

# **Report of the Auditor-General**

## **Report 14 of 2021**

Auditor-General's Department  
2020-21 Annual report  
for the year ended 30 June 2021

*The Auditor-General's Department acknowledges and respects  
Aboriginal people as the State's first people and nations, and  
recognises Aboriginal people as traditional owners and occupants of  
South Australian land and waters.*



**Auditor-General's  
Department**

[www.audit.sa.gov.au](http://www.audit.sa.gov.au)

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Hon Steven Marshall  
Premier  
Department of the Premier and Cabinet  
Level 15 State Administration Centre  
200 Victoria Square  
ADELAIDE SA 5000

Dear Premier

**Auditor-General's Department: Annual report for the year ended 30 June 2021**

Attached is the annual report of the Auditor-General's Department for the year ended 30 June 2021, forwarded in line with the requirements of the *Public Sector Act 2009*.

This annual report summarises our performance and achievements in 2020-21 and gives an overview of what we have achieved in the four strategic priority areas of our corporate plan.

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

- started implementing our strategic plan for the period 2020-21 to 2022-23
- developed a new four-year data analytics strategic plan to drive our use of data in all aspects of our work
- implemented the first phase of changes to our practice management system with improved tools for business reporting and analysis
- fully implemented our new financial auditing methodology and software
- worked with an external expert to help us with effectiveness auditing, allowing us to use their expert knowledge to develop our capacity to undertake this work
- presented 19 reports to Parliament

- continued our leadership and management development program and focussed on building our enterprise leadership capabilities for the future.

I would like to thank my professional and dedicated Executive and staff for their commitment and hard work in 2020-21. Their continuing effort and energy to implementing changes we are introducing through our corporate plan has been personally motivating and satisfying.

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

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

Yours sincerely

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

Andrew Richardson  
**Auditor-General**

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## 2020-21 highlights

### Corporate plan

We released our new strategic plan. This three-year plan focusses on the changes we must make to stay relevant in a changing world.

It was a busy year as we commenced major projects across all four of the key strategic priorities in our new plan.

### Reports

The Annual Report of the Auditor-General for the year ended 30 June 2020 was presented to Parliament.

We completed examinations on cyber security in three local government councils and an ICT vulnerability scan within government agencies, and reported the findings to Parliament.

We presented reports on the probity of the processes for awarding the bus and light rail and heavy rail service contracts.

We presented 19 reports to Parliament. (See page 2 for a list of our reports)

### Performance auditing

We increased the number of state and local government reviews in line with our targets.

Changes to the *Public Finance and Audit Act 1987* were passed this year, giving us the authority to complete shorter reviews of local government agencies. Prior to this change we were only able to complete full examinations of these agencies.

### New audit methodology and software

We successfully implemented our new financial auditing methodology and rolled out our new auditing software across the Department.

### Data analytics

Data analytics was embedded in our audit framework and is now being routinely used to inform our audit strategy.

### Audit Committees

We held two briefings for the chairs of agency Audit Committees.

### Practice management system

We implemented the first phase of changes to our practice management system with improved tools for business reporting and analysis.

We are on track to complete the next phase to streamline our job management in 2021-22.

### Organisation structure review

We completed a review of the structure of our information technology audit and data analytics teams.

We completed a feasibility assessment of staff pooling in the financial audit division.

### Developing our people

We had a strong focus on building leadership that focusses on achieving organisational outcomes. We delivered enterprise leadership workshops to our managers and supervisors, and embedded learnings using participants' projects

We delivered a 'Leadership week' with the theme of practicing everyday leadership, with opportunities for all staff to explore various learning activities. The week included formal training, individual coaching, microlearning activities and guest speakers and introduced staff to varied concepts of leadership behaviours, regardless of the nature of their role.

We strengthened our relationships with accounting professional associations and universities, and established a LinkedIn presence for more opportunities to connect with potential employees and promote the Department as an employer of choice.

Employee wellbeing is a major focus. Our first steps to a comprehensive wellbeing strategy were completed, using an expert to identify our priority areas and provide baseline data.

## Reports presented to Parliament this year

|                  |   |
|------------------|---|
| 21 July 2020     | Report 8 of 2020 <i>Examination of the management of road asset maintenance: Northern Areas Council</i>               |
| 5 August 2020    | Report 9 of 2020 <i>Education capital works – Planning and governance</i>   |
| 7 August 2020    | Report 10 of 2020 <i>Passenger transport service contracts - Bus and light rail</i>                                   |
| 2 September 2020 | Report 11 of 2020 <i>Adelaide Oval redevelopment for the designated period 1 January 2020 to 30 June 2020</i>         |
| 8 September 2020 | Report 12 of 2020 <i>Information and communications technology reviews</i>  |
| 13 October 2020  | Report 13 of 2020 <i>Annual Report of the Auditor-General for the year ended 30 June 2020</i>                         |
| 13 October 2020  | Report 14 of 2020 <i>Report on the Operations of the Auditor-General's Department for the year ended 30 June 2020</i> |
| 17 November 2020 | Report 15 of 2020 <i>Examination of the management of road asset maintenance – City of Salisbury</i>                  |
| 10 December 2020 | Report 16 of 2020 <i>Review of ICT projects in SA Health</i>  |
| 2 February 2021  | Report 1 of 2021 <i>Examination of cyber security – City of Port Adelaide Enfield</i>                                 |
| 2 February 2021  | Report 2 of 2021 <i>Examination of cyber security – City of Prospect</i>  |
| 2 February 2021  | Report 3 of 2021 <i>Examination of cyber security – Port Augusta City Council</i>                                     |
| 16 February 2021 | Report 4 of 2021 <i>Passenger transport service contracts – Heavy rail</i>  |
| 2 March 2021     | Report 5 of 2021 <i>Adelaide Oval redevelopment for the designated period 1 July 2020 to 31 December 2020</i>         |
| 16 March 2021    | Report 6 of 2021 <i>Update to the annual report for the year ended 30 June 2020</i>                                   |
| 30 March 2021    | Report 7 of 2021 <i>Consolidated Financial Report review</i>  |
| 30 March 2021    | Report 8 of 2021 <i>State finances and related matters</i>  |
| 25 May 2021      | Report 9 of 2021 <i>Probity of the processes for the heavy rail service contract</i>                                  |
| 8 June 2021      | Report 10 of 2021 <i>ICT vulnerability management in South Australian public sector entities</i>                      |



## What we do

‘We contribute to state and local government services being transparent, trusted and valued’

### The Auditor-General

The Auditor-General makes an important contribution to public sector accountability by providing independent assurance to the Parliament that government activities are conducted and accounted for properly and in accordance with the law.

