes the availability of a 'Web Kiosk' facility to enable on-line access to human resource information according to authorised security levels. It also includes software for the extraction and production of a wide range of human resource management reports. Use of these facilities is currently under review in conjunction with the development of processes for the entry and update of relevant human resource data within CHRIS. Meanwhile standard reports and the report generator within CHRIS have been used to meet all the current payroll, leave and accounting report requirements.

Practice Management Information System

A new version of the Practice Management Information System (PMIS) was implemented during the year. PMIS is used for:

- employee timesheet recording;
- recording labour costs and time spent on audits;
- reporting on variances between time spent on audits and that budgeted;
- raising invoices and recording fees charged to auditees.

Banking Arrangements

In late May 2001 the Treasurer granted approval for the Department to conduct its operations through a Special Deposit Account titled "Department Operating Bank Account". Previously the Department received daily appropriations of funds from the Consolidated Account as cheques were presented for payment. This revised accounting arrangement was necessary to resolve and simplify a number of accounting and reconciliation issues specifically associated with the appropriation, payment, reimbursement and refund of goods and services tax both for the Department and its Administered Items.

Future Developments

With all systems now operating on the Department's network there is the opportunity to review and change existing processes to further automate and improve operations and to consider embarking on new projects associated with human resource system and knowledge management system developments.

Fraud Control Policy

Because of its statutory mandate and professional obligations, the Department is acutely aware of the need for management to have adequate systems in place that will prevent or detect the occurrence of any fraudulent practices.

No cases of fraud were detected within the Department during 2000-01.

HUMAN RESOURCE MANAGEMENT AND DEVELOPMENT

Role and Function

The Human Resources section's role is predominantly to facilitate and coordinate the development and implementation of human resource strategies in partnership with the Executive and Managers of the Department.

Achievements

The achievements of the section and the Department are outlined in the section 'Human Resource Management and Development' on page 26 of this Report.

INFORMATION TECHNOLOGY SUPPORT

Role and Function

The Information Technology Support section's role is to provide a support/service function relating to all information technology aspects of the Department's operations including:

- Ensuring the continued availability of suitable hardware and software, through designated maintenance, upgrade or replacement program.
- Ensuring adequate hardware, software and networking facilities are available to meet the anticipated user and/or processing demands.
- Evaluating new/upgraded software products and audit applications.
- Providing and supporting the communications and networking/internet requirements of the Department and individual staff.
- Ensuring the continuity, integrity and security of the Department's facilities, infrastructure, network and data.
- Providing ad hoc support, assistance or advice on a day-to-day basis, to all Departmental staff to maximise operational efficiency including:
 - on demand assistance with hardware or software faults;

- general assistance/instruction for staff in the use of the software and functions available.

- Providing ad hoc support, assistance or advice on a day-to-day basis in the production of reports to Parliament.

Achievements

Internet

The Department has conducted a complete review of all its website publications (<http://www.audit.sa.gov.au>) to ensure that all material could be easily accessed. A special software package "Bobby 3.2" was utilised to ensure that all web pages are easily accessible by individuals with disabilities. All additions or updates to the Department's website must pass these tests before they're uploaded for access via the Internet.

Intranet

The Department has revamped and expanded its Intranet to provide staff with easier and more timely access to internal policies, procedures, software and application updates.

Policy Development

The Department is highly reliant on data and information that is captured, stored, processed and delivered by computers and their associated communications facilities. Such data and information play a vital role in supporting business processes and customer services; in contributing to operational and strategic business decisions; and in conforming to legal, statutory and professional requirements.

Accordingly the data and information and the enabling technology are important assets that must be protected to a level commensurate with their value to the Department.

Recognising this, the Information Technology section being responsible for the development of the Departmental Information Technology Policy within this Department, has revised and reissued the Information Technology Policy to all staff.

Software Audit

In accordance with Departmental Policy, the Information Technology section periodically conducts a software audit of all PCs throughout the year. This includes the identification of software and other files which (while not necessarily illegal) are contrary to Departmental Information Technology Policy and are not approved for installation on the Department's computing or network facilities.

In addition, the software audit includes checks to ensure that the current software/files are installed, particularly the Virus Scanning Software and 'signature' files.

During the year only minor infringements were noted and corrected.

The team's specific objectives are to:

- Identify areas for improvement in the efficiency and effectiveness of the Department's auditing operations and methodologies.
- Ensure that effective quality control policies and procedures are in operation.
- Provide professional advice on emerging technical issues and respond to technical discussion papers issued by professional accounting and auditing bodies.
- Provide training to staff on audit methodology and associated audit tools.
- Provide a 'hot-line' service to support the users of the Department's specialised audit software.

RESEARCH AND QUALITY ASSURANCE

Role and Function

The Research and Quality Assurance team's charter is to provide a professional research and advisory service to the Executive and staff and to contribute to the continuous improvement of the Department's auditing processes.

Achievements

The major achievements over the past twelve month period include successfully completing the phased implementation of the audit methodology project, actively participating in a quality assurance program, introducing state of the art audit related software products, and responding to accounting and auditing technical issues.



Members of the RQA section.

Audit Methodology

Over the past few years, the Research and Quality Assurance Team has directly been involved in the detailed analysis of alternative audit working paper software packages and audit methodologies (and associated tools) as applied in both the private and public sector. That review involved the selection of the most appropriate packages and audit methodology and then managing and coordinating their implementation through the Department.

As previously reported in the 1998-99 financial year the Department implemented the Deloitte Touche Tohmatsu (DTT) AuditSystem/2 (AS/2) Document Manager package. In the same year a review of audit methodologies applied in both the private and public sectors was also undertaken and the DTT audit methodology was assessed as the preferred option. It was decided to enter into negotiations to further evaluate this audit methodology on 'live clients'. This evaluation process was undertaken in order to assess the appropriateness and applicability of the methodology and audit software support packages, and whether they could be successfully integrated within the Department.

The evaluation demonstrated the applicability of the methodology and software and the potential benefits to the Department. A decision was made to acquire and implement the audit methodology over a two year process. The Department named the audit methodology AGES, an acronym for **A**udit **G**uidance and **E**valuation **S**ystem. This represented an important step in taking

ownership of the product and making it our own.

In the 1999-2000 financial year five audit field sections were trained in AGES and successfully applied the methodology over a wide range of agency types, clearly indicating significant benefits would be achieved upon full implementation.

The 'phase in' implementation concept was designed to allow us to adopt the DTT audit methodology and refine that approach where necessary so as to cater for our specific public sector requirements. This was particularly the case with respect to integrating the audit work required to satisfy the financial attest and controls opinion mandates. The framework for the integration of this work was completed and implemented this year.

During the 2000-01 financial year the remaining audit field sections were trained in the audit methodology and also successfully implemented the new methodology to their respective audit portfolios. As expected there was great benefit in sharing the experiences of the previous year with the audit teams coming on board for the first time.

It is expected that the audit methodology will improve the Department's service delivery by focusing on adding value to the operations of Government and its agencies. This improvement is expected in both the quality of service provided and efficiencies in its delivery. The new methodology is a key enabler in improving audit outcomes and to better service stakeholder and staff needs.



Staff attending the launch of the AGES Methodology.

Quality Assurance Reviews

To achieve our corporate objective of performing professional independent audits of the accounts of the Treasurer and the accounts and operations of public sector agencies, the Department, in its Corporate Plan, is committed to ensuring that quality control is exercised over all phases of the audit process.

One of the strategies adopted to accomplish this aim is the establishment of a program of independent quality assurance reviews of agency audits. The reviews focus on compliance with professional auditing standards and Departmental policies, and ensuring that audit working paper files contain appropriate audit evidence. Further, the general comprehensiveness, clarity and logic of these files is also evaluated.

The 2000-01 review identified certain areas in which improvements could be made to the audit documentation process. The recommendations made or findings emanating from the review have been addressed. In addition, it is clear that many of the issues raised during the quality assurance review will be addressed through the implementation of the new methodology.

The Department recognises the value and the contribution that these independent assessments can make to the audit process and the program of quality assurance reviews will continue in 2001-02 where all audits reviewed will have applied the new audit methodology.

Graduate Training

The training and development of staff within the Department has been critical in developing the intellectual capital of the Department. The continued maintenance and upgrading of knowledge and skills has contributed to a highly competent, professional and committed workforce.

To ensure success, it is imperative that a professional training and development program commence from the time a graduate first enters the Department and continues through to all levels up to and including senior management. As part of the graduate induction course, the RQA Team is responsible for training all graduates in the audit methodology and audit tools used by the Department.

Audit Software Tools

The RQA Team performed a detailed analysis of two audit related software tools, namely its data analysis and flowcharting packages. This involved reviewing and evaluating alternative packages. From this review, the Department upgraded its current data analysis package to ACL (Audit Command Language) and its current flowcharting package to Igrafx Professional. All staff were trained in the software packages.

Information Network

The Department places a high priority on ensuring that all employees are properly trained and kept informed of major developments in the accounting and auditing profession so that each person is able to operate at a high level of proficiency.

As part of this process, the RQA Team regularly provides all employees with information affecting their work. This information has included details of:

- the implementation of the AGES methodology within the Department;
- new and revised accounting and auditing standards;
- significant developments within the public sector that may have audit implications;
- progress made with respect to projects undertaken by the RQA Team.

SPECIAL PROJECTS

Role and Function

The role and function of the Special Projects section is to provide high quality and value added services, communication strategies and administrative support to the Auditor-General and staff. In addition the section role is to enhance corporate services activities within the Department and maintain effective liaison with external bodies.

Achievements

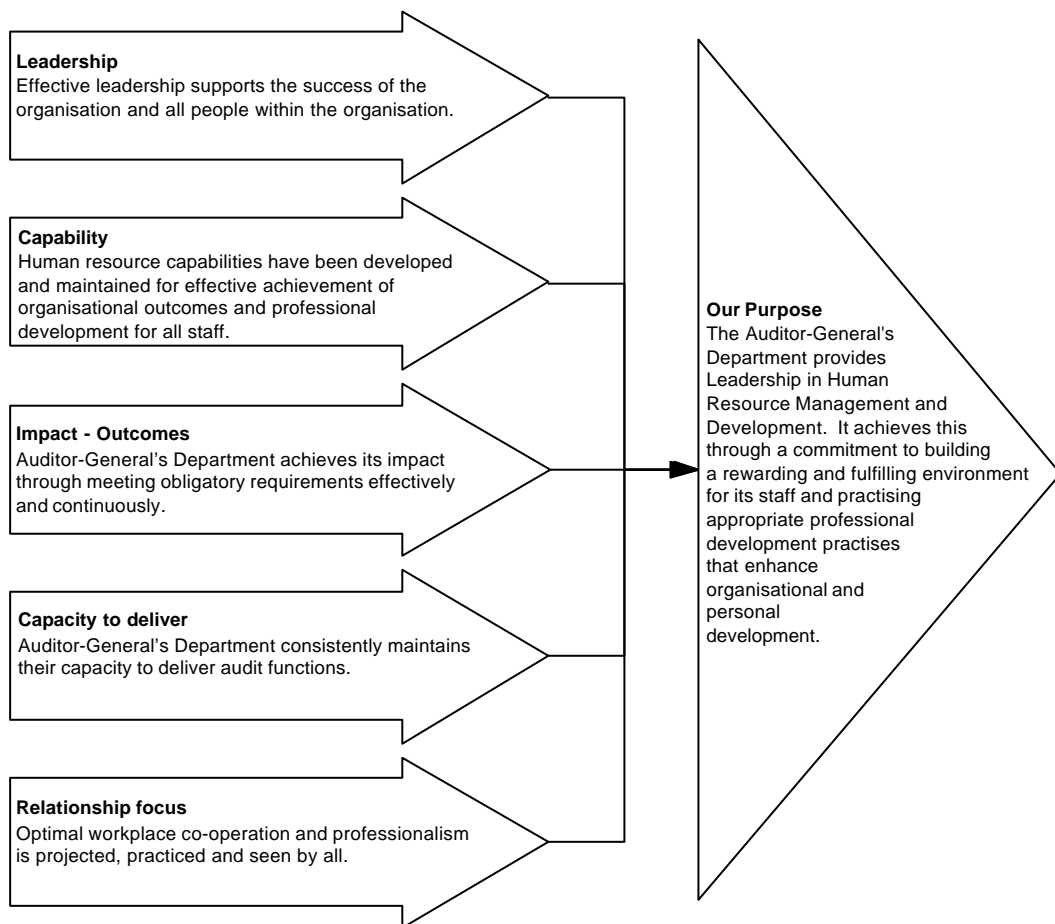
The Special Projects section has been instrumental in facilitating and providing quality support to the Auditor-General and staff. In addition, the section has fostered good working relationships and effective lines of communication with both internal and external bodies.

