State Council of Rural Land Protection Boards of NSW

Audit Opinion

I issued unqualified audit opinions on the State Council of Rural Land Protection Boards of NSW’s (the Council) and its controlled entities’ 31 December 2008 financial statements.

Unless otherwise stated, the following commentary relates to the consolidated entity.

Operational Snapshot

The Council was responsible for the implementation and monitoring of policies for each of the State’s 47 Rural Land Protection Boards.

On 1 January 2009, the Council was replaced by the State Management Council of Livestock Health and Pest Authorities of NSW by amendments to the Rural Lands Protection Act 1998. The 47 Rural Lands Protection Boards were also replaced by 14 Livestock Health and Pest Authorities.

The net assets and liabilities of the Council were transferred to the State Management Council of Livestock Health and Pest Authorities of New South Wales on 1 January 2009. The Council was funded by contributions made by individual Boards and an annual NSW Government grant.

Key Issues

The Council has a history of late completion of financial statements. Its ability to finalise and support its financial statements further deteriorated in 2009 and 2010. As a consequence of late completion, the Board breached the Public Finance and Audit Act 1983. The audit opinion on the 31 December 2008 financial report was issued on 5 July 2012.

Control deficiencies

The 2008-09 restructure of the State Council of Rural Lands Protection Boards apparently required significant focus at the cost of other aspects of corporate governance.

The Council also breached the Annual Reports (Statutory Bodies) Act 1984 by including unaudited financial statements in the annual report for the year ended 31 December 2008. The published financial statements were materially misstated.

Significant control deficiencies and poor quality financial records significantly delayed the preparation and audit of the financial report.

Management action

The delays in financial reporting carried over to the State Management Council of Livestock Health and Pest Authorities of New South Wales. Management are working with my officers to finalise outstanding authorities’ financial reports. The audit opinion on the financial report for period 1 January 2009 to 30 June 2010 was issued on 2 October 2012. The 2010-11 and 2011-12 financial reports were prepared and the audits are in progress.

A new management team was established in late 2010 including Board of Directors and Chief Executive Officer. In consultation with the minister, the State Council has appointed an independent investigative accountant to review current systems and processes.
Financial Information

The Council’s net result for the year was a deficit of $334,297. Revenue totalled $3.1 million and expenditure was $3.4 million. Net assets at 31 December 2008 were $1.2 million.

Council Activities

The Council is constituted under the *Rural Lands Protection Act 1998*. Their core area of responsibility is animal health, pest animal and insect control and travelling stock reserves. The Council also assist ratepayers and the community with stock movement, stock identification and assistance in natural disaster relief.

The Council is controlled by the Minister for Primary Industries.

For further information on the Council, refer to the Livestock Health and Pest Authorities’ website [www.lhpa.org.au](http://www.lhpa.org.au).

Controlled Entity

**State Council of Rural Land Protection Board Division**

The State Council of Rural Land Protection Board Division provides personnel services to the Council. The division assumed responsibility for all employee related expenses and liabilities, which are funded by the Council as they are required to be paid.