The Auditor-General’s responsibilities are to:

- conduct and report on financial report and controls audits of the accounts and operations of the Treasurer and public sector agencies
- conduct performance audits and report on matters of accountability and probity
- examine publicly funded bodies at the request of Parliament, the Treasurer, a Minister or the Independent Commissioner Against Corruption
- conduct examinations of the local government sector
- examine public interest disclosures and other issues referred by members of the public
- review and report on summaries of confidential government contracts at the request of a Minister
- lead the Auditor-General’s Department as its chief executive.

### The legislation

#### **Principal legislation**

The Auditor-General is appointed by Parliament under the *Public Finance and Audit Act 1987* (the PFAA).

The PFAA is part of the important accountability link between the Executive Government, the Parliament and the taxpayers of South Australia.

As well as establishing the Auditor-General’s mandate, it prescribes the financial reporting obligations of the Treasurer and public sector agencies.

#### **Other legislation**

There are provisions in other Acts that have a direct influence on the Auditor-General and the Department.

These include statutes appointing the Auditor-General to audit public sector agencies, legislation covering special Commonwealth and State financial arrangements, and State legislation such as Supply Acts, Appropriation Acts, the Public Corporations Act, the Independent Commissioner Against Corruption Act and the Public Interest Disclosure Act.

### The Annual Report

The Auditor-General’s Annual Report is the main communication between the Auditor-General and the Parliament. It comprises:

- Part A: Executive summary – the opinions the Auditor-General is required to give under the PFAA and commentary on some key financial management and accounting matters arising from audits.
- Part B: Controls opinion – provides our observations on significant control matters identified from our controls opinion audit program.
- Part C: Agency audit reports – a summary of the outcomes of the audit of each agency, with a snapshot of key agency information covering financial statistics, significant events and transactions and whether the financial statement and controls opinions are unmodified or modified (qualified).
- Part D: Managing climate change in South Australia – provide an overview of aspects of climate change management in South Australia.

### The agencies we audit

A list of the agencies we audit is published annually in Part C of the Auditor-General’s Annual Report.

## Our vision, purpose and values

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

### **Our purpose**

We contribute to state and local government services being transparent, trusted and valued.

### **Our strategic priorities**

#### **Priority 1**

Engage with clients in a way that results in a positive change to their practice and transparency for the public

#### **Priority 2**

Evolve the Department so that we deliver what Parliament and clients need

#### **Priority 3**

Make sure the way we lead gives us our best chance of achieving our 2030 vision

#### **Priority 4**

Run our Department as a modern business

### **What we value**

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

#### **Integrity**

We act fairly, honestly, impartially and independently

#### **Accountability**

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

#### **Responsiveness**

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

#### **Collaboration**

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

#### **Courage and tenacity**

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

#### **Respect**

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

#### **Innovation**

We encourage and value ideas for improvement

## Strategic priority 1

'Engage with clients in a way that results in a positive change to their practice and transparency for the public'

### Key strategic actions

- Continue to revise reporting so it meets the needs of Parliament and our clients
- Invest in communications expertise for the business to get the messaging right
- Share findings and information with clients to encourage positive change to their practices

### Our performance in 2020-21

#### Revising our reporting

We aimed to increase the number of reports this year. We delivered 19 reports to Parliament, an increase of five on the number we delivered in the previous year.

We engaged and are working with an external expert to help us with an effectiveness audit, allowing us to use their expert knowledge to develop our own capacity to undertake this work. Unfortunately, COVID-19 impacted the time frame for this effectiveness audit and it will now be completed next year.

The Statutes Amendment (Local Government Review) Bill 2021 passed Parliament and was assented in August 2021. The Bill impacts our mandate under the PFAA, giving us greater flexibility to conduct and report on high-level reviews of the accounts or the efficiency, economy and effectiveness of local government sector agencies. In addition, the amendment allows us to publish data collected from our audit processes on our website. We will explore this further next year.

#### Annual Reports to Parliament

Annually we table in Parliament an update to the Auditor-General's Annual Report. It summarises the audit outcomes for the agencies that are not included in the Annual Report. In response to Parliamentary feedback, the format and content of the update report was revised and improved this year. We also increased the use of visualisations in our reports for improved presentation of data.

#### Share findings and information with clients

We are reviewing our reporting process to improve how we communicate our findings to our clients, with the changes to be implemented in 2021-22.

We held another two briefings for the chairs of agency Audit Committees. Our November 2020 briefing was online, responding to COVID-19 restrictions. We discussed emerging audit matters and shared issues of mutual interest for the year. Invited speakers are now included on our agenda. They contributed to our themes of financial management, cyber security and IT project development. We will continue to do this in future years.

## Strategic priority 2

'Evolve the Department so that we deliver what Parliament and clients need'

### Key strategic actions

- Ensure our structure supports the achievement of our business goals
- Continue to work on the culture as we work on the business
- Ensure all our audit methodologies and practices comply with professional requirements and are consistent with industry practice

### Our performance in 2020-21

Ensure our structure supports our business goals

We are reviewing our organisation structure to ensure it supports the achievement of our business goals

Our review of the financial audit division structure included exploring the feasibility of pooling staff. The focus of this review was to engage with staff to identify opportunities for change with maximum benefit. While we decided not to proceed with staff pooling, we identified opportunities to increase flexibility in our work environment to better respond to resourcing needs and provide more opportunity for skill development and progression. These changes will be progressed over the next two years.

We have completed our review of the information technology audit and data analytics teams. We will implement the changes for these areas over the next two years.

The review of our remaining teams is progressing.

Data analytics

We continued to ensure data analytics are used extensively in corporate and client work and that its use adds value. We also developed a new four-year data analytics strategic plan to drive our use of data in all aspects of our work.

Best practice audit methodologies

We have fully implemented our new financial audit methodology. This has included some staff being identified as 'champions' who identify and communicate best practice among their peers. We will conduct a post-implementation review of these changes in 2021-22.

We have developed a framework that clarifies our expectations for considering public interest in undertaking our work as public sector auditors. It will be implemented in 2021-22.

We have commenced a review of our sampling methodology. The revised methodology will be implemented in 2021-22.

## Strategic priority 3

'Make sure the way we lead gives us our best chance of achieving our 2030 vision'

### Key strategic actions

- Build leadership that focusses on achieving organisational outcomes
- Acknowledge the talent we have and continue to build our capability and apply it to all aspects of our work
- Welcome people from outside the Department who can contribute fresh ideas and approaches, and who offer expertise on specific challenges.

### Our performance in 2020-21

#### Building leadership capability

We had a strong focus on building leadership that focusses on achieving organisational outcomes this year.

To develop an enterprise leadership culture at our managerial level we held workshops and provided our leaders with choices about learning activities in which they might invest, as part of a strategy to strengthen an enterprise leadership approach across the organisation and their ongoing development as enterprise leaders.

We delivered a 'Leadership week' with the theme of practicing everyday leadership, with opportunities for all staff to explore various learning activities. The week included formal training, individual coaching, microlearning activities and guest speakers, and introduced staff to varied concepts of leadership behaviours, regardless of the nature of their role.