Human Resource Management and Development

HUMAN RESOURCE MANAGEMENT STRATEGIC PLAN

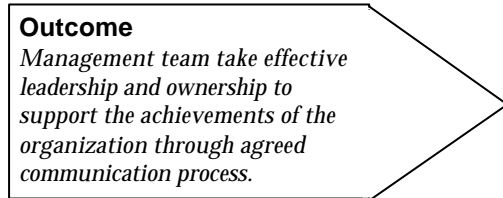
The core human resource management strategies of the Department are defined within the Corporate Plan and are supported by a robust Human Resource Management Strategic Plan.

The following information highlights the goals, achievements and future strategies that form part of the Human Resource Management Strategic Plan implementation process as represented below.



LEADERSHIP

Communication Strategy



Achievements

The Department recognises the importance of improving internal communication processes covering a range of matters associated with the general and audit responsibilities and, has conveyed this message in its Corporate Plan. Communication improvements have been identified by the Communication Liaison Group and integrated into the Department's key performance indicators.

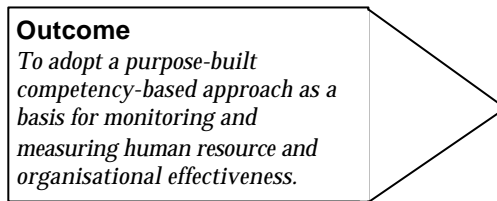
A revised model of communication and consultation has been established in the form of a quarterly Ideas Forum for all staff. This forum is supported by monthly Senior Management Group and Section meetings. The purpose of the Ideas Forum is to:

- Provide Executive and staff with a forum for the interchange of information, advice and options relevant to the Departments operations.
- Provide staff with the opportunity to explore with Executive issues to improve the structure, productivity, efficiency and effectiveness of the Department.
- Ensure informed discussions and thorough consultation on a whole-of-government workplace change processes.
- Promote and establish effective mechanisms for interactive communication between management and employees.

Outlook

The establishment of strategies such as key performance indicators and revised communication mechanisms will drive the continuous improvement in communication processes within the Department.

Competency Development



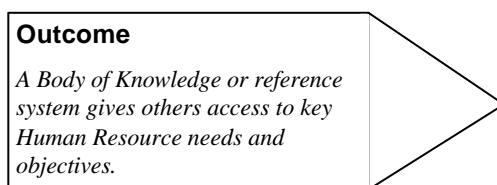
Achievements

The development of leadership and corporate competencies is one of the Human Resource Management Strategic Plan priority areas for implementation. In 2000 competency profiles for the positions of Audit Analyst and Auditor Grade I were completed. These profiles were developed to assist in enhancing graduate training and development, and in setting the criteria for progression from Audit Analyst to Auditor Grade I.

Outlook

The competency profiles will be integrated into human resource processes and practices over the coming year. An implementation plan will be developed to integrate the competency profiles into the progression criteria, recruitment and selection and training and development. Continued research will be undertaken into other competency-based models and a proposal for further competency development will be submitted to the Executive for consideration in 2001-02.

Body of Knowledge



Achievements

The Department recognises the importance of having a human resource management information system which supports strategic human resource outcomes. As a major initiative the Department was given approval to implement a new payroll and human resource management information system. Implementation of the payroll component of

the new CHRIS system was completed so that the system was operational for the beginning of the 2001-02 financial year.

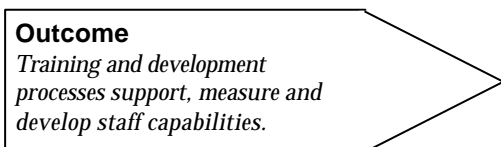
In addition, to support the Department's continuing commitment to best practice human resource management, the Department entered into a service level agreement with the Office for the Commissioner for Public Employment, to provide the human resource section with access to specialist research and library services.

Outlook

In the coming year the Department has made a commitment to further develop the human resource modules of the new human resource management information system. This includes increasing the Department's ability to report on key human resource management indicators, and workforce profiling measures. Commitment has also been made to implementing an employee kiosk to enable employees to interact with the system.

CAPABILITY

Professional Development



Achievements

Within the capability strategic results area the following activities have been the focus:

Leadership SA Program

The Department made a commitment to support all Auditor Grade II and equivalent staff in the Department to undertake the First Line Management Program conducted by the Commissioner for Public Employment as part of the Leadership SA Initiative. To date seventeen staff have applied and been accepted into the program which will commence in October 2001.

Professional Development

The Department attaches particularly high importance to the development and training of its employees in order to achieve its corporate goals. Training and development was identified as a key priority strategy in the Human Resource Management Strategic Plan.

The 2000-01 Professional Development Program was based on the responses to a Training Needs Analysis conducted during the year.

During 2000-01 the program primarily concentrated on providing training in the new AGES audit methodology. This training focused on three main areas:

- audit methodology (3 008 hours);
- computer information systems audit (1 913 hours);
- audit command language (1 298 hours).

The program also emphasised a range of training, development and learning activities for the varied and changing needs of the Department and its employees. The courses included in the Professional Development Program are detailed in Appendix B. A feature of the professional development program for this year was the team development component which was an adventure course on team building, facilitated by Venture Corporate Recharge.

As part of that program the Department presents a series of technical workshops which update all employees on technical issues and developments.

The program was supplemented with employees attending external courses, conferences and seminars. Appendix C lists the main external training courses attended by employees.

The Department continued to fully support five managers this year in their participation in the University of Adelaide's Professional Certificate in Management. This program has provided these managers with the opportunity to develop their strategic thinking capabilities and translate these skills into action within the workplace.

In addition, the Department encouraged its employees to maintain and enhance their skills through the application of self-paced learning by using CD ROM training packages and video tapes.

Education Assistance

The Department continued to provide further career development opportunities to its employees through study time assistance and fee reimbursement to designated courses.

The Department has a strong link with CPA Australia and supports the CPA Program. Staff undertaking the Program receive reimbursement of fees upon successful completion of subjects.

During the year the reimbursement of fees totalled \$32 600, whilst study time totalling 1 308 hours was granted.

Employee Tertiary Qualifications

The Auditor-General's mandate encompasses a broad range of government departments, statutory authorities, local governments and government owned companies. To effectively discharge this audit mandate, it is essential its employees possess tertiary and post-graduate qualifications.

The table below outlines the main tertiary qualifications held by employees in the Department.

EMPLOYEE TERTIARY QUALIFICATIONS

| Qualifications | Number |
|-------------------------------------|--------|
| Bachelor of Arts (Accountancy) | 16 |
| Bachelor of Accountancy | 13 |
| Bachelor of Economics (Accountancy) | 9 |
| Bachelor of Economics | 9 |
| Bachelor of Business (Accountancy) | 4 |
| Bachelor of Commerce | 36 |
| Other Degrees | 17 |
| Diploma in Accountancy | 10 |
| Other Diplomas | 8 |
| Certificates | 13 |

Professional Bodies/Institutions

As would be expected of a professional department, most of the employees are members of professional bodies and some employees are members of more than one professional body.

The Department supports and encourages employees to attain professional accreditation with CPA Australia, (CPA status) and participate on special interest committees and working groups associated with the South Australian Division of CPA Australia.

Seventy-two employees are members of CPA Australia. Three of these employees hold the designation of Fellow of that professional body. In addition one employee holds a fellowship in the Institute of Chartered Accountants in Australia. Eight employees are members of other professional bodies.

The names of all employees in the Department, their tertiary qualifications and membership status are listed in Appendix D.

The overall outcomes of these activities are that:

- Training and development processes support, measure, motivate and develop staff capabilities.
- A high level of employee professionalism is maintained.

Outlook

The most useful training and development insights have been gained from evaluations conducted after each training program. This useful feedback mechanism will continue to influence the Department's Professional Development Program and provide an opportunity to influence employee performance and organisational effectiveness.

Managing Diversity

| |
|--|
| <p>Outcome <i>Managing diversity is practiced effectively throughout the organization.</i></p> |
|--|

Achievements

The Department continues to support flexible work arrangements through the banking of flexitime during the Audit Report period and the implementation of a part-time work policy.

Outlook

The Department will continue to review and integrate policies and procedures to ensure that it complies with legislative requirements.

Performance Management

| |
|---|
| <p>Outcome <i>Personal performance management systems and processes have been established to enhance staff development.</i></p> |
|---|

Achievements

The model of performance management utilised within the Auditor-General's Department is based on progressive feedback following the completion of discrete auditing projects. This evaluation is used as a mechanism to structure opportunities for individual development in specific areas of auditing.

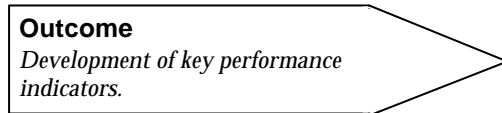
This year specific activities have been established to support the ongoing development of a personal performance management system for implementation within the Department.

Outlook

The Department will continue to focus on the development and implementation of a personal performance management system.

IMPACT - OUTCOMES

Key Performance Indicators



Achievements

As a service provider, the provision of efficient auditing services is an important objective of the Department. As such, it is important that the Department finds ways to measure its performance.

To satisfy this need for measurement, the Department established a committee to develop appropriate key performance indicators that meet the needs of our clients and our objectives.

This committee has gone through the process of developing key performance indicators that are appropriate for our Department. The trialling of these key performance indicators in the next twelve months will provide a platform for the Department to further assess our performance.

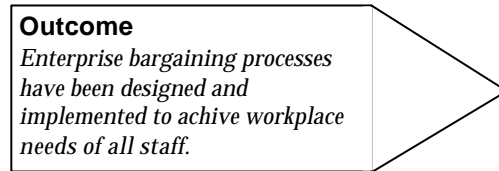
In developing the key performance indicators, it was important that there was a link to the corporate planning process undertaken by the Department. The key performance indicators were developed on the balanced scorecard approach, with the identification of core processes which link resource management, learning and other key processes at the strategic level.

Outlook

In this and future years, performance will be measured against the focus areas outlined in the Department's Corporate Plan. The Plan aims to address a number of challenges facing the Department in meeting its mission. Key performance indicators will play an important role in measuring the achievement of the Department's objectives.

CAPACITY TO DELIVER

Consultative Committee



Achievements

The Department continued to work within the provisions of the South Australian Government Wages Parity Enterprise Agreement 1999. A Consultative Committee emanating out of this enterprise bargaining framework met on an adhoc basis to review human resource policies and procedures. The role and function of this committee was reviewed and the committee agreed to disband on the basis that a revised employee consultation process be introduced.

As detailed in the Leadership 'Communication Strategy' on page 27 of this Report, an Ideas Forum has been established. This forum is supported by senior management and section meetings. In addition, an employee suggestion box scheme is still operational which provides employees with another opportunity to submit proposals for improvements relating to the Department's work methods, efficiency or general operations.

Outlook

The Department will evaluate the revised employee consultation process and make adjustments as required. In addition, it will monitor the developments and requirements of a new Wages Parity Enterprise Agreement and any impact this may have on formal the consultation processes within the Department.

Trends Analysis

Outcome

Future industry, human resource and organisational development trends over the next three years have been defined and documented.

Achievements

The Department participated in a Cullen Egan Dell survey for the Australasian Council of Auditor-General's (ACAG) as part of its continued commitment to maintaining an awareness of industry, human resource and organisation trends. Participants were required to complete the 2001 Corporate Benchmark Monitor Questionnaire. Each agency was then provided with a customised general market report as well as the ACAG report which benchmarked the Department's results against six other government Audit Offices in Australia. The Department also contributed to a survey for the Australian Human Resources Institute on Succession Management Practices in Australia.

Outlook

The Department will continue to participate in benchmarking surveys and undertake research into best practice human resource processes.

Recruitment, Selection and Placement

Outcome

Recruitment, selection and placement processes are reviewed and updated.

Achievements

A major component of the Department's recruitment and workforce planning strategy is its Graduate Recruitment Program. Graduate recruitment represents a valuable source of new employees for the Department. The Department's ability to attract appropriately qualified high calibre graduates relies on its capacity to compete with private sector organisations in a highly competitive marketplace. The Department successfully promotes itself by producing an attractive career's booklet, offering academic

prizes, attending careers fairs and conducting information sessions at all three South Australian Universities.

The number of applications received when advertising for graduate positions reflects the Department's success in promoting itself as an appealing employer that offers diverse opportunities for graduates. During 2000-01 the Department appointed thirteen Graduates.

Graduates are appointed under the *Public Sector Management Act 1995* and are initially employed on a twelve month probationary period. During this period, the graduate's manager completes four structured performance assessments to evaluate the graduate's work performance. This appraisal system has been enhanced by competency profile development for the Audit Clerk and Auditor Grade I levels and it is anticipated that the performance appraisal process will be further revised as part of the development of a formal performance management system for the whole Department.

The Department has developed a revised Graduate Training Program. This development responds to the high turnover of graduates and is intended to ensure that training provided is relevant to the graduates work, is provided consistently across the audit teams and is capable of efficient and flexible delivery. The program comprises a range of modules which address areas of accounting and financial system operations and controls, auditing practice and methods and the development of personal skills and capabilities.

Each training module will integrate elements of formal training sessions, on the job training and evaluation of training achievements. This approach will ensure that the relevance and practical focus of the training is maintained

In 2000-01 a marketing plan, which investigates the means for improving the Department's ability to attract graduates was completed. This plan was based on extensive analysis that was conducted on the accounting industry, competitors job offerings and the way these firms compete for graduate recruits. This has provided the Department with a recommended marketing strategy and plans to further develop and enhance the graduate recruitment program for 2001-02.

The Department also employed one trainee under the South Australian Government Youth Training Scheme. That trainee was placed in the Information Technology Support section in an information technology help desk and general support role.

Outlook

The Department will continue to focus on mechanisms used to attract graduates through the continued implementation of the

recommendations contained in the marketing plan to enhance the graduate recruitment cycle.

The training modules that have been prepared, along with the continued preparation of course materials for the formal training sessions will be integrated into the graduate training and development cycle for all graduates commencing in January 2002.



Graduates from year 2001 intake.

2001 GRADUATE INTAKE

| Graduates Recruitment and Placement | | | |
|-------------------------------------|---------|---------|-----------|
| | 2001-02 | 2000-01 | 1999-2000 |
| Number of applications | 98 | 119 | 118 |
| Number selected for interviews | 39 | 40 | 38 |
| Number appointed up to 30 June | 9* | 13 | 22 |

* Graduates due to commence in January 2002

Induction

Outcome

Induction processes are reviewed and updated.

Achievements

All new employees participate in an induction program and receive an induction package which supports the information delivered during the induction program. The initial induction program is generally conducted over a four day period and facilitated by members from various sections within the Department. The information delivered during the induction program covers topics such as the structure of government, internal organisational structure, roles of specific sections within the Department, information technology, and familiarisation with the audit process and specialised software packages. The induction package can be relied upon during and after the course as a general reference.

A twelve month training program has been established for graduates to support their initial induction and covers issues such as ergonomics, interpersonal communication, understanding key financial systems and report writing. This training program corresponds with the modular approach developed by the Graduate Training Program Work Group.

Outlook

The Department will continue to conduct its comprehensive induction program and twelve month training program. The structure of these programs will be based on the number of graduates employed, the amount of time required for methodology training, and the section or area of the Department they will be joining. Graduate's learning will be enhanced through on-the-job training and practical experience. The format and structure of these programs will continue to be evaluated and reviewed on an annual basis.

Workforce Profile

Outcome

Current and future needs are assessed to determine future resource requirements.

Achievements

The Department collects a range of workforce statistics. These statistics provide the means of profiling our current workforce and comparing previous years statistics.

Employee Classifications and Numbers

The Department has an approved staffing establishment of 106 full time equivalents (FTE), including the Auditor-General's position.

As at the last pay day in June 2001, the Department employed 109 employees representing 107.2 FTE. Whilst this figure indicates the Department is above establishment, the Department is actually under establishment given 13 Graduates (ASO2) and 1 trainee in the Information Technology Support section do not form part of the Department's establishment. The Department supports the employment of graduates and trainee through the SA Government University Graduate Youth Recruitment Initiative Equal Employment Opportunity Program and SA Government Youth Training Scheme respectively.

Accordingly the Department's actual establishment as at the last pay day in June 2001 was 98.2 FTE.

The tables on pages 35-37 of this Report provide a broad profile of our employees with emphasis on employee movements, age profiles and work experience profile.

Employee Turnover and Movements

On average employee FTE for 2000-01 was 100.0 (96.4 for 1999-2000) and rate of employee turnover for the financial year was 21 percent (24 percent for 1999-2000). The turnover has been primarily among audit employees. Employees of this Department are still sought frequently by other public and private sector organisations.

The Department has a policy which encourages all employees leaving the organisation, on either a temporary or permanent basis, to participate in the exit interview process. This provides management with one mechanism of monitoring organisational and staff needs and in identifying the principle reasons for employee turnover within the Department.

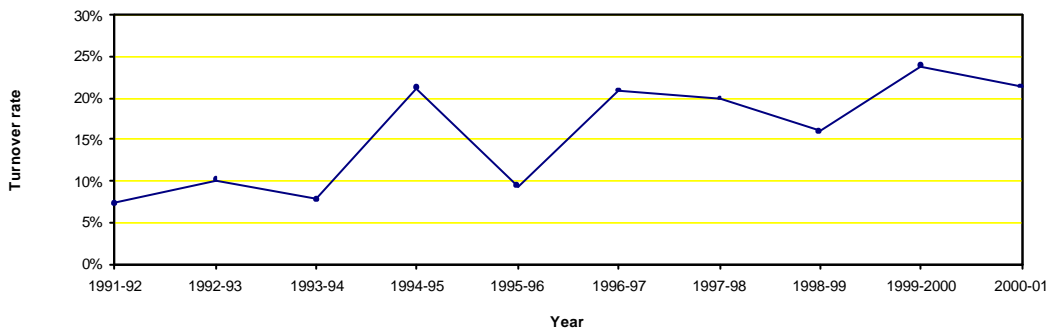
During 2000-01 the major reasons employees gave for leaving the Department were:

- career and personal development;
- job challenge;
- improved promotion opportunities;
- career change.

As a result of the significant levels of staff turnover within the Department an analysis of staff turnover and the strategic impact of this on the management of human resource capability within the Department was conducted. This report identified a number of key strategies for managing employee turnover.

The strategies identified in the Review of Turnover report are to form part of a implementation plan that promotes a number of key strategies to assist in combating the high levels of turnover in the Department.

EMPLOYEE TURNOVER 1991-92 TO 2000-01



Retirement

During 2000-01 Mr Dennis Round retired from this Department. Mr Round held the position of Audit Manager and had been a member of the Department for thirty years. His career commenced in the public service in the former Woods and Forrest Department in January 1961 and in 1970 he transferred to the Auditor-General's Department. Throughout that period Mr Round has made a substantial contribution to the operations of this Department and the public sector.

Death of Staff Member

During the year the Department and its staff were deeply saddened by the death of one of its staff members, Mr Rod Vowles.

Rod joined the Department's Information Systems Audit team in October 1996 and during the period of his employment with the Department contributed substantially to the achievements of the Department in the Information Technology audit area. He is survived by his wife, Christine and children Bradley, Brett and Rachel.

EMPLOYEE MOVEMENTS

(Excludes Auditor-General)

| | 2000-01 | | 1999-2000 | |
|--|---------|------------|-----------|------------|
| Staff Employed 1 July | | 112 | | 110 |
| Losses: | | | | |
| Retirements | 1 | | 2 | |
| Resignations | 9 | | 10 | |
| Appointments/Assignments to other public sector agencies | 7 | | 10 | |
| Youth Traineeship Completed | - | | 2 | |
| Reassignment | 2 | | - | |
| Leave Without Pay | 2 | | 2 | |
| Other | 2 | | 1 | |
| Total Cessations | | (23) | | (27) |
| Gains: | | | | |
| Appointments/Assignments from other public sector agencies | 4 | | 4 | |
| External appointments | 14 | | 24 | |
| Return from Leave Without Pay | 1 | | - | |
| Youth Traineeship Commenced | 1 | | 1 | |
| Total Commencements | | 20 | | 29 |
| Staff Employed 30 June | | 109 | | 112 |

PUBLIC SECTOR MANAGEMENT ACT EMPLOYEES

(Excludes Auditor-General)

| Stream | Ongoing | | | Contract Long Term | | | Contract Short Term | | | Total | | |
|----------------------------------|-----------|-----------|-----------|--------------------|----------|----------|---------------------|-----------|-----------|-----------|-----------|------------|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| ADMINISTRATIVE | | | | | | | | | | | | |
| Administration Services Officers | | | | | | | | | | | | |
| ASO1 | - | 1 | 1 | | | | | 1 | 1 | - | 2 | 2 |
| ASO2 | 3 | 5 | 8 | | | | 6 | 8 | 14 | 9 | 13 | 22 |
| ASO3 | 5 | 10 | 15 | | | | 1 | | 1 | 6 | 10 | 16 |
| ASO4 | 9 | 11 | 20 | | | | | | | 9 | 11 | 20 |
| ASO5 | 7 | 7 | 14 | | | | | 1 | 1 | 7 | 8 | 15 |
| ASO6 | 7 | 2 | 9 | | | | | | | 7 | 2 | 9 |
| ASO7 | 6 | 2 | 8 | | | | | | | 6 | 2 | 8 |
| ASO8 | 9 | 1 | 10 | | | | 1 | | 1 | 10 | 1 | 11 |
| Total ASO's | 46 | 39 | 85 | | | | 8 | 10 | 18 | 54 | 49 | 103 |
| Trainee - NTW | | | | | | | 1 | | 1 | 1 | - | 1 |
| Executive - Level B* | | | | 5 | - | 5 | | | | 5 | - | 5 |
| Grand Total | 46 | 39 | 85 | 5 | - | 5 | 9 | 10 | 19 | 60 | 49 | 109 |

* All Executives have a right to be appointed to a further position in the public sector at the end of a limited term appointment.

Work Experience Profile

At 30 June 2001 the average work experience of employees in the Department was eight years and one months compared to seven years and eleven months at 30 June 2000. The slight increase can be attributed to the relative stability of the workforce at the middle and senior management levels.