As part of developing an enterprise leadership culture we revised our role descriptions for managers to include behaviours that a good enterprise leader would have.

We implemented a principles-based performance and learning management policy to highlight organisational expectations and the underlying framework for performance management. The intended outcome is that managers and staff are able to make decisions about how to proceed that take into account their individual circumstances, rather than prescribing a set process.

#### Employee wellbeing

We engaged a registered psychologist as our expert to identify priority areas for employee wellbeing and provide baseline data. We then developed a wellbeing framework that we will start to implement next year.

## Strategic priority 4

'Run our Department as a modern business'

### Key strategic actions

- Have the business information we need to run an efficient operation
- Redirect resources to meet critical needs
- Invest in infrastructure

### Our performance in 2020-21

#### Improving our business information

We implemented the first phase of improvements to our current practice management system, delivering an improved data structure and new tools for business reporting and analysis. Development on the next phase to deliver more streamlined job management is well underway and will be implemented in the early part of 2021-22.

#### Redirect resources to meet critical needs

We provided an additional audit manager to our local government team to assist with completing the higher number of examinations scheduled for the year.

Internal rotation placements were provided for our financial auditors to work and gain experience in our data analytics and performance audit teams.

#### Investing in our infrastructure

Our new audit software is used across Australia and internationally, both in the private and public sector. It is a cloud-based software solution that will now be used by all audit teams and puts the Department in a sound position for the future.

We conducted a review to identify how we might further advance our use of Microsoft 365 and the cloud environment. Recommendations will be implemented in 2021-22.

We completed a project to successfully bring the Department in line with the newly introduced South Australian Protective Security Framework and the South Australian Cyber Security Framework. These frameworks provide all SA Government agencies with the requirements to help identify, manage and mitigate security risks, and adequately manage cyber security. The Department, like other public sector agencies, reported to the Office of Cyber Security its achievements against the frameworks in 2020-21, and we will continue to implement our new security policies in 2021-22.

## Measures of performance

Currently we audit 156 financial statements, which is the same number as last year. A list of the agencies we audit is published annually in Part C of the Auditor-General's Annual Report. It includes the Auditor-General's Department, which is audited by BDO Audit (SA) Pty Ltd.

One measure of our audit performance is the time it takes us to issue an audit opinion to our clients, although delays can occur for many reasons that are outside of our control.

### Audit activity output measures (financial years)

|  | 2018-19 | 2019-20 | 2020-21 |
|--|---------|---------|---------|
| Average working days between an agency's end of financial year and issuing an Independent Auditor's Report | 75      | 82      | 78      |

Also relevant to understanding how we have performed is the number of hours we commit to audits. The actual hours charged for financial report and controls opinion audits for the past three audit years are shown in the next table.

These hours are generally recovered from public sector agencies through audit fees and provide a measure of the resources we commit to undertaking audits.

### Hours charged to audits

|                              | 2018-19        | 2019-20        | 2020-21                      |
|------------------------------|----------------|----------------|------------------------------|
| Conduct of audits (hours)    | 93 600         | 98 400         | 92 100                       |
| Management of audits (hours) | 11 400         | 12 100         | 11 700                       |
| <b>Total hours charged</b>   | <b>105 000</b> | <b>110 500</b> | <b>103 800<sup>(1)</sup></b> |

The reduction the number of hours we committed to financial report and controls opinion audits in 2020-21 reflects a decrease average employee FTE level for 2020-21 and the planned commitment of resources to other audit areas. We expect this trend to continue as we move internal resources to the conduct of additional performance audits in the state and local government sector.

## In Our financial report

### Auditor-General's Department

#### Statement of Comprehensive Income for the year ended 30 June 2021

|   | Note | 2021<br>\$000 | 2020<br>\$000 |
|---|------|---------------|---------------|
| <b>Expenses:</b>                              |      |               |               |
| Employee expenses                             | 2    | 13 805        | 14 064        |
| Supplies and services:                        |      |               |               |
| Contractors                                   |      | 1 244         | 1 394         |
| Office accommodation and service costs        | 12   | 770           | 721           |
| Consultancies                                 |      | 431           | 380           |
| Other supplies and services                   | 5    | 1 296         | 1 010         |
|   |      | 3 741         | 3 505         |
| Depreciation and amortisation                 |      | 284           | 252           |
| <b>Total expenses</b>                         |      | <b>17 830</b> | <b>17 821</b> |
| <b>Income:</b>                                |      |               |               |
| Appropriation and contingency provision grant | 6    | 18 443        | 18 161        |
| Services received free of charge              | 7    | 84            | 63            |
| Other income                                  |      | 1             | 1             |
| <b>Total income</b>                           |      | <b>18 528</b> | <b>18 225</b> |
| <b>Net result</b>                             |      | <b>698</b>    | <b>404</b>    |
| <b>Total comprehensive result</b>             |      | <b>698</b>    | <b>404</b>    |

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



**Statement of Financial Position  
as at 30 June 2021**

|  | Note | 2021<br>\$000 | 2020<br>\$000 |
|--|------|---------------|---------------|
| <b>Current assets:</b>                                     |      |               |               |
| Cash and cash equivalents                                  | 8    | 8 101         | 7 307         |
| Receivables  | 9    | 142           | 124           |
| <b>Total current assets</b>                                |      | <b>8 243</b>  | <b>7 431</b>  |
| <b>Non-current assets:</b>                                 |      |               |               |
| Computing and office facilities                            | 10   | 306           | 332           |
| Right of use plant & equipment                             | 10   | 34            | 50            |
| Intangible assets  | 10   | 16            | 6             |
| <b>Total non-current assets</b>                            |      | <b>356</b>    | <b>388</b>    |
| <b>Total assets</b>  |      | <b>8 599</b>  | <b>7 819</b>  |
| <b>Current liabilities:</b>                                |      |               |               |
| Payables   | 11   | 564           | 491           |
| Lease liabilities  |      | 21            | 28            |
| Employee benefits  | 3    | 2 238         | 2 062         |
| Provision for workers compensation                         | 4    | 24            | 20            |
| <b>Total current liabilities</b>                           |      | <b>2 847</b>  | <b>2 601</b>  |
| <b>Non-current liabilities:</b>                            |      |               |               |
| Payables   | 11   | 390           | 392           |
| Lease liabilities  |      | 13            | 22            |
| Employee benefits  | 3    | 3 770         | 3 940         |
| Provision for workers compensation                         | 4    | 58            | 41            |
| <b>Total non-current liabilities</b>                       |      | <b>4 231</b>  | <b>4 395</b>  |
| <b>Total liabilities</b>                                   |      | <b>7 078</b>  | <b>6 996</b>  |
| <b>Net assets</b>  |      | <b>1 521</b>  | <b>823</b>    |
| <b>Equity:</b>   |      |               |               |
| Retained earnings  |      | 1 521         | 823           |
| <b>Total equity</b>  |      | <b>1 521</b>  | <b>823</b>    |
| Total equity is attributable to the SA Government as owner |      |               |               |
| Commitments  | 12   |               |               |

**Statement of Changes in Equity  
for the year ended 30 June 2021**

|   | Retained<br>earnings<br>\$000 | Total<br>\$000 |
|---|-------------------------------|----------------|
| Balance at 30 June 2019                         | 419                           | 419            |
| Total comprehensive result for the year 2019-20 | 404                           | 404            |
| Balance at 30 June 2020                         | 823                           | 823            |
| Total comprehensive result for the year 2020-21 | 698                           | 698            |
| <b>Balance at 30 June 2021</b>                  | <b>1 521</b>                  | <b>1 521</b>   |

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

**Statement of Cash Flows  
for the year ended 30 June 2021**

|  | 2021<br>Inflows<br>(Outflows)<br>\$000 | 2020<br>Inflows<br>(Outflows)<br>\$000 |
|--|--|--|
| <b>Cash flows from operating activities:</b>                   |  |  |
| Cash outflows:   |  |  |
| Employee expenses  | (13 753)                               | (13 693)                               |
| Supplies and services  | (4 016)                                | (3 836)                                |
| Payments for Paid Parental Leave Scheme                        | (26)                                   | (74)                                   |
| Cash inflows:  |  |  |
| Other income   | 1                                      | 1                                      |
| Goods and services tax refunds from Australian Taxation Office | 355                                    | 372                                    |
| Receipts for Paid Parental Leave Scheme                        | 41                                     | 58                                     |
| Appropriations and contingency provision grant                 | 18 443                                 | 18 161                                 |
| <b>Net cash provided by (used in) operating activities</b>     | <b>1 045</b>                           | <b>989</b>                             |
| <b>Cash flows from investing activities:</b>                   |  |  |
| Cash outflows:   |  |  |
| Purchase of computing and office facilities                    | (208)                                  | (230)                                  |
| Purchase of intangible assets                                  | (14)                                   | -                                      |
| <b>Net cash provided by (used in) investing activities</b>     | <b>(222)</b>                           | <b>(230)</b>                           |
| <b>Cash flows from financing activities:</b>                   |  |  |
| Cash outflows:   |  |  |
| Repayment of leases  | (28)                                   | (36)                                   |
| Repayment of borrowings  | (1)                                    | (1)                                    |
| <b>Net cash provided by (used in) financing activities</b>     | <b>(29)</b>                            | <b>(37)</b>                            |
| <b>Net increase (decrease) in cash and cash equivalents</b>    | <b>794</b>                             | <b>722</b>                             |
| <b>Cash and cash equivalents at 1 July</b>                     | <b>7 307</b>                           | <b>6 585</b>                           |
| <b>Cash and cash equivalents at 30 June</b>                    | <b>8 101</b>                           | <b>7 307</b>                           |

## Notes to and forming part of the financial statements

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

The Department is an administrative unit of the public service established under the *Public Finance and Audit Act 1987* (PFAA). It is a wholly owned and controlled entity of the Crown. Accordingly, all government-related entities are related parties of the Department.

The Department's main statutory responsibilities are to audit and examine the activities of State and Local Government agencies and to report the results to Parliament as required by the PFAA.

#### **Controlled**

The Department's sole activity is the provision of auditing services covering the various audit and examination responsibilities prescribed under the PFAA. Within this activity class there are two sub-activities:

#### *Prescribed audits*

Includes all audit and examination work for State and Local Government agencies initiated and undertaken by the Auditor-General under the PFAA. During the year the Department spent \$17.4 million (\$17.6 million) on this activity. The main component of work relates to the annual statutory audit of State public sector agencies.

#### *Special investigations*

Under the PFAA, the Parliament, Treasurer, a Minister or the Independent Commissioner Against Corruption can require the Auditor-General to undertake certain examinations and report these to Parliament. In 2020-21 the Department spent \$421 000 (\$189 000) on special investigations.

#### **Administered**

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

#### *Receiving and passing on auditing fees*

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

#### *Administering special acts*

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

|                                       |        |        |
|---------------------------------------|--------|--------|
| <b>2. Employee expenses</b>           | 2021   | 2020   |
| Employee benefits:                    | \$000  | \$000  |
| Salaries                              | 10 882 | 10 874 |
| Annual leave                          | 940    | 1 037  |
| Long service leave                    | (64)   | 81     |
| Skills and experience retention leave | 64     | 63     |
| Total employee benefits               | 11 822 | 12 055 |
| Employee on-costs:                    |        |        |
| Superannuation                        | 1 232  | 1 251  |
| Payroll tax                           | 663    | 679    |
| Total employee on-costs               | 1 895  | 1 930  |
| Workers compensation                  | 24     | 15     |
| Other employee related expenses       | 64     | 64     |
| Total employee expenses               | 13 805 | 14 064 |

**2.1 Remuneration of employees**

|   | Executive      |                | Staff          |                |
|---|----------------|----------------|----------------|----------------|
|   | 2021<br>Number | 2020<br>Number | 2021<br>Number | 2020<br>Number |
| The number of employees whose normal remuneration is equal to or greater than the base executive remuneration level during the year are grouped within the following bands: |                |                |                |                |
| \$154 001 - \$174 000   | -              | -              | 2              | 1              |
| \$174 001 - \$194 000   | -              | -              | -              | -              |
| \$194 001 - \$214 000   | 4              | 4              | -              | -              |
| \$214 001 - \$234 000   | -              | -              | -              | -              |
| \$234 001 - \$254 000   | 1              | 1              | -              | -              |
| \$254 001 - \$274 000   | 1              | 1              | -              | -              |
| \$394 001 - \$414 000   | 1              | 1              | -              | -              |
| <b>Total</b>  | <b>7</b>       | <b>7</b>       | <b>2</b>       | <b>1</b>       |

The table includes all employees whose normal remuneration is equal to or greater than the base executive remuneration level. Total remuneration received or receivable by these employees was \$2.04 million (\$1.89 million).

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

**2.2 Key management personnel**

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

Total compensation for the Department’s key management personnel was \$1.73 million (\$1.73 million). This includes compensation recorded in both the Department’s financial statements and in the administered financial statements.

**3. Employee benefits liability**

|                                       | 2021         | 2020         |
|---------------------------------------|--------------|--------------|
| <b>Current:</b>                       | <b>\$000</b> | <b>\$000</b> |
| Salaries                              | 356          | 310          |
| Annual leave                          | 1 497        | 1 411        |
| Long service leave                    | 284          | 265          |
| Skills and experience retention leave | 101          | 76           |
| <b>Total current</b>                  | <b>2 238</b> | <b>2 062</b> |
| <b>Non-current:</b>                   |              |              |
| Long service leave                    | 3 770        | 3 940        |
| <b>Total non-current</b>              | <b>3 770</b> | <b>3 940</b> |
| <b>Total employee benefits</b>        | <b>6 008</b> | <b>6 002</b> |

**Salaries**

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

**Annual leave and skills and experience retention leave**

The annual leave liability and the skills and experience retention leave liability are expected to be payable within 12 months and are measured at the undiscounted amount expected to be paid. The salary inflation rate remained at 2%.