WORK EXPERIENCE PROFILE*(Excludes Auditor-General)*

| Years of Service | 0 <3 | 3 <6 | 6 <11 | 11 <16 | 16 <21 | 21+ | Total |
|--|------|------|-------|--------|--------|-----|------------|
| Number of Employees with Work Experience in: | | | | | | | |
| • Auditor-General's Department | 50 | 16 | 7 | 18 | 5 | 13 | 109 |
| • Public Sector | 45 | 18 | 7 | 17 | 6 | 16 | 109 |

Age Profile Of Employees

At 30 June 2001 the average age of the Department's employees was 33 years compared to 33 years and 3 months as at 30 June 2000. Approximately two thirds of the staff, (65.2 percent), are under 35 years of age

AGE PROFILE OF EMPLOYEES*(Excludes Auditor-General)*

| Age Group (Years) | Number of Males | Number of Females | Total Employees | % of all Employees | % Australia Workforce ⁽¹⁾ | % Australia Population ⁽²⁾ |
|-------------------|-----------------|-------------------|-----------------|--------------------|--------------------------------------|---------------------------------------|
| 15-19 | 1 | 0 | 1 | 0.9 | 8.3 | 7.0 |
| 20-24 | 9 | 21 | 30 | 27.5 | 11.4 | 7.1 |
| 25-29 | 7 | 13 | 20 | 18.4 | 12.1 | 7.7 |
| 30-34 | 15 | 5 | 20 | 18.4 | 11.9 | 7.4 |
| 35-39 | 8 | 6 | 14 | 12.8 | 12.0 | 7.8 |
| 40-44 | 5 | 2 | 7 | 6.4 | 12.4 | 7.5 |
| 45-49 | 6 | 2 | 8 | 7.3 | 11.4 | 7.0 |
| 50-54 | 4 | 0 | 4 | 3.7 | 9.9 | 6.5 |
| 55-59 | 4 | 0 | 4 | 3.7 | 6.2 | 5.0 |
| 60-64 | 1 | 0 | 1 | 0.9 | 2.8 | 4.1 |
| 65 + | 0 | 0 | 0 | 0 | 1.5 | 12.3 |
| TOTAL | 60 | 49 | 109 | 100 | 100 | 79.4 |

(1) ABS Supertable C2 as at June 2001

(2) ABS 3201.0 as at June 2000 (Exc. 0-15 Years - 20.4%)

Outlook

In the next year a workforce analysis will be undertaken to identify future needs and demands of the Department taking into account future trends.

OCCUPATIONAL HEALTH, SAFETY AND WELFARE

Outcome

Our physical and workplace environment both onsite and offsite supports the effectiveness of our work.

Achievements

Employee Assistance Program

This program provides staff and management with a proactive support mechanism to meet their personal needs and achieve the maximum results.

Health and Wellbeing Programs

The Department pursues a people oriented approach to occupational health, safety and welfare (OHS&W) by offering health and wellbeing professional seminars to all staff. These programs focus on personal health management strategies to reduce occupational health hazards particularly associated with intensive work periods.

Occupational Health, Safety and Welfare Committee

The Occupational Health, Safety and Welfare Committee consists of twelve members with equal management and staff representation. The committee meets regularly to progressively review OHS&W policies and practices. In addition, the committee:

- monitors health and safety issues;
- aims to increase employees' awareness and education on health and safety matters; and
- implements strategies that eliminate or minimise risks associated with the wellbeing of employees.

At the beginning of the year, the committee developed an Action Plan that was used to monitor and implement planned activities.

Occupational Health, Safety and Welfare Policies and Procedures

The OHS&W Policies and Procedures Manual is stored in a networked computer facility that can be accessed by all employees located within the Department or at remote work sites. That manual has been reviewed and updated on a progressive basis during the year.

Worksite Inspection

Worksite inspection reporting is integrated within the audit reporting process and has been incorporated as part of the new audit methodology implemented throughout the Department.

Occupational Health, Safety and Welfare Performance Review

External consultants were engaged during the year to conduct the following OHS&W activities:

- conduct an independent legislative and systems audit;
- undertake certain OHS&W training sessions; and
- assist in the review and update of the OHS&W Action Plan used by the committee to monitor the achievement of established objectives.

There were no significant matters associated with the legislative audit, and minor aspects raised with the systems audit. The consultant provided an excellent overall rating.

As part of innovations in Occupational Health, Safety and Injury Management (OHS & IM), the OHS&W Committee is in the process of developing an OHS&W Audit Tool for reviewing objectives, targets and performance indicators.

Workers Rehabilitation and Compensation Fund

No workers compensation claims were received during the year. The premium paid for workers compensation insurance for 2000-01 was \$2 006 (1999-2000 \$10 400).

OCCUPATIONAL HEALTH, SAFETY AND WELFARE STATISTICS

| | | 2000-01 | 1999-2000 | 1998-99 |
|----------|---|--|--|--|
| 1 | OHS Legislative Requirements: Number of notifiable occurrences pursuant to OHS&W Regs. Div 6.6 Number of notifiable injuries pursuant to OHS&W Regs. Div 6.6 Number of notices served pursuant to OHS&W Act s35, s39, and s40 | Nil | Nil | Nil |
| 2 | Injury Management Legislative Requirements: Compliance with Schedule 4, Claims & Registration for Exempt Employer Regulations of the WRC Act Number of employees who participated in a rehabilitation program Number of employees rehabilitated and reassigned to alternative duties Number of employees rehabilitated back to original work | As required Nil Nil Nil | As required Nil Nil Nil | As required 1 Nil 1 |
| 3 | WorkCover Action Limits: Number of open claims % workers compensation expense of gross annual remuneration | Nil 0.02 | 1 0.01 | 1 0.06 |
| 4 | Number of Injuries Number of new workers compensation claims for the reporting period Number of fatalities, lost time injuries, medical treatment only Number of whole working days lost | Nil Nil Nil | Nil Nil Nil | Nil Nil Nil |
| 5 | Cost of Workers Compensation: Cost of new claims for financial year Cost of Workers Compensation Insurance Cost of all claims excluding lump sum payments s42, s43, s44 lump sum payments (Paid by the Department) Total amount recovered from external sources (s54) Budget allocation for workers compensation (Insurance Premium) | Nil \$2 006 \$1 188 *Nil Nil \$11 000 | Nil \$10 400 \$735 Nil \$735 \$14 500 | Nil \$14 500 \$3 284 Nil \$3 284 \$13 000 |
| 6 | Trends Lost time injury frequency per million hours worked Most frequent cause of injury Most expensive cause of Injury | Nil None None | Nil None None | Nil Posture Posture |
| 7 | Meeting OHS&W Strategic Targets Achievement of OHSW Action Plan (Independent Audit Assessment) | Excellent | Not Rated | Not Rated |

* An amount of \$23 037 however was paid from the Government Workers Rehabilitation and Compensation Fund.

Sick Leave and Family Carers Leave

The average number of days taken per full time equivalent employed during 2000-01 for sick leave was 5.6 days (4.9 days for 1999-2000) and for family carers leave was 0.19 day (0.10 day for 1999-2000).

SICK LEAVE AND FAMILY CARERS LEAVE

| Item | 2000-01 Budget \$'000 | 2000-01 Actual \$'000 | 2000-01 Variance \$'000 |
|-----------------------|-----------------------------|-----------------------------|-------------------------------|
| Auditing Services | 10 041 | 9 677 | (364) |
| Administered Receipts | 7 913 | 7 917 | 4 |

Interaction of Work and Social Activities

The Department supports the activities of the Social Club which, through its committee provides activities and functions for its members. These include an Annual Dinner, Christmas Picnic, Cricket Match, Golf Day, Quiz Night and Netball team.

The Social Club also hosts regular 'happy hours'. These activities are fully funded by staff and provide an opportunity for staff interaction not normally met during the course of daily operations.



Members of the Audit Office Social Club.

Outlook

The Occupational Health, Safety and Welfare Committee has integrated occupational health and safety aspects into the work environment. This includes preventative action activities such as the health and well being program.

These activities contribute to outcomes to maintain:

- the capacity to deliver audit services through recruiting and retaining appropriately skilled people and developing effective human resource systems and processes;
- an organisational environment where people are valued, diversity is accepted and sound equitable policies are in place.

Commentary on Financial Results

FUNDING OF DEPARTMENT

The Department operates on funds appropriated by Parliament from the Consolidated Account.

Estimates of annual accrual expense and any capital requirements of the Department are submitted through the Department of Treasury and Finance to Parliament.

Audit fees received from public sector agencies and other receivables are accounted for as an Administered Item and are paid into the Consolidated Account.

STATEMENT OF OUTPUTS

Output Class Descriptions

The Department's sole output class is the provision of auditing services covering all of the audit responsibilities prescribed under the *Public Finance and Audit Act 1987*.

Within this class there are two outputs:

Prescribed Audits

For agencies required to be audited, the Department must annually conduct an audit covering the areas prescribed by the *Public Finance and Audit Act 1987*.

Special Investigations

The Auditor-General may be requested in any given year to undertake work associated with:

- conducting and reporting on special investigations when requested by the Parliament or Treasurer;
- reviewing summaries of confidential government contracts and reporting on the adequacy of the document as a summary of the contents of the contract when requested to do so by a Minister.

Consistent with the legislative requirement of audit independence, the reports are required to be presented directly to the Parliament.

In June 1999, as a result of the enactment of the *Electricity Corporations (Restructuring and Disposal) Act 1999* the Auditor-General was required to report on the relevant long term leases.

Three special investigation projects were carried forward into the current year, being the contract summary of the Pelican Point Power Project and the Electricity Businesses Disposal Investigations which were finalised during the year and the Hindmarsh Soccer Stadium Redevelopment Project which is currently being finalised.

FINANCIAL PERFORMANCE – ACTUAL vs BUDGET

As a result of a submission to the Treasurer for additional funding needed for special investigation projects an extra \$400 000 allocation was approved in conjunction with an approved reallocation of the initial budget funding between the Prescribed Audits and Special Investigations outputs.

The following table discloses the financial performance of the Department on an accrual basis.

| Item | 2000-01 Budget \$'000 | 2000-01 Actual \$'000 | 2000-01 Variance \$'000 |
|-----------------------|-----------------------------|-----------------------------|-------------------------------|
| Auditing Services | 10 041 | 9 677 | (364) |
| Administered Receipts | 7 913 | 7 917 | 4 |

CONTRACTED AUDITS

The Auditor-General contracts a number of audits to the private sector where specialist skills are not available within the Department. The key criteria is to provide a professional audit in the most efficient and cost effective manner.

During 2000-01, payments totalling \$664 000 (\$687 000 for 1999-2000) were made to various auditing firms in respect of contract audits.

The Auditor-General has responsibility for the contracted audits and senior audit staff review the plans prepared by the contracted auditor and exercise quality control over the work performed. At the conclusion of the audit the Auditor-General issues the Independent Audit Report on the financial statements.

USE OF CONSULTANTS

The Department engages external consultants to assist in the fulfilment of the Auditor-General's statutory audit mandate and to use skills that are not available within the Department. The expenses associated with consultancies amounted to \$1 110 000 during 2000-01 (\$990 000 for 1999-2000).

Included within these expenses is amounts totalling \$992 000 (\$775 000 for 1999-2000) relating to consultants engaged in the conduct of Special Investigations.