**Sick leave**

No liability is recognised, as all sick leave is non-vesting and the average sick leave taken is estimated to be less than the annual entitlement for sick leave.

**Long service leave**

AASB 119 *Employee Benefits* contains the calculation methodology for long service leave liability. An actuarial assessment of long service leave liability has been undertaken by the Department of Treasury and Finance. The estimated liability for long service leave is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data for SA Government entities. Expected future payments are discounted using government bonds rates with durations that align with estimated future cash flows.

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds increased to 1.25% at 30 June 2021.

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service liability of \$395 000 and employee benefit expense of \$395 000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions – a key assumption is the long-term discount rate.

The actuarial assessment by the Department of Treasury and Finance left the salary inflation rate at 2.5% for long service leave. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

The long service leave expected to be taken in the 12 months to 30 June 2022 (current long service leave), has been estimated by adding the estimated termination payments in this period to the estimated long service leave to be taken by ongoing employees in the 12 months (based on previous years' experience). The basis of calculation is similar to that used in previous years.

|  |       |       |
|--|-------|-------|
| <b>4. Provision for workers compensation</b> | 2021  | 2020  |
| Current:                                     | \$000 | \$000 |
| Provision for workers compensation           | 24    | 20    |
| Total current                                | 24    | 20    |
| Non-current:                                 |       |       |
| Provision for workers compensation           | 58    | 41    |
| Total non-current                            | 58    | 41    |
| Total provision                              | 82    | 61    |
| Carrying amount at 1 July                    | 61    | 51    |
| Increase (Decrease) in provision             | 21    | 10    |
| Carrying amount at 30 June                   | 82    | 61    |

The Department is responsible for the payment of workers compensation claims. The provision is for the estimated cost of ongoing payments to employees as required under current legislation. The workers compensation provision is an actuarial estimate of the outstanding liability at 30 June 2021 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment.

|  |       |       |
|--|-------|-------|
| <b>5. Other supplies and services</b>  | 2021  | 2020  |
|  | \$000 | \$000 |
| Computing and network processing costs   | 787   | 442   |
| Staff recruitment, development and training  | 204   | 197   |
| Other expenses   | 186   | 169   |
| Shared Services SA charges   | 62    | 64    |
| Motor vehicles   | 51    | 96    |
| Staff travel, accommodation and allowances   | 5     | 42    |
| Total other supplies and services  | 1 296 | 1 010 |
| <b>6. Appropriation and contingency provision</b>  |       |       |
| Appropriations to the Department in 2020-21 amounted to \$18.443 million (\$18.154 million). A contingency provision grant was not received in 2020-21 (\$7000). |       |       |
| <b>7. Resources received free of charge</b>  |       |       |
| Services received free of charge – Shared Services SA  | 62    | 63    |
| Services received free of charge – ICT Digital Government  | 22    | -     |
| Total resources received free of charge  | 84    | 63    |

The Department is only charged for non-standard services received.

|  |       |       |
|--|-------|-------|
| <b>8. Cash and cash equivalents</b>            | 2021  | 2020  |
| Deposits with the Treasurer:                   | \$000 | \$000 |
| Auditor-General's Department Operating Account | 5 587 | 4 858 |
| Accrual Appropriation Excess Funds             | 2 514 | 2 449 |
| Total cash and cash equivalents                | 8 101 | 7 307 |
| <b>9. Receivables</b>                          |       |       |
| Current:                                       |       |       |
| Goods and services tax                         | 142   | 124   |
| Total current                                  | 142   | 124   |

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

|   |     |     |
|---|-----|-----|
| <b>10. Non-current assets</b>                   |     |     |
| <b>10.1 Classes of assets</b>                   |     |     |
| Computing and office equipment – at cost        | 871 | 870 |
| Accumulated depreciation                        | 819 | 778 |
|   | 52  | 92  |
| Laptop computer equipment – at cost             | 797 | 651 |
| Accumulated depreciation                        | 606 | 411 |
|   | 191 | 240 |
| Right of use plant and equipment                | 69  | 79  |
| Accumulated depreciation                        | 35  | 29  |
|   | 34  | 50  |
| Leasehold improvements – at cost                | 851 | 786 |
| Accumulated depreciation                        | 788 | 786 |
|   | 63  | -   |
| Intangible assets – Computer software – at cost | 534 | 520 |
| Accumulated amortisation                        | 518 | 514 |
|   | 16  | 6   |
|   | 356 | 388 |

|   |                 |           |           |               |                 |
|---|-----------------|-----------|-----------|---------------|-----------------|
| <b>10.2 Reconciliation of carrying amount</b> | Carrying amount |           |           | Depreciation/ | Carrying amount |
|   | 01.07.20        | Additions | Disposals | Amortisation  | 30.06.21        |
|   | \$000           | \$000     | \$000     | \$000         | \$000           |
| Computing and office equipment                | 92              | 14        | -         | 54            | 52              |
| Laptop computer equipment                     | 240             | 146       | -         | 195           | 191             |
| Right of use plant and equipment              | 50              | 14        | 1         | 29            | 34              |
| Leasehold improvements                        | -               | 65        | -         | 2             | 63              |
| Computer software                             | 6               | 14        | -         | 4             | 16              |
| Total computing and office facilities         | 388             | 253       | 1         | 284           | 356             |

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

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

The Department has motor vehicle leases with the South Australian Government Financing Authority (SAFA), through their agent LeasePlan Australia. Motor vehicle leases are non-cancellable, with rental payments monthly in arrears. Lease terms are three years (60 000 km). The lease rate is determined according to the type of vehicle being leased and the number of months of the lease period and are reviewed annually. No variable lease payments are provided for in the lease agreements and no options exist to renew the leases at the end of their term.

|                                    |       |       |
|------------------------------------|-------|-------|
| <b>11. Payables</b>                | 2021  | 2020  |
| Current:                           | \$000 | \$000 |
| Employee on-costs                  | 409   | 381   |
| Creditors                          | 87    | 60    |
| Accrued expenses                   | 53    | 50    |
| Paid Parental Leave Scheme payable | 15    | -     |
| Total current                      | 564   | 491   |
| Non-current:                       |       |       |
| Employee on-costs                  | 390   | 392   |
| Total non-current                  | 390   | 392   |
| Total payables                     | 954   | 883   |

**Employment on-costs**

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

**Other payables**

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

**12. Commitments****Other contractual commitments***Office accommodation*

The Department has accommodation services provided by the Department for Infrastructure and Transport under a Memorandum of Administrative Arrangement (MoAA) issued in accordance with government-wide accommodation policies.

The current tenancy term is to 30 June 2024, with three years right of renewal to 30 June 2027.

*Audit services*

Obligations under non-cancellable contracts for audit services. These obligations have not been recognised as liabilities.

**Other contractual commitments**

|   |       |       |
|---|-------|-------|
| At the reporting date the Department had the following obligations: | 2021  | 2020  |
| Not later than one year   | \$000 | \$000 |
| Later than one year but not later than five years                   | 1 932 | 1 344 |
| Total contractual commitments as lessee                             | 1 731 | 1 210 |
|   | 3 663 | 2 554 |

**13. Significant accounting policies****(a) Basis of preparation**

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

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

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

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

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

**(b) Taxation**

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

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office it is recognised as part of the cost of acquisition of an asset or as part of an item of expense
- receivables and payables which are stated with the amount of GST included.

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

**(c) Appropriation and contingency provision**

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

The appropriation for special acts reported in the administered financial statements relates to recoveries from the SA Government for the Auditor-General's salary. Salary amounts paid which are yet to be recovered are recorded as appropriation receivable.

Other significant accounting policies are described under related notes.

**14. Changes in accounting policy**

In 2020-21 the recognition of appropriation receivable for special acts in the administered financial statements was introduced to recognise salary paid to the Auditor-General which is yet to be recovered. This also required a change to the 2019-20 Statement of Administered Financial Position.

**15. Financial instruments**

|                              | Carrying amount |       |
|------------------------------|-----------------|-------|
|                              | 2021            | 2020  |
| <b>Financial assets</b>      | \$000           | \$000 |
| Cash and cash equivalents    | 8 101           | 7 307 |
| Receivables*                 | -               | -     |
| <b>Financial liabilities</b> |                 |       |
| Payables                     | 140             | 109   |

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



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

The following provides details of the 2020-21 original budget, actual amounts and the associated variances. No explanations are provided as the variances do not exceed the greater of 10% of the original budgeted amount and 5% of original budgeted total expenses.

| <b>Statement of Comprehensive Income</b>         | Original<br>budget | Actual        | Variance     |
|--|--------------------|---------------|--------------|
| <b>Expenses:</b>                                 | \$000              | \$000         | \$000        |
| Employee expenses                                | 14 006             | 13 805        | (201)        |
| Supplies and services:                           |                    |               |              |
| Contractors                                      | 1 850              | 1 244         | (606)        |
| Office accommodation and service costs           | 819                | 770           | (49)         |
| Consultancies                                    | 351                | 431           | 80           |
| Other supplies and services                      | 1 148              | 1 296         | 148          |
| Depreciation and amortisation                    | 270                | 284           | 14           |
| <b>Total expenses</b>                            | <b>18 444</b>      | <b>17 830</b> | <b>(614)</b> |
| <b>Income:</b>                                   |                    |               |              |
| Appropriations and contingency provision grant   | 18 445             | 18 443        | (2)          |
| Services received free of charge                 | -                  | 84            | 84           |
| Other income                                     | 1                  | 1             | -            |
| <b>Total income</b>                              | <b>18 446</b>      | <b>18 528</b> | <b>82</b>    |
| <b>Net result and total comprehensive result</b> | <b>2</b>           | <b>698</b>    | <b>696</b>   |
| <b>Investing expenditure summary:</b>            |                    |               |              |
| Minor capital works and equipment                | 239                | 222           | (17)         |
| <b>Total annual programs</b>                     | <b>239</b>         | <b>222</b>    | <b>(17)</b>  |

The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2020-21 Budget Paper 4) and the amounts have not been adjusted to reflect revised budgets. These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements.

**Statement of Administered Comprehensive Income  
for the year ended 30 June 2021**

|   | 2021          | 2020          |
|---|---------------|---------------|
|   | \$000         | \$000         |
| <b>Expenses:</b>                                |               |               |
| Employee expenses                               | 345           | 360           |
| Audit fees paid/payable to Consolidated Account | 16 496        | 15 726        |
| <b>Total expenses</b>                           | <b>16 841</b> | <b>16 086</b> |
| <b>Income:</b>                                  |               |               |
| Fees for audit services                         | 16 496        | 15 726        |
| Appropriation – Special Acts                    | 339           | 335           |
| <b>Total income</b>                             | <b>16 835</b> | <b>16 061</b> |
| <b>Net result</b>                               | <b>(6)</b>    | <b>(25)</b>   |
| <b>Total comprehensive result</b>               | <b>(6)</b>    | <b>(25)</b>   |

**Statement of Administered Financial Position  
as at 30 June 2021**

|  | Note | 2021         | 2020         |
|--|------|--------------|--------------|
|  |      | \$000        | \$000        |
| <b>Current assets:</b>                     |      |              |              |
| Cash and cash equivalents                  |      | 331          | 250          |
| Receivables                                | A1   | 1 282        | 469          |
| <b>Total assets</b>                        |      | <b>1 613</b> | <b>719</b>   |
| <b>Current liabilities:</b>                |      |              |              |
| Employee benefits                          |      | 71           | 69           |
| Audit fees payable to Consolidated Account |      | 1 268        | 403          |
| Goods and services tax payable             |      | 145          | 116          |
| <b>Total current liabilities</b>           |      | <b>1 484</b> | <b>588</b>   |
| <b>Non-current liabilities:</b>            |      |              |              |
| Employee benefits – long service leave     |      | 377          | 373          |
| <b>Total non-current liabilities</b>       |      | <b>377</b>   | <b>373</b>   |
| <b>Total liabilities</b>                   |      | <b>1 861</b> | <b>961</b>   |
| <b>Net assets</b>                          |      | <b>(248)</b> | <b>(242)</b> |
| <b>Equity:</b>                             |      |              |              |
| Retained earnings                          |      | (248)        | (242)        |
| <b>Total equity</b>                        |      | <b>(248)</b> | <b>(242)</b> |

**Statement of Administered Cash Flows  
for the year ended 30 June 2021**

|   |      | 2021                  | 2020                  |
|---|------|-----------------------|-----------------------|
|   |      | Inflows<br>(Outflows) | Inflows<br>(Outflows) |
|   | Note | \$000                 | \$000                 |
| <b>Cash flows from operating activities:</b>                |      |                       |                       |
| Cash outflows:  |      |                       |                       |
| Employee expenses   |      | (339)                 | (335)                 |
| Amounts paid to Consolidated Account                        |      | (15 632)              | (15 438)              |
| Goods and services tax paid to Australian Taxation Office   |      | (1 620)               | (1 540)               |
| Cash inflows:   |      |                       |                       |
| Fees for audit services                                     | A1   | 17 333                | 16 982                |
| Cash flows from SA Government:                              |      |                       |                       |
| Appropriations – Special Acts                               |      | 339                   | 335                   |
| <b>Net cash provided by (used in) operating activities</b>  |      | <b>81</b>             | <b>4</b>              |
| <b>Net increase (decrease) in cash and cash equivalents</b> |      | <b>81</b>             | <b>4</b>              |
| <b>Cash and cash equivalents at 1 July</b>                  |      | <b>250</b>            | <b>246</b>            |
| <b>Cash and cash equivalents at 30 June</b>                 |      | <b>331</b>            | <b>250</b>            |

## Notes to and forming part of the administered financial statements

|                                  |        |        |
|----------------------------------|--------|--------|
| <b>A1. Audit fee receivables</b> | 2021   | 2020   |
|                                  | \$000  | \$000  |
| Fees outstanding at 1 July       | 444    | 127    |
| Billings                         | 18 145 | 17 299 |
|                                  | 18 589 | 17 426 |
| Receipts                         | 17 333 | 16 982 |
| Fees outstanding at 30 June      | 1 256  | 444    |

In addition, at 30 June, the value of audit work in progress was \$7.3 million (\$8.49 million). We are of the opinion that this amount is recoverable.