The following table provides details of the consultancies utilised by the Department in discharging its statutory obligations.

| Item | Details | \$ |
|---|--|--------------------|
| Consultancies less than \$10 000 | 10 Consultancies (Departmental Operations and Special Investigations) | 40 000 |
| Consultancies \$10 000 - \$50 000: Deloitte Touche Tohmatsu Frontier Software Pty Ltd K J Bockmann Consulting Mark Rice Scott Henderson University of SA | Audit Methodology Implementation Human Resource Management System Implementation 1999-2000 Annual Audit Report Hindmarsh Soccer Stadium (Special Investigation) Audit Quality Assurance Reviews Marketing Project | 129 000 |
| Consultancies above \$50 000 Australian Government Solicitor Fisher Jeffries | ETSA Probity Audit (Special Investigation) Hindmarsh Soccer Stadium (Special Investigation) | 941 000 |
| Total Consultancies | | \$1 110 000 |

PAYMENT OF ACCOUNTS

The analysis of the Department's payment to creditors during 2000-01 is summarised in the following table.

| Particulars | Numbers of Accounts Paid | Percentage of Accounts Paid (by number) | Value of Accounts Paid \$'000s | Percentage of Accounts Paid (by value) |
|--|--------------------------|---|--------------------------------|--|
| Paid by the due date | 1 109 | 94 | 4 224 | 93 |
| Paid late and paid 30 days or less from due date | 58 | 5 | 273 | 6 |
| Paid late and paid more than 30 days from due date | 13 | 1 | 30 | 1 |
| Total | 1 180 | 100 | 4 527 | 100 |

Financial Statements

Statement of Financial Performance for the year ended 30 June 2001

| | | 2001 | 2000 |
|---|----------|--------------|--------------|
| EXPENSES FROM ORDINARY ACTIVITIES: | Note | \$'000 | \$'000 |
| Employee entitlements | 1.3 | 5 220 | 5 069 |
| Employment on-costs | | 1 013 | 983 |
| Administration expenses, minor equipment and sundries | | 867 | 1 016 |
| Contract audit fees | | 664 | 687 |
| Consultancies | | 1 110 | 990 |
| Accommodation and service costs | | 504 | 469 |
| Depreciation | 1.4, 5.2 | 269 | 281 |
| Loss on disposal of assets | 4 | 30 | 33 |
| Total Expenses from Ordinary Activities | | 9 677 | 9 528 |
| REVENUES FROM ORDINARY ACTIVITIES: | | 2 | - |
| Other income | | | |
| NET COST OF SERVICES | | 9 675 | 9 528 |
| REVENUES FROM GOVERNMENT: | | 9 654 | 9 922 |
| Revenues from Government | 3 | | |
| NET DEFICIT (SURPLUS) | | 21 | (394) |

Statement of Financial Position as at 30 June 2001

| | | 2001 | 2000 |
|--|----------|--------------|--------------|
| CURRENT ASSETS: | Note | \$'000 | \$'000 |
| Cash | 1.7, 8.1 | 596 | 857 |
| Receivables | 1.7 | 131 | 18 |
| Total Current Assets | | 727 | 875 |
| NON-CURRENT ASSETS: | | | |
| Computer and office facilities | 1.4, 5 | 1 338 | 1 236 |
| Less: Accumulated depreciation | 1.4, 5 | 870 | 747 |
| Total Non-Current Assets | | 468 | 489 |
| Total Assets | | 1 195 | 1 364 |
| CURRENT LIABILITIES: | | | |
| Creditors and accruals | 1.7 | 77 | 266 |
| Cash advance - Imprest accounts | 1.7 | 3 | 3 |
| Employee entitlements | 1.3, 6 | 534 | 505 |
| Employment on-costs | | 118 | 135 |
| Total Current Liabilities | | 732 | 909 |
| NON-CURRENT LIABILITIES: | | | |
| Employee entitlements | 1.3, 6 | 1 045 | 1 019 |
| Employment on-costs | | 141 | 138 |
| Total Non-Current Liabilities | | 1 186 | 1 157 |
| Total Liabilities | | 1 918 | 2 066 |
| NET ASSETS DEFICIENCY | 7 | 723 | 702 |
| EQUITY: | | | |
| Opening balance - Deficiency | | 702 | 1 096 |
| Add: Decrease (Increase) in net assets | | 21 | (394) |
| FUNDS DEFICIENCY | 7 | 723 | 702 |

Statement of Cash Flows for the year ended 30 June 2001

| | | 2001 | 2000 |
|--|------|---------------------------------|---------------------------------|
| | Note | Inflows (Outflows) \$'000 | Inflows (Outflows) \$'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| PAYMENTS: | | | |
| Employee entitlements | | (5 231) | (5 132) |
| Employment on-costs | | (1 033) | (983) |
| Goods and services | | (3 459) | (3 091) |
| Goods and services tax on investing activities | | (29) | - |
| RECEIPTS: | | | |
| Other income | | 2 | - |
| Goods and service tax refunds | | 212 | - |
| CASH FLOWS FROM GOVERNMENT: | | | |
| Recurrent appropriations | 3 | 9 654 | 9 922 |
| Net Cash provided by Operating Activities | 8.2 | 116 | 716 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Purchase of computer and office facilities | | (426) | (247) |
| Disposal of computer and office facilities | | 49 | 46 |
| Net Cash used in Investing Activities | | (377) | (201) |
| NET (DECREASE) INCREASE IN CASH HELD | | (261) | 515 |
| CASH AT 1 JULY | | 857 | 342 |
| CASH AT 30 JUNE | 8.1 | 596 | 857 |

Schedule of Administered Expenses and Revenues for the year ended 30 June 2001

| | Note | Special Acts | | Administered Revenue | |
|--|----------|----------------|----------------|----------------------|----------------|
| | | 2001 \$'000 | 2000 \$'000 | 2001 \$'000 | 2000 \$'000 |
| ADMINISTERED EXPENSES: | | | | | |
| Employee entitlements | 1.3, 9.2 | 212 | 208 | - | - |
| Amounts paid/payable to consolidated account | | - | - | 8 360 | 8 236 |
| Goods and services tax paid/payable | | - | - | 443 | - |
| Total Administered Expenses | | 212 | 208 | 8 803 | 8 236 |
| ADMINISTERED REVENUES: | | | | | |
| Fees for audit services | 9.1 | - | - | 7 913 | 8 234 |
| Sundry revenue | | - | - | 4 | 2 |
| Goods and services tax received/receivable on audit fees | | - | - | 443 | - |
| Appropriation under Special Acts | 3, 9.2 | 196 | 188 | - | - |
| Appropriation - goods and services tax | 3 | - | - | 290 | - |
| Total Administered Revenues | | 196 | 188 | 8 650 | 8 236 |
| ADMINISTERED REVENUE LESS ADMINISTERED EXPENSES | | (16) | (20) | (153) | - |

Schedule of Administered Assets and Liabilities as at 30 June 2001

| | Note | Special Acts | | Administered Revenue | |
|---|----------|----------------|----------------|----------------------|----------------|
| | | 2001 \$'000 | 2000 \$'000 | 2001 \$'000 | 2000 \$'000 |
| ADMINISTERED ASSETS: | | | | | |
| CURRENT: | | | | | |
| Receivables | 1.7, 9.1 | - | - | 590 | 56 |
| Total Administered Assets | | - | - | 590 | 56 |
| ADMINISTERED LIABILITIES: | | | | | |
| CURRENT: | | | | | |
| Employee entitlements | 1.3, 6 | 93 | 85 | - | - |
| Creditors and accruals | | - | 4 | - | - |
| Amounts payable to consolidated account | 9.1 | - | - | 590 | 56 |
| Goods and services tax payable | | - | - | 153 | - |
| Total Current Liabilities | | 93 | 89 | 743 | 56 |
| NON-CURRENT: | | | | | |
| Employee entitlements | 1.3, 6 | 157 | 145 | - | - |
| Total Non-Current Liabilities | | 157 | 145 | - | - |
| Total Administered Liabilities | | 250 | 234 | 743 | 56 |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Statement of Significant Accounting Policies

1.1 Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Treasurer's Instructions and Accounting Policy Statements issued pursuant to the *Public Finance and Audit Act 1987* (the Act). The accounts are presented on the accrual basis of accounting using historical cost accounting which does not take into account changing money values. Unless otherwise stated, the accounting policies adopted are the same as those in the previous year.

1.2 Appropriations

The Department is funded by Parliamentary appropriations for the full accrual cost of its services. The appropriation is paid into a special deposit account titled 'Auditor-General's Department Operating Account'. In addition appropriation for accrued expense at year end are deposited in a special deposit account in the name of the Department at Treasury titled 'Accrual Appropriation Excess Funds'. Use of the funds requires the approval of the Treasurer. Pursuant to Treasurer's Instruction 3.8, this money is deemed to be controlled by the public authority in the name of which the money is recorded.

Administered items are funded by Parliamentary appropriations on a cash basis.

1.3 Employee Entitlements

Provision has been made for employee entitlement liabilities arising from services rendered by employees to balance date in accordance with Australian Accounting Standard AAS 30 'Accounting for Employee Entitlements'. Employee entitlements comprise entitlements to salaries and wages, annual leave, long service leave and workers compensation.

· **Salaries, Wages and Annual Leave**
Liabilities for salaries and wages and annual leave are recognised, and are measured as the amount unpaid at current pay rates in respect of employee service periods up to the reporting date.

· **Sick Leave**
No liability is recognised, as sick leave taken by employees is considered to be taken from the current year's accrual.

1.3 Employee Entitlements (continued)*Long Service Leave*

Long service leave is recognised on a pro-rata basis for the employee service periods up to the reporting date. The Department of Treasury and Finance has advised that a benchmark of eight years service can be used for a shorthand estimation of long service leave liability in accordance with the provisions of AAS 30. This advice has been adopted and the long service leave liability as at 30 June 2001 has been calculated at nominal amounts based on current salary and wage rates for employees with eight or more years service.

The long service leave to be taken in the 12 months to 30 June 2002 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.

Workers Compensation

The workers compensation provision is an actuarial estimate of the outstanding liability at 30 June provided by a consulting actuary engaged through the Office for the Commissioner for Public Employment. This actuarial estimate provides for the estimated cost of ongoing payments to employees as required under current legislation.

For the first time the Department has recorded a workers compensation liability. In prior years the Department paid a premium to the Government Workers Compensation (GWC) Fund, administered by the Department of the Premier and Cabinet, and all claims were met from this fund. As part of a devolution of responsibility for day to day claims the Department is now financially responsible for all its day to day claims. All lump sum settlements are still funded from the GWC Fund.

Superannuation

The Department's liability for superannuation is to the Department of Treasury and Finance rather than the superannuation beneficiaries. The Department pays amounts to the Department of Treasury and Finance which represents the Department's share of the accruing liability to employees in relation to the Government's various superannuation schemes. The liability for superannuation is included in Employment on-costs.

1.4 Computer and Office Facilities

Computer and office facilities are recorded at historical cost less accumulated depreciation.

Non-current assets with acquisition cost greater than \$2 000 are systematically depreciated using the straight line method of depreciation over their useful lives, which reflects the consumption of their service potential.

All assets useful lives have been set at three years.

1.5 Inventories

Consumable supplies are not recognised in the Statement of Financial Position as the value of these supplies is not considered to be material.

1.6 Administered Items

The Department has two Administered Items namely:

Special Acts

As provided in subsection 24(4) of the Act, the Department receives a separate appropriation for the cash salary and allowances of the Auditor-General.

Administered Revenue

Section 39 of the Act provides for the levying of fees for audit services provided by the Department and all monies received by the Department are credited to the Consolidated Account. In addition the Department receives a specific cash appropriation to fund the payment of Goods and Services Tax on audit fees to the Australian Taxation Office.

1.7 Financial Instruments

The Department's accounting policies for financial instruments, including the terms and conditions of each class of financial asset and financial liability recognised at 30 June 2001, are as follows:

- Cash is held in two Special Deposit Accounts as detailed in Note 1.2 and in two imprest accounts.
- Two interest free imprest accounts are advanced to the Auditor-General by the Treasurer pursuant to section 9 of the Act and are repayable on demand.
- Receivables relate to:
 - Audit Fee debtors (Note 9.1). Terms are 14 days;
 - Goods and Services Tax Receivable. Terms are 14 days of submission of quarterly Business Activity Statement;
 - Subsidies due from the Office for the Commissioner for Public Employment for the employment of graduates. Terms are 30 days.
- Creditors are raised for amounts billed but unpaid and are normally settled within 30 days.
- All financial instruments are valued at historical cost in the Statement of Financial Position, which approximates net fair value.

1.8 Goods and Services Tax

In accordance with the requirements of UIG Abstract 31 'Accounting for the Goods and Services Tax (GST)', revenues, expenses and assets are recognised net of the amount of GST except that:

- The amount of GST incurred by the Department as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense.
- Receivables and payables are stated with the amount of GST included.

The net GST receivable/payable to the Australian Taxation Office has been recognised as a receivable/payable in the Statement of Financial Position.

Cash flows are reported on a gross basis in the Statement of Cash Flows. The GST component of the cash flows arising from investing or financing activities, which are recoverable from, or payable to, the Australian Taxation Office have however been classified as operating cash flows.

1.9 Comparative Figures

The Department has adopted the presentation and disclosure requirements of AAS1 'Statement of Financial Performance' and AAS36 'Statement for Financial Position' for the first time in the preparation of this financial report. In accordance with the requirements of these new or revised Standards, comparative amounts have been reclassified in order to comply with the new presentation format.

Where necessary, the following comparative figures have been adjusted to conform with changes in presentation in 2000-01, namely:

- Expenditure totalling \$775 000 was reclassified in the Statement of Financial Performance from the output special investigations to consultancies to comply with the requirement for disclosure of expenses arising from ordinary activities by nature.
- Workers Compensation expenditure totalling \$11 000 was reclassified in the Statement of Financial Performance from administration expenses, minor equipment and sundries to employee entitlements.
- Unpaid PAYG tax and employee superannuation contributions totalling \$68 000 were reclassified in the Statement of Financial Position from employee entitlements to creditors and accruals.
- Payroll tax and employer superannuation accruals totalling \$273 000 were reclassified in the Statement of Financial Position from creditors and accruals to employment on-costs.

2. Objectives of the Department

The Department's main statutory responsibilities are to audit the public accounts and the accounts of public authorities and to report the results to Parliament in accordance with the requirements of the Act.

The Department's sole output class is the provision of Auditing Services covering all the audit responsibilities prescribed under the Act. Within this class there are two outputs:

- *Prescribed Audits*
Includes all audit work to be undertaken for agencies where the Auditor-General is the prescribed auditor and the Department must annually conduct the audit as prescribed by the Act. During the year the Department spent \$8 648 000 on this output.
- *Special Investigations*
Includes all work defined in the Act that is specifically requested to be undertaken by the Auditor-General. The Auditor-General may be requested to undertake work associated with:
 - conducting and reporting on Special Investigations when requested by the Parliament or Treasurer;
 - reviewing summaries of confidential government contracts and reporting on the adequacy of the document as a summary of the contents of the contract when requested to do so by a Minister.

These projects have specific Terms of Reference requested by the referring party and are therefore treated as a separate output. Consistent with the legislative requirement of audit independence the reports are presented directly to the Parliament. During the year the Department conducted work on the following Special Investigations

- the long term lease of the State's Electricity Assets;
- Hindmarsh Soccer Stadium Redevelopment;
- Pelican Point Power Station Contract Summary.

Expenditure on this output totalled \$1 029 000.

3. Funding of the Department

Appropriations to the Department in 2000-01 amounted to \$9 654 000 (\$9 922 000). The Department's appropriation for the 2000-01 financial year included an additional \$400 000 funding approved by the Treasurer for Special Investigations.

The appropriations to the Department consisted of \$9 254 000 (\$9 028 000) for Prescribed Audits and \$400 000 (\$894 000) for three Special Investigations.

In addition the Treasurer approved the use of \$569 000 held in the special deposit account titled 'Accrual Appropriation Excess Funds'. Those funds were used for payments associated with sundry creditors and special investigations that was deposited in the 'Accrual Appropriation Excess Funds' in the previous year. The balance of that account at 30 June 2001 was \$285 000 (\$854 000).

Appropriations under Special Acts are reported under Administered Items.

A summary of appropriations and departmental accrual funding for the year is set out below.

3. **Funding of the Department (continued)**

| | Department | | Administered Items | |
|---|----------------|----------------|--------------------|----------------|
| | 2001 \$'000 | 2000 \$'000 | 2001 \$'000 | 2000 \$'000 |
| Appropriations: | | | | |
| Prescribed audits | 9 254 | 9 028 | - | - |
| Special Investigations | 400 | 894 | - | - |
| Special acts | - | - | 196 | 188 |
| Appropriation - goods and services tax | - | - | 290 | - |
| | 9 654 | 9 922 | 486 | 188 |
| Accrual Appropriation Excess Funds Account: | | | | |
| Unspent appropriation for the year | - | 394 | - | - |
| Accrual funding used for payments during year | (569) | - | - | - |
| Additional accrual funding for the year | - | 121 | - | - |
| | (569) | 515 | - | - |
| Add: Balance of funds held at beginning of year | 854 | 339 | - | - |
| Balance of funds held at end of year | 285 | 854 | - | - |

4. **Loss on Disposal of Assets**

| | 2001 \$'000 | 2000 \$'000 |
|---|----------------|----------------|
| Historic cost of assets disposed | 225 | 269 |
| Less: Accumulated depreciation | 146 | 190 |
| | 79 | 79 |
| Trade-in on disposal | 49 | 46 |
| Total Loss on Disposal of Assets | 30 | 33 |

5. **Computer and Office Facilities**

5.1 **Classes of computer and office facilities**

| | | |
|---|------------|------------|
| Computing and office equipment - At cost | 798 | 731 |
| Less: Accumulated depreciation | 455 | 383 |
| | 343 | 348 |
| Computer software - At cost | 298 | 252 |
| Less: Accumulated depreciation | 252 | 240 |
| | 46 | 12 |
| Library - At cost | 16 | 27 |
| Less: Accumulated depreciation | 16 | 27 |
| | - | - |
| Leasehold improvements - At cost | 76 | 76 |
| Less: Accumulated depreciation | 76 | 76 |
| | - | - |
| Projects - At cost | 150 | 150 |
| Less: Accumulated depreciation | 71 | 21 |
| | 79 | 129 |
| Total Computer and Office Facilities | 468 | 489 |

5.2 **Reconciliation of carrying amount:**

| | Carrying Amount 1 July \$'000 | Additions \$'000 | Disposals \$'000 | Depreciation Expense \$'000 | Carrying Amount 30 June \$'000 |
|---|-------------------------------------|---------------------|---------------------|--------------------------------|--------------------------------------|
| Computing and office equipment | 348 | 281 | 79 | 207 | 343 |
| Computer software | 12 | 46 | - | 12 | 46 |
| Library | 0 | - | - | - | 0 |
| Leasehold improvements | 0 | - | - | - | 0 |
| Projects | 129 | - | - | 50 | 79 |
| Total Computer and Office Facilities | 489 | 327 | 79 | 269 | 468 |

6. **Employee Entitlements**

| | Department | | Special Acts | |
|---|----------------|----------------|----------------|----------------|
| | 2001 \$'000 | 2000 \$'000 | 2001 \$'000 | 2000 \$'000 |
| Current: | | | | |
| Salaries | 14 | - | 1 | - |
| Annual leave provision | 334 | 325 | 92 | 85 |
| Long service leave provision | 183 | 180 | - | - |
| Workers compensation provision | 3 | - | - | - |
| Total Current | 534 | 505 | 93 | 85 |
| Non-Current: | | | | |
| Long service leave provision | 1 033 | 1 019 | 157 | 145 |
| Workers compensation provision | 12 | - | - | - |
| Total Non-Current | 1 045 | 1 019 | 157 | 145 |
| Aggregate Employee Entitlement Liability | 1 579 | 1 524 | 250 | 230 |

Employee entitlements recorded under Special Acts relate to the salary and allowances of the Auditor-General.

7. **Funds Deficiency**

The funds deficiency arises as a result of the Department's previous funding arrangements. Prior to 1998-99, the Department was funded on a cash basis, which did not take account of the full accrual liabilities. The Department will continue to receive annual appropriations from the Consolidated Account to fund its operations. In the absence of further funding to meet past liabilities the Department will continue to have a funds deficiency.

8. **Notes to the Statement of Cash Flows**

8.1 **Reconciliation of Cash**

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks. Cash at 30 June as shown in the Statement of Cash Flows is reconciled to the Statement of Financial Position as follows:

| | 2001 \$'000 | 2000 \$'000 |
|--|----------------|----------------|
| Auditor-General's Department Operating Account | 308 | - |
| Accrual appropriation excess funds | 285 | 854 |
| Cash - Imprest accounts | 3 | 3 |
| | <u>596</u> | <u>857</u> |

8.2 **Reconciliation of Net Cost of Services to Net Cash provided by Operating Activities**

| | | |
|--|------------|------------|
| Net cost of services | (9 675) | (9 528) |
| Cash flows from government | 9 654 | 9 922 |
| Depreciation | 269 | 281 |
| (Increase) in receivables | (113) | (18) |
| Increase (Decrease) in employee entitlements | 55 | (114) |
| (Decrease) Increase in creditors and accruals | (90) | 140 |
| (Decrease) in employment on costs | (14) | - |
| Loss on disposal of assets | 30 | 33 |
| Net Cash provided by Operating Activities | <u>116</u> | <u>716</u> |

9. **Administered Items**

9.1 **Auditing Fees**

Section 39 of the Act provides for the levying of fees for audit services provided by the Department that are paid into the Consolidated Account.

| | 2001 \$'000 | 2000 \$'000 |
|--|----------------|----------------|
| Fees outstanding at 1 July | 56 | 211 |
| Add: Billings (including goods and services tax) | 8 356 | 8 234 |
| | <u>8 412</u> | <u>8 445</u> |
| Less: Receipts (including goods and services tax)* | 7 822 | 8 389 |
| Fees outstanding at 30 June | <u>590</u> | <u>56</u> |

* These amounts are credited to the Consolidated Account. In addition, sundry income paid into Consolidated Account during the year totalled \$4 000 (\$2 000).

At 30 June, the value of audit work in progress was \$2512 000 (\$2 803 000). The Department is of the opinion that this amount is recoverable.

9.2 **Special Acts**

Subsection 24(4) of the Act, provides that the salary and allowances of the Auditor-General will be determined by the Remuneration Tribunal and will be paid from the Consolidated Account.

10. **Remuneration of Employees**

The number of employees whose total remuneration is within the followings bands was:

| | 2001 Number of Employees | 2000 Number of Employees |
|-----------------------|--------------------------------|--------------------------------|
| \$110 000 - \$119 999 | - | 3 |
| \$120 000 - \$129 999 | 4 | 1 |
| \$130 000 - \$139 999 | 1 | 1 |
| \$240 000 - \$249 999 | - | 1 |
| \$250 000 - \$259 999 | 1 | - |

Total remuneration received or receivable by these employees was \$881 000 (\$853 000).

11. **Operating Leases**

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

- **Office Accommodation**
Office accommodation is leased from the Real Estate Management business unit of the Department for Administrative and Information Services (DAIS). The lease expires on 30 June 2004, however, there is a right of renewal for six years from that date. The rental amount is based on floor space and the time period of the lease, with the rental rate reviewed by Real Estate Management every two years.
- **Motor Vehicles**
Motor vehicles are leased from the Fleet SA business unit of DAIS. 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. The lease rates are reviewed annually by Fleet SA.