**Other receivables**

|                          |    |    |
|--------------------------|----|----|
| Appropriation receivable | 26 | 25 |
|--------------------------|----|----|

Special Acts appropriation for the Auditor-General's salary is received one month in arrears.

**A2. Budgetary reporting and explanations of major variances**

The following provides details of the 2020-21 original budget, actual amounts and the associated variances. No explanations are provided as the variances do not exceed the greater of 10% of the original budgeted amount and 5% of original budgeted total expenses.

**Statement of Comprehensive Income**

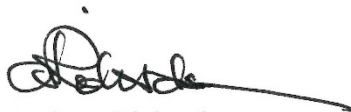
|  | Original<br>Budget | Actual | Variance |
|--|--------------------|--------|----------|
|  | \$000              | \$000  | \$000    |
| <b>Expenses:</b>                                 |                    |        |          |
| Employee expenses                                | 355                | 345    | (10)     |
| Amounts paid/payable to Consolidated Account     | 16 234             | 16 496 | 262      |
| <b>Total expenses</b>                            | 16 589             | 16 841 | 252      |
| <b>Income:</b>                                   |                    |        |          |
| Fees for audit services                          | 16 234             | 16 496 | 262      |
| Appropriation – Special Acts                     | 343                | 339    | (4)      |
| <b>Total income</b>                              | 16 577             | 16 835 | 258      |
| <b>Net result and total comprehensive result</b> | (12)               | (6)    | 6        |

The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2020-21 Budget Paper 4) and the amounts have not been adjusted to reflect revised budgets. These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements.

### Certification of the Financial Statements

We certify that the:

- financial statements of the Auditor-General's Department:
  - are in accordance with the accounts and records of the department;
  - comply with relevant Treasurer's Instructions;
  - comply with relevant accounting standards; and
  - present a true and fair view of the financial position of the department at the end of the financial year and the result of its operations and cash flows for the financial year.
- internal controls employed by the Auditor-General's Department for the financial year over its financial reporting and its preparation of the financial statements have been effective.



Andrew Richardson  
**Auditor-General**

9 September 2021



Megan Stint  
**Manager, Finance**

9 September 2021



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**INDEPENDENT AUDITOR'S REPORT  
TO THE TREASURER OF THE SOUTH AUSTRALIAN GOVERNMENT FOR THE AUDITOR-  
GENERAL'S DEPARTMENT**

**Report on the Audit of the Financial Report**

**Opinion**

We have audited the financial report of Auditor-General's Department (the Department), which comprises the statement of financial position and statement of administered financial position as at 30 June 2021, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows, the statement of administered comprehensive income and the statement of administered cash flow for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the Certification of the Financial Report.

In our opinion the accompanying financial report of Auditor-General's Department, is in accordance with the *Public Finance and Audit Act 1987*, including:

- (i) The financial report presents fairly, in all material respects, the financial position of the Department as at 30 June 2021, and of its financial performance and cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards - Reduced Disclosure Requirements.
- (ii) The financial report also complies with the accounts and records of the Department.

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

**Basis for opinion**

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

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

**Auditor General's responsibility for the Financial Report**

The Auditor General is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions promulgated under the *Public Finance and Audit Act 1987* and the Australian Accounting Standards - Reduced Disclosure Requirements for such internal control as the Auditor-General determines is necessary to enable the preparation of the financial report that presents fairly and is free from material misstatement, whether due to fraud or error.



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

#### **Auditor's responsibilities for the audit of the Financial Report**

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf)

This description forms part of our auditor's report.

A handwritten signature in blue ink that reads 'BDO'.