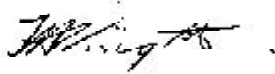
For the current year the total amount of expense for minimum lease payments for operating leases was \$499 000 (\$467 000).

| | | | | | | | | | | | | | | | | | | | |
|--|--|--------------|-------------|------|--|---------------|--------|-------------------------|----------|----------|---|-----|-------|-----------------------|---|---|--|--------------|--------------|
| <p>11. Operating Leases (continued) <i>Operating Lease Commitments</i> At the reporting date the Department had the following obligations under non-cancellable operating leases (these obligations have not been recognised as liabilities):</p> | <table border="0"> <tr> <td></td> <td style="text-align: right;">2001</td> <td style="text-align: right;">2000</td> </tr> <tr> <td></td> <td style="text-align: right;">\$'000</td> <td style="text-align: right;">\$'000</td> </tr> <tr> <td style="padding-left: 20px;">Not later than one year</td> <td style="text-align: right;">473</td> <td style="text-align: right;">482</td> </tr> <tr> <td style="padding-left: 20px;">Later than one year and not later than five years</td> <td style="text-align: right;">898</td> <td style="text-align: right;">1 361</td> </tr> <tr> <td style="padding-left: 20px;">Later than five years</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td style="padding-left: 40px;">Total Operating Lease Commitments</td> <td style="text-align: right; border-top: 1px solid black;">1 371</td> <td style="text-align: right; border-top: 1px solid black;">1 843</td> </tr> </table> | | 2001 | 2000 | | \$'000 | \$'000 | Not later than one year | 473 | 482 | Later than one year and not later than five years | 898 | 1 361 | Later than five years | - | - | Total Operating Lease Commitments | 1 371 | 1 843 |
| | 2001 | 2000 | | | | | | | | | | | | | | | | | |
| | \$'000 | \$'000 | | | | | | | | | | | | | | | | | |
| Not later than one year | 473 | 482 | | | | | | | | | | | | | | | | | |
| Later than one year and not later than five years | 898 | 1 361 | | | | | | | | | | | | | | | | | |
| Later than five years | - | - | | | | | | | | | | | | | | | | | |
| Total Operating Lease Commitments | 1 371 | 1 843 | | | | | | | | | | | | | | | | | |
| <p>12. Remuneration of Auditor Amounts received, or due and receivable, for audit Amounts received, or due and receivable, for other services</p> | <table border="0"> <tr> <td></td> <td style="text-align: right;">7</td> <td style="text-align: right;">8</td> </tr> <tr> <td></td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">7</td> <td style="text-align: right; border-top: 1px solid black;">8</td> </tr> </table> | | 7 | 8 | | - | - | | 7 | 8 | | | | | | | | | |
| | 7 | 8 | | | | | | | | | | | | | | | | | |
| | - | - | | | | | | | | | | | | | | | | | |
| | 7 | 8 | | | | | | | | | | | | | | | | | |

To the best of our knowledge and belief internal controls over financial reporting have been effective throughout the year ended 30 June 2001 and the foregoing Statement of Financial Performance, Statement of Financial Position and Statement of Cash Flows and the Notes thereto, present fairly, in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, applicable Australian Accounting Standards and other mandatory professional reporting requirements, the financial position of the Auditor-General's Department as at 30 June 2001, the results of its operations and its cash flows for the year ended 30 June 2001.



K I MacPherson
AUDITOR-GENERAL



T N Knight
MANAGER, ADMINISTRATION AND FINANCE

Chartered Accountants
Business Advisers and Consultants



FIAR/SA GOVT.DOC

INDEPENDENT AUDIT REPORT

To the Treasurer of the South Australian Government

Scope

As required by Section 35 of the Public Finance and Audit Act, 1987, we have audited the financial report of the Auditor-General's Department, comprising the Statement of Financial Performance, Statement of Cash Flows, and Schedule of Administered Expenses and Revenues, for the year ended 30 June 2001, the Statement of Financial Position and the Schedule of Administered Assets and Liabilities as at 30 June 2001 and the Notes thereto. The Auditor-General, and the Manager, Administration and Finance, of the Auditor-General's Department, are responsible for the preparation and presentation of the financial report and the information contained therein. We have conducted an independent audit of the financial report in order to express an opinion on it to the Treasurer of the South Australian Government.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the Public Finance and Audit Act 1987, Treasurer's instructions promulgated under that Act, applicable Australian Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) so as to present a view which is consistent with our understanding of the Auditor-General's Department's financial position, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report presents fairly in accordance with the Public Finance and Audit Act 1987, Treasurer's Instructions promulgated under the Act, applicable Australian Accounting Standards and other mandatory professional reporting requirements, the financial position of the Auditor-General's Department as at 30 June 2001 and the results of its operations for the year then ended.

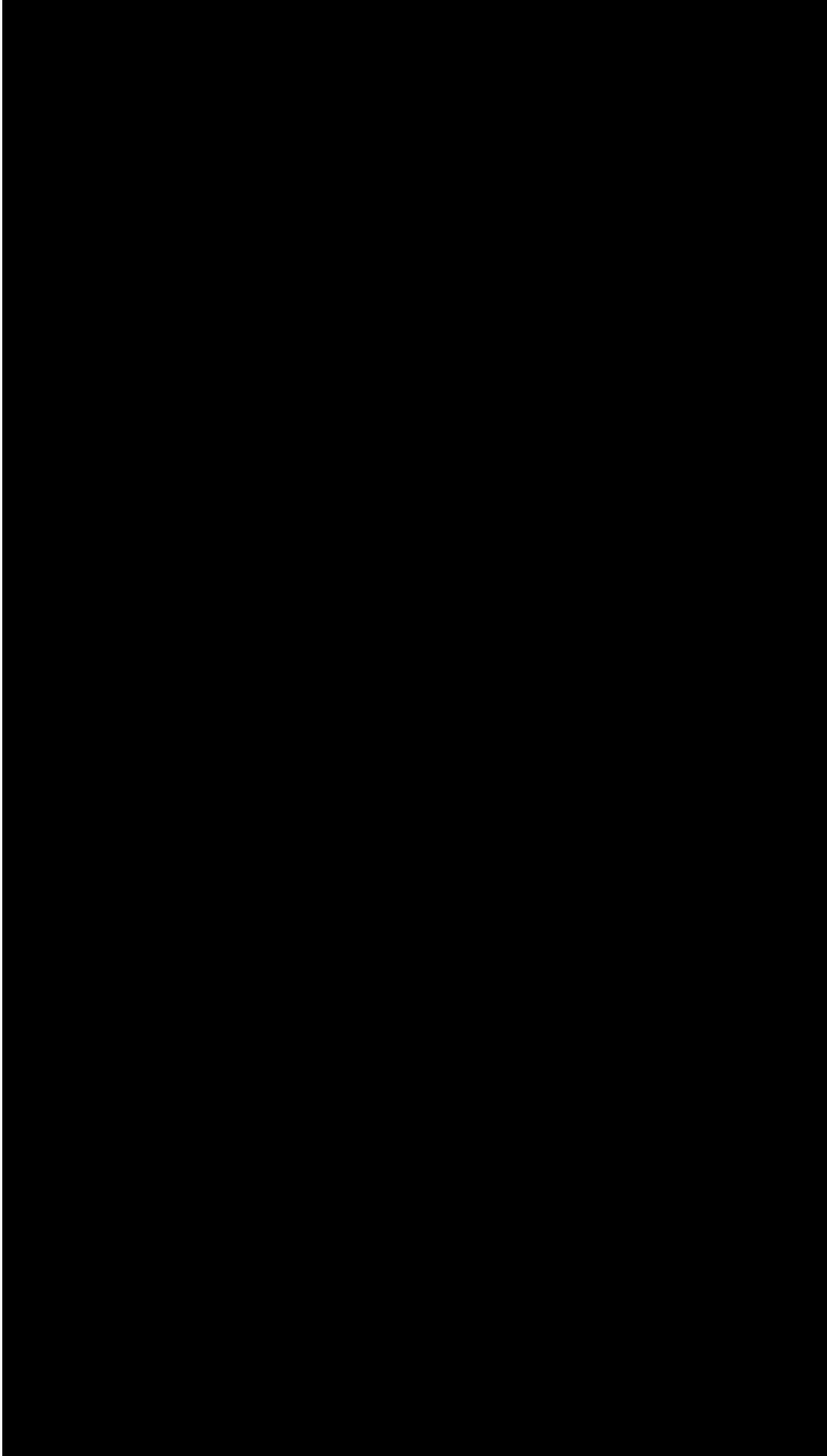
**GRANT THORNTON
CHARTERED ACCOUNTANTS**

S J GRAY
Partner

Signed at *Adelaide* this *13th* day of *August*. 2001

First Floor
67 Greenhill Road
Wayville SA 5034
GPO Box 1270
Adelaide SA 5001
Tel: (08) 8372 6666
Fax: (08) 8372 6677
DX 275 Adelaide

A South Australian Partnership - A Member of Grant Thornton Association Inc. - The Australian Member of Grant Thornton International.
Partners: S J N Gray J A Harvey R P Krantz S H Kuchar D L Marsh R G May P S Paterson S J Westaway M S Wight



APPENDIX B

SUMMARY OF PROFESSIONAL DEVELOPMENT PROGRAM 2000-01

| COURSE TITLE | TRAINING (HOURS) |
|---|------------------|
| Analytical Procedures | 140 |
| Audit Command Language Training | 1 298 |
| Audit Methodology Training | 3 008 |
| Computer Information Systems Audit Training | 1 913 |
| Graduate Audit Command Language Training | 90 |
| Graduate Audit Methodology Training | 203 |
| Graduate Document Manager Training | 75 |
| Graduate Follow-up Induction Session | 28 |
| Graduate Induction Course | 38 |
| Graduate Micrografx Flowchart Training | 34 |
| Interpersonal Communication | 48 |
| Micrografx Flowchart Training | 570 |
| Motivation and Lifestyle Program | 84 |
| OHS&W - Ergonomics and Manual Handling | 60 |
| OHS&W - Forms and Checklists Training | 20 |
| OHS&W - Information Session | 85 |
| Report Writing Course for Graduates | 185 |
| Team Leadership | 698 |
| Trial Balance Training | 203 |
| Written Communication | 67 |
| Total | 8 847 |

APPENDIX C

SUMMARY OF MAIN EXTERNAL TRAINING PROGRAMS 2000-01

| COURSE TITLE | TRAINING (HOURS) |
|--|------------------|
| GST Rulings Awareness | 14 |
| Taxation & Payroll Training 2000-2001 | 15 |
| Applications Administration | 19 |
| Basic SQL | 8 |
| Payment Summary Processing 2000-2001 | 8 |
| Australian Public Sector Accountants Convention | 15 |
| CPA Congress 2000 | 175 |
| Handling Conflict and Pressure in the Workplace | 3 |
| Management Accounting Conference | 25 |
| Managing Cash Flow - The impact of the GST | 3 |
| Managing E Business Evolution | 8 |
| New Manager Program | 13 |
| Risks and Opportunities | 23 |
| GST Fundamentals | 4 |
| E-Commerce Contracts and Alliances | 11 |
| Intranets for Corporate and Internal Communications | 17 |
| Mediation Workshop 2001 | 30 |
| Leadership Employment and Direction 2000 Briefings | 2 |
| Health and Safety Committee Members | 8 |
| OHS&W Representation Level 1 | 38 |
| Electronic Transactions and the Internet | 88 |
| Prudential Management Group Seminar | 55 |
| Tendering - The Next Generation | 75 |
| Conflict Management Skills for Women | 8 |
| The Adelaide Conference for Assistants | 7 |
| The Essentials of Communicating with Diplomacy and Professionalism | 16 |
| Basic Solicitors Trust Account Audit Course | 5 |
| Managing the Challenge | 10 |
| Students in Free Enterprise and Recording of Achievement | 2 |
| University of Adelaide Professional Certificate in Management | 251 |
| Total | 956 |

APPENDIX D

STAFF LIST AS AT JUNE 2001

| EMPLOYEE | | QUALIFICATIONS | MEMBERSHIP OF PROFESSIONAL BODIES |
|--------------|-----|---|-----------------------------------|
| Abbott | D M | B Sc (Maths & Comp Sc) | |
| Adams | B J | B Com | |
| Allen | J L | Cert in Clerical & Admin | |
| Anderson | K | B Com | ASA |
| Austin | A | Ass Dip Comp Stud. Cert in Softw QA & Man | |
| Barton | R | B Com | |
| Bennett | A F | Dip Acc | CPA, MACS |
| Beccaris | R | | |
| Berqamaschi | R C | B Ec. Grad Dip Acc | CPA |
| Bianco | S | B A Acc | CPA |
| Blanche | J K | B Ec Acc | CPA |
| Bonvthon | R L | B Com | ASA |
| Borqman | B J | B Acc. B Bus (MIS) | ASA |
| Brincat | B P | B A Acc | CPA |
| Brink | J | B Acc | CPA |
| Brooks | T | B Acc | ASA |
| Chuah | R | B Com. Grad Dip Psvc | ASA |
| Champness | B | B Bus (Ec & Fin) | |
| Chan | C | B Com, B Comp Sc | ASA |
| Churches | S L | B Ec Acc | CPA |
| Coelho | R | B Acc | |
| Creek | A | B Com (Hons) | ASA |
| De Cesare | D | B Ec Acc | CPA |
| Deegan | P A | | |
| Dieqman | M | B A Acc | CPA |
| Dimanopoulos | S | B Acc | ASA |
| Dimopoulos | P | B Com (Acc) | ASA |
| Foqal | A | B Com (Acc) | |
| Furze | K A | Sec Dip | |
| Gallomario | R | B Ec Acc | CPA |
| Gentilcore | S | B Bus. HRD | AFAHRI |
| Giannopoulos | G | B A Acc | CPA |
| Gichuhi | L | B Com | |
| Giulianetti | R | B Ec Acc | F CPA |
| Goss | B | B Com | ASA |
| Gouros | V | B Ec. Dip Acc | CPA |
| Grace | A J | B Com | |
| Grace | A K | | |
| Grieqer | B | B Com | ASA |
| Gunn | M L | B A Acc, Grad Dip Acc | CPA |
| Gust | I | B Ec | |
| Hartshorne | C | B Com (Acc) | ASA |
| Hatswell | C | B Ec. Grad Dip Acc | |
| Havdon | W M | B Ec Acc | CPA |
| Hill | H | B Acc | ASA |
| Hill | T C | B Ec Acc | CPA |
| Hinds | D G | B Eng | FCA |
| Holownia | M | B Com. LLB | |
| Huddy | R W | B Bus Prop (Val). B Bus Acc | ASA |

STAFF LIST AS AT JUNE 2001

| EMPLOYEE | | QUALIFICATIONS | MEMBERSHIP OF PROFESSIONAL BODIES |
|--------------|-----|--|-----------------------------------|
| Iacopetta | F | B Acc | |
| Jared | S P | B A Acc | ASA |
| Jarrett | L C | B Com | ASA |
| Jasser | D | B Com | ASA |
| Jordan | C V | Cert First Line Mgmt, Cert Bus Pract | |
| Kelv | C L | B A Acc | ASA |
| Kennedy | A M | B Bus Acc | CPA |
| Kiefel | D | B Com | ASA |
| Knezevic | G | B Ec, Dip App Corp Fin | CPA, ASIA |
| Knight | T N | B Com & Admin, Dip Acc, Dip Cost Acc | ACA (NZ), CMA (NZ) |
| Kolecki | C | Cert Off Sk, Cert Off Proc, Cert Clerical Proc (Gen Off) | |
| Lalic | S | B A Acc | ASA |
| Lambropoulos | P | B Com | ASA |
| Lardner | A M | Dip Inf Sys, Cert Off Sys | RMAA |
| Leckie | J S | B Bus Acc | CPA |
| Lutz | A L | B Man, Grad Dip Com | |
| MacLean | S | B Com | |
| MacPherson | K I | LLB | FCPA |
| Marsh | S W | B Ec, Dip Acc | CPA |
| Matthews | R J | B A Acc | CPA |
| McGlen | I C | B A Acc | CPA |
| McGowan | C | B Com | ASA |
| Migliore | F | B A Acc | CPA |
| Moore | L | B Com | |
| Mouton | S A | B Com | CPA |
| Naylor | K A | Cert IV Inf Tech | |
| Nguyen | H T | B Com | ASA |
| Norris | A D | Dip Acc | FCPA |
| Nugent | S M | B Ec Acc | CPA |
| O'Donohue | D | B Com | |
| O'Neill | S | B A Acc | CPA |
| Owen | M | B Acc | CPA |
| Pascoe | G J | Bus Cert (Acc) | |
| Pineda | J | B Chem Eng, B Acc | ASA |
| Pineda | L | B Com | ASA |
| Poulos | G | B Bus Acc | |
| Reszitaryk | I M | B A Acc | CPA |
| Richardson | A J | B Ec Acc | CPA |
| Richardson | L C | B Com | ASA |
| Rolton | B W | Dip Acc | CPA |
| Romeo | F | B Acc | ASA |
| Rossi | P A | B A Acc | CPA |
| Rowell | S | B Com (Acc) | |

STAFF LIST AS AT JUNE 2001

| EMPLOYEE | | QUALIFICATIONS | MEMBERSHIP OF PROFESSIONAL BODIES |
|------------|-----|--|-----------------------------------|
| Shore | R | B Com | ASA |
| Sierros | B | B Ec. Dip Acc | CPA |
| Slaytor | K M | B A (Jur), LLB, GDLP, B Acc | ASA |
| Smart | D H | B Ec. B Acc. B A (Hons) (Psvch) | ASA |
| Stathoulis | H | B Com | ASA |
| Stint | M J | Adv Dip in Acc | ANIA |
| Symons | T | B Com | |
| Tang | E S | B Com, B Sc (Comp Science) | ASA |
| Tate | W J | B A Acc | CPA |
| Telford | I | B A Acc | CPA |
| Terrington | K | B Com | |
| Thompson | G P | B Com Acc | CPA |
| Thompson | J D | B A. Grad Dip Svsts Anal. Mast Prof Acc | ISACA |
| Westphalen | K M | B Ec | |
| Williams | T | B Acc | ASA |
| Williams | K | B Acc | CPA |
| Wozniak | M M | Cert Voc Edn (Inf Tech).Cert Microcomp Sup | |
| Yates | KA | B Com | ASA |

APPENDIX E

**AGENCIES AND STATUTORY FUNDS AUDITED BY THE DEPARTMENT
(AS AT 30 JUNE 2001)**

Aboriginal Health Council of South Australia
 Aboriginal Lands Trust
 Adelaide Convention Centre Corporation
 Adelaide Entertainments Corporation
 Adelaide Festival Centre Trust
 Adelaide Festival Corporation
 Adelaide Women's and Children's Hospital
 Agents Indemnity Fund
 Animal and Plant Control Commission
 Arid Areas Catchment Water Management Board
 Art Gallery Board
 Attorney-General's Department
 Austraining International Pty. Ltd.
 Australian Children's Performing Arts Company — The
 Austrics
 Bookmark Biosphere Trust
 Botanic Gardens and State Herbarium — Board of the
 Carrick Hill Trust
 Carwell Pty Ltd
 Child and Youth Health
 Chiropractors Board of South Australia
 Coast Protection Board
 Commissioners of Charitable Funds
 Construction Industry Training Board
 Correctional Services — Department for
 Country Fire Service Board
 Courts Administration Authority
 Crichbee Pty Ltd
 Dairy Authority of South Australia
 Department for Administrative and Information Services (DAIS)
 Department of Primary Industries and Resources
 Distribution Lessor Corporation
 Dog and Cat Management Board
 Dog Fence Board
 Dried Fruits Board
 Drug and Alcohol Services Council
 Education Adelaide
 Education, Training and Employment — Department of
 Electoral Districts Boundaries Commission
 Electricity Industry Superannuation Scheme
 Electricity Reform and Sales Unit
 Electricity Supply Industry Planning Council
 Emergency Services Administrative Unit
 Enfield General Cemetery Trust
 Environment and Heritage — Department for

**AGENCIES AND STATUTORY FUNDS AUDITED BY THE DEPARTMENT
(AS AT 30 JUNE 2001)**

Environment Protection Authority
Eyre Peninsula Catchment Water Management Board
Farm Business Improvement Program
Fire Equipment Services South Australia
Flinders Medical Centre
Flinders University of South Australia
Funds SA Subsidiary Holding Corporation
Gaming Supervisory Authority Operating Account
General Reserves Trust
Generation Lessor Corporation
Government Workers Rehabilitation and Compensation Fund
Governors Pensions Schemes
Health and Community Services Ministerial Council
History Trust of South Australia
HomeStart Finance
Human Services — Department for
Independent Gaming Corporation Ltd
Industrial and Commercial Premises Corporation
Industry and Trade — Department of
Information Industries Development Centre
Institute of Medical and Veterinary Science
Intellectual Disability Service Council Inc.
Judges' Pensions Schemes
Julia Farr Services
Justice — Department of
Kantilla Pty Ltd
Land Management Corporation
Legal Services Commission of South Australia
Legal Services Commission of South Australia - Trust Account
Legislature — The
Libraries Board of South Australia
Local Government Finance Authority of South Australia
Local Government Superannuation Board
Lotteries Commission of South Australia
Martindale Hall Development Trust
Medical Board of South Australia
Medvet Science Pty Ltd
Modbury Hospital
Motor Accident Commission
Museum Board
Narana Pty Ltd
National Centre for Vocational Education Research Ltd
National Wine Centre
Native Vegetation Fund
Natural Heritage Trust Partnership
Natural Heritage Trust Partnership
North Western Adelaide Health Service

**AGENCIES AND STATUTORY FUNDS AUDITED BY THE DEPARTMENT
(AS AT 30 JUNE 2001)**

Northern Adelaide and Barossa Catchment Water Management Board
 Notional State Housing Authority
 Occupational Therapists Registration Board of South Australia
 Office of Venue Management
 Onkaparinga Catchment Water Management Board
 Optometrists Board of South Australia
 Outback Areas Community Development Trust
 Parliamentary Superannuation Scheme
 Passenger Transport Board
 Patawalonga Catchment Water Management Board
 Planning and Development Fund
 Police Department
 Police Superannuation Scheme
 Premier and Cabinet — Department of the
 Public Trustee Office
 Repatriation General Hospital Incorporated
 RESI Corporation
 RESI FP Pty Ltd
 RESI Gas Pty Ltd
 RESI OE Pty Ltd
 RESI Syn Pty Ltd
 Residential Tenancies Fund
 Retail Shop Leases Fund
 River Murray Catchment Water Management Board
 Royal Adelaide Hospital
 Rural Adjustment Scheme
 Rural Industry Adjustment and Development Fund
 S.A. St. John Ambulance Service Incorporated
 SA TAB Pty Ltd (Formerly South Australian Totalizator Agency Board)
 SA Water International Pty Ltd
 SABOR Ltd
 SABT Pty. Ltd.
 Second Hand Vehicles Compensation Fund
 Senior Secondary Assessment Board of South Australia
 South Australian Aboriginal Housing Authority
 South Australian Asset Management Corporation
 South Australian Athletics Stadium
 South Australian Centre for Public Health
 South Australian Community Housing Authority
 South Australian Country Arts Trust
 South Australian Dental Service
 South Australian Film Corporation
 South Australian Finance Trust Ltd
 South Australian Forestry Corporation
 South Australian Government Captive Insurance Corporation
 South Australian Government Financing Authority
 South Australian Health Commission and Associated Activities

**AGENCIES AND STATUTORY FUNDS AUDITED BY THE DEPARTMENT
(AS AT 30 JUNE 2001)**

South Australian Housing Trust
 South Australian Independent Industry Regulator
 South Australian Local Government Grants Commission
 South Australian Metropolitan Fire Service
 South Australian Motor Sport Board
 South Australian Ports Corporation
 South Australian Psychological Board
 South Australian Superannuation Scheme
 South Australian Tertiary Admissions Centre
 South Australian Tourism Commission
 South Australian Trade and Investment Corporation
 South Australian Water Corporation
 South East Catchment Water Management Board
 South Eastern Water Conservation and Drainage Board
 Southern Group Insurance Corporation
 Southern State Superannuation Scheme
 State Disaster Relief Fund
 State Electoral Office
 State Governor's Establishment
 State Heritage Fund
 State Opera of South Australia — The
 State Opera Ring Corporation
 State Supply Board
 State Theatre Company of South Australia
 Superannuation Funds Management Corporation of South Australia (trades as Funds SA)
 Supported Residential Facilities Indemnity Fund
 Targeted Voluntary Separation Package Scheme
 Teachers Registration Board
 Torrens Catchment Water Management Board
 TransAdelaide
 Transmission Leasing Pty Ltd
 Transmission Lessor Corporation
 Transport, Urban Planning and the Arts — Department for
 Treasury and Finance — Department of
 Treasury and Finance — Department of — Administered Special Deposit Accounts
 University of Adelaide
 University of South Australia
 University of South Australia Foundation Inc
 Veterinary Surgeons Board
 Water Resources — Department for
 Water Resources Levy Fund
 West Beach Trust
 Wildlife Conservation Fund

Total number of audits for 2000-01

182