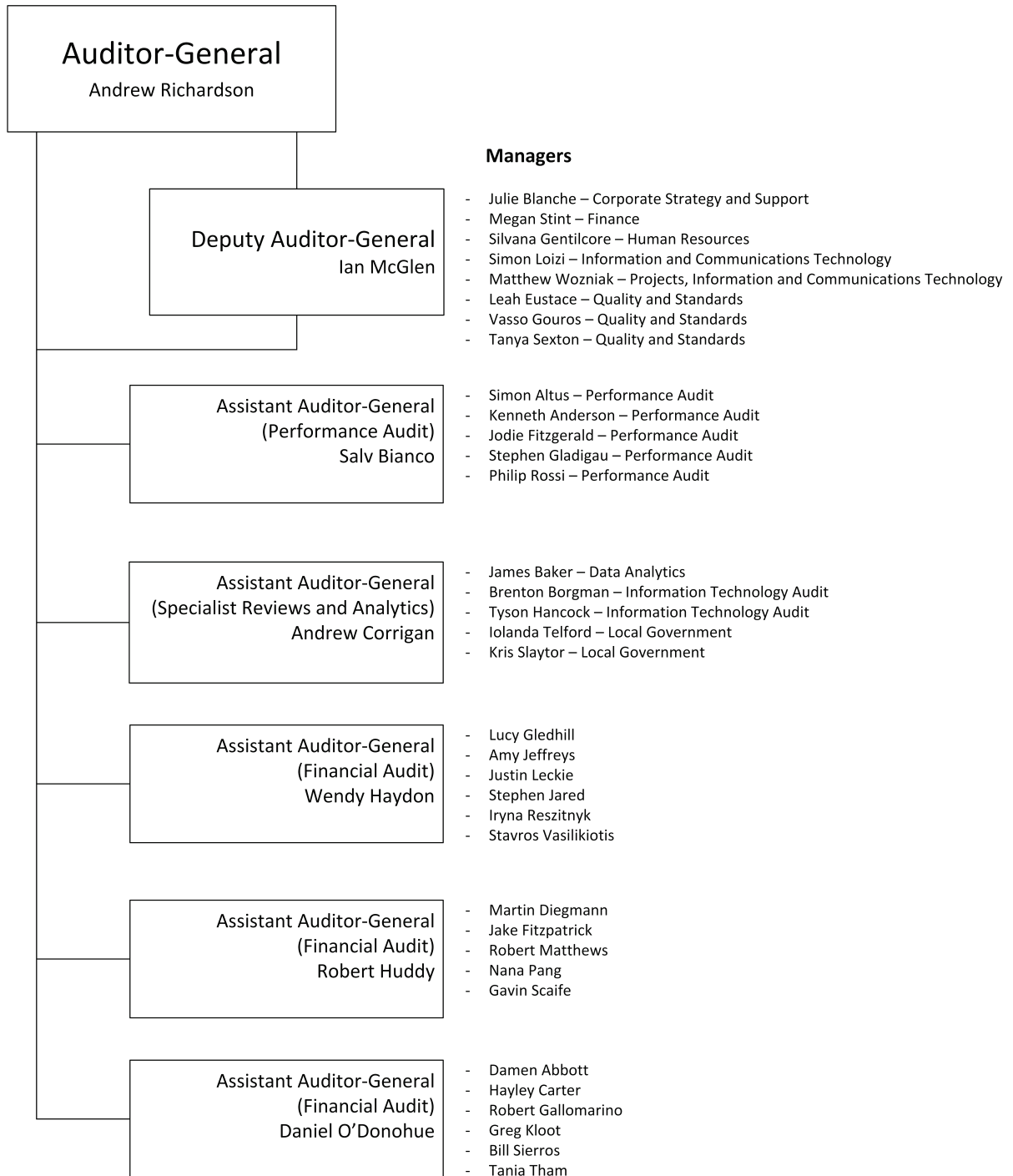
**BDO Audit (SA) Pty Ltd**

A handwritten signature in blue ink that reads 'Andrew Tickle'.

Andrew Tickle  
Director

Adelaide, 10 September 2021

# Our organisation structure





## Our workforce profile

The Department has an approved staffing establishment of **124.2** full-time equivalents (FTEs) including the Auditor-General. On 30 June 2021 we employed **134** people (compared with 135 last year). The average employee FTE level for 2020-21 was **127.12** (compared with 128.9 last year).

The following tables profile our workforce.

### Gender

#### Employees by gender (as at 30 June 2021)

|          | People | FTEs  |
|----------|--------|-------|
| Female % | 52.24  | 49.68 |
| Male %   | 47.76  | 50.32 |

### Age profile

#### Employees by age (as at 30 June 2021)

| Age brackets | Number of employees | % of workforce |
|--------------|---------------------|----------------|
| <30          | 36                  | 26.9           |
| 30-40        | 37                  | 27.6           |
| 40-50        | 25                  | 18.7           |
| 50-60        | 29                  | 21.6           |
| 60+          | 7                   | 5.2            |
| <b>Total</b> | <b>134</b>          | <b>100</b>     |

### Disability

#### Employees who have a declared disability (as at 30 June 2021)

|                     |     |
|---------------------|-----|
| Number of employees | 5   |
| % of workforce      | 3.7 |

### Aboriginal and Torres Strait Islander

#### Aboriginal and Torres Strait Islander employees (as at 30 June 2021)

|                     |     |
|---------------------|-----|
| Number of employees | 3   |
| % of workforce      | 2.2 |

## Cultural and linguistic diversity

| <b>Employees who have cultural and linguistic diversity (as at 30 June 2021)</b> |                     |                |
|--|---------------------|----------------|
|  | Number of employees | % of workforce |
| Born overseas  | 29                  | 21.6           |
| Speak a language/s other than English  | 36                  | 26.9           |

## Part-time work

| <b>Employees who work on a part-time basis (as at 30 June 2021)</b> |      |
|---|------|
| Number of employees   | 25   |
| % of workforce  | 18.7 |

## Executive employment

| <b>Classification level</b> | 2016-17  | 2017-18  | 2018-19  | 2019-20  | 2020-21  |
|-----------------------------|----------|----------|----------|----------|----------|
| CEO                         | 1        | 1        | 1        | 1        | 1        |
| SAES Level 1                | 5        | 6        | 6        | 6        | 6        |
| Exec B                      | 1        | 0        | 0        | 0        | 0        |
| <b>Total</b>                | <b>7</b> | <b>7</b> | <b>7</b> | <b>7</b> | <b>7</b> |

## Graduate employment

|        | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|--------|---------|---------|---------|---------|---------|
| Number | 12      | 15      | 11      | 7       | 7       |

## Employee turnover

|   | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|---|---------|---------|---------|---------|---------|
| % | 9       | 8       | 12      | 6       | 3       |

Further workforce information is available from the Office of the Commissioner for Public Sector Employment at the following link:

<https://www.publicsector.sa.gov.au/about/Our-Work/Reporting/Workforce-Information>

## Specific disclosures

### Financial performance

#### Financial performance for the three years to 30 June 2021

|                                | Budget  |         | Actual  |         |
|--------------------------------|---------|---------|---------|---------|
|                                | 2020-21 | 2020-21 | 2019-20 | 2018-19 |
|                                | \$000   | \$000   | \$000   | \$000   |
| Net cost of providing services | 18 443  | 17 745  | 17 757  | 17 518  |
| Total audit fees raised        | 16 234  | 16 496  | 15 726  | 15 170  |
| Total assets                   | 7 899   | 8 599   | 7 819   | 7 054   |
| Total liabilities              | 7 074   | 7 078   | 6 996   | 6 635   |

### Consultants

Consultants are sometimes used to provide expert advice on matters associated with an audit, special investigation or a particular aspect of the Department's operations. The table below shows the external consultants that have been engaged, the nature of work undertaken for the more material engagements and the total cost. Consultancy expenses were \$431 000 in 2020-21 (\$380 000 in 2019-20).

| Consultancies in 2020-21                  | Number    | \$000      |
|---|-----------|------------|
| Under \$10 000                            | 10        | 58         |
| \$10 000 - \$50 000                       | 4         | 97         |
| Above \$50 000:                           | 4         |            |
| Lipman Karas – <i>Legal services</i>      |           | 50         |
| Vincentis – <i>Effectiveness review</i>   |           | 60         |
| Ernst & Young – <i>Actuarial services</i> |           | 80         |
| KPMG – <i>Actuarial services</i>          |           | 86         |
| <b>Total</b>                              | <b>18</b> | <b>431</b> |

### Fraud management

We aim for a workplace that is free of fraud, with internal controls in place to either prevent or detect it. Staff are bound by the Code of Ethics for the South Australian Public Sector issued under the *Public Sector Act 2009*. We have policies on ethical conduct in the workplace and our fraud management policy aligns with the South Australian public sector fraud and corruption control policy. We are not aware of any actual, suspected or alleged fraudulent activity affecting the Department in 2020-21.

### Public Disclosure Act 2018

We have nominated responsible officers to receive and action disclosures under the *Public Disclosure Act 2018*. All complaints under this Act are investigated in line with the Department's policy.

All instances of disclosure of public interest information to a responsible officer of the Department under the *Public Disclosure Act 2018* were either referred to the appropriate agency or reviewed as part of the audit process.