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A note to the reader

Apart from the financial report all other information in this report is unaudited.

Letter to the Legislative Assembly

The Members of the Legislative Assembly
Parliament House
Sydney NSW 2000

Pursuant to Section 12A of the *Annual Reports (Statutory Bodies) Act 1984*, I have pleasure in submitting for the information of Members the Report of the activities of the Audit Office of New South Wales for the twelve months ended 30 June 2001.



R J Sendt
31 August 2001

the year at a glance

	1998-99 (7 months*)	1999-2000	2000-01
OUR CLIENTS			
Number of reports to Parliament	6	16	17
Organisations and activities audited and reported to Parliament	70	427	426
Qualified audit opinions issued	6	70	39
Client satisfaction index**	69%	n/a	85%
Parliamentarian satisfaction index**	n/a	n/a	79%
Total audit fees (\$'000)	10,071	17,786	21,277
OUR BUSINESS			
<i>Timeliness of Reporting</i>			
■ audit opinions	84%	83%	84%
■ reports to Ministers	84%	84%	84%
■ reports to client management	85%	75%	53%
<i>Cost Efficiency Measures</i>			
■ chargeable time	45%	56%	55%
■ financial audit costs per \$'000 of Total State Sector expenditure	\$0.56	\$0.53	\$0.51
■ average cost per performance audit (\$'000)	\$254	\$198	\$181
OUR PEOPLE			
Staff satisfaction [§]	n/a	68%	n/a
Employees - average	216	222	206
Days sick leave per employee	4.8	5.0	6.3
Training days per employee	4.0	6.5	7.4
OUR FINANCES			
Total income (\$'000)	\$11,218	\$20,285	\$23,993
Total expenditure (\$'000)	\$12,791	\$11,943	\$24,541
Operating surplus/(deficiency) (\$'000)	\$1,573	\$8,342	\$ (548)
Net assets (\$'000)	\$10,425	\$18,767	\$18,219

* The Office's reporting year-end changed from 30 November to 30 June from the period ended 30 June 1999. Consequently 1998-99 figures relate to a seven month period and care should be taken when comparing 1999 indicators with other years, particularly when comparing measures that are cyclical.

** 2000-01 was the first year for the parliamentarian satisfaction index. Comparison between the client satisfaction indices is not meaningful as the basis for calculating the client satisfaction index changed in 2000-01. The parliamentarian and client satisfaction surveys will be conducted every two years.

§ The staff satisfaction survey is conducted every two years.

auditor- general's message

The past year has been one of major issues and change for the Audit Office, both internal and external.

This Annual Report in itself represents two changes; changes that I hope will provide some guidance to other agencies for their annual reports.

Firstly it is being presented to Parliament less than two months after the end of the financial year. Previously our Annual Reports were tabled up to four or five months after the year-end. That amount of time is not needed for an agency of our size and with no regional structure, complex accounting issues or subsidiaries. Such delay is not consistent with sound accountability.

Secondly the report discusses not only our successes and highlights, but also areas where we did not achieve what we had planned or where others had concerns with our quality of service. It is understandable that individuals and entities are more comfortable revealing their successes rather than their failures. But an annual report that only conveys the good news is a marketing exercise, not a tool for greater accountability.

The last twelve months have seen a number of major issues facing the Office, as well as many important changes we have initiated to improve our efficiency and effectiveness.

Bob Sendt
Auditor-General



The role of the external auditor was the subject of much discussion over the period. There seems a widespread - but incorrect - view that an "unqualified" audit opinion on an organisation's financial report provides a guarantee of future viability. Extending this argument, if an organisation does fail, the auditor's opinion must have been faulty.

This misunderstanding of the role of the auditor is known as the "expectation gap". To assist Parliamentarians in this regard, we include an "engagement letter" in an Auditor-General's Report to Parliament, at least once in each parliamentary term. This letter discusses what an Audit Office audit does - and does not - cover.

In May, the Public Accounts Committee released its report into the collapse of the New South Wales Grains Board. It was pleasing that the Committee considered that the Audit Office "met its responsibilities in preparing its independent audit reports" and that the scope of those reports was correct. However the Committee also found that the way we wrote our reports to Parliament was not effective, particularly in not taking into account that our primary readers - Members of Parliament and the public - are not accountants.

Concerns that our reports were too technical and needed to be more concise also arose from a survey undertaken to find out what Parliamentarians and our audit clients thought of our services. These surveys continue to provide valuable information and assist us to improve our services.

Overall Parliament and our audit clients were supportive of our integrity and performance. They also believed we helped ensure greater accountability in the use of taxpayers' money.

An important event for the Office during the year was the creation of an audit committee. While the contribution audit committees can make to good governance has long been recognised in government business enterprises, it has only been recognised in more recent years elsewhere in the public sector. Our view is that they are essential for all agencies wanting to ensure good governance and sound risk management.

We chose quite deliberately to have an external member as chair of our audit committee. This has proved very beneficial with the independent chair bringing the benefits of an external perspective and experiences and enhancing the independence of the Office's internal audit.

Much has been achieved in developing new directions for the Office. We developed a model for public sector financial auditing that is aimed at better meeting the needs of Parliament, through a wider focus on accountability, performance, waste and probity.

To achieve this we reviewed the operations of the Office and found we would benefit by combining our four financial audit branches into one. We also decided to bring together our financial audit teams into nine industry groupings to deal with government clients having similar business risks.

Other highlights for the year, covered in more detail in this Report, included:

- the implementation of a new practice management system to help us better plan, schedule and budget for our financial audits
- the considerable work done during the year to develop staff competency statements, to help in recruitment, professional development and performance management
- the introduction of structured risk management as an important part of our corporate and business planning processes
- the introduction of manager and executive development programs to improve the skills of our managers.

Finally, the issue of most significance to the Office in 2000-01 was the restriction on my legislative capacity to report to Parliament. This matter was dealt with in my Volume Three Report to Parliament in June.

It is pleasing that the Government finally undertook to restore my powers. But it remains disturbing that it took so long for it to recognise the threat to proper accountability posed by its inaction. I look forward to early resolution by Parliament of this issue.

future directions

A Change of Focus to Our Audits

For many years our financial audits have focused mainly on whether agencies' financial reports comply with accounting standards. In the coming year we will devote more attention to wider accountability issues, performance, waste and probity.

We currently comment on the performance of health, police, electricity and school education in the Auditor-General's Reports to Parliament. In the coming year we will also be focusing on Corrective Services, Housing and the Attorney General's Department.

Issues that affect a number of our clients also need to be addressed. This will start with examinations of the maintenance of the State's assets and the effects of the HIH collapse on the State's finances.

Our performance auditing services will continue to build on the successes of their audits covering performance accountability, e-business, environment, and risk management.

Restructure of Financial Audit and Corporate Services

We reviewed the operations of the Office and found that benefits would be gained by combining our four financial audit branches into one.

At the same time we are bringing together our audit teams into nine industry groups which will deal with similar government clients. This will help us to better understand our clients' industries and produce better reports to Parliament.

We are currently reviewing the needs of corporate services within the organisation, following the implementation of various management information systems. The restructure will provide a better service to our audit teams and clients.

Our Reports to Parliament

In response to comments from Parliament and our audit clients, we will focus on ensuring that our communications, particularly our reports to Parliament are concise and easily understood.

A new structure for the Auditor-General's Report to Parliament is being developed and will be finalised during the year.

Benchmarking

We believe the Office is performing well and we are always learning from our contemporaries. This coming year we intend to further benchmark our operations wherever possible against other audit offices and the private sector with a view to publishing the results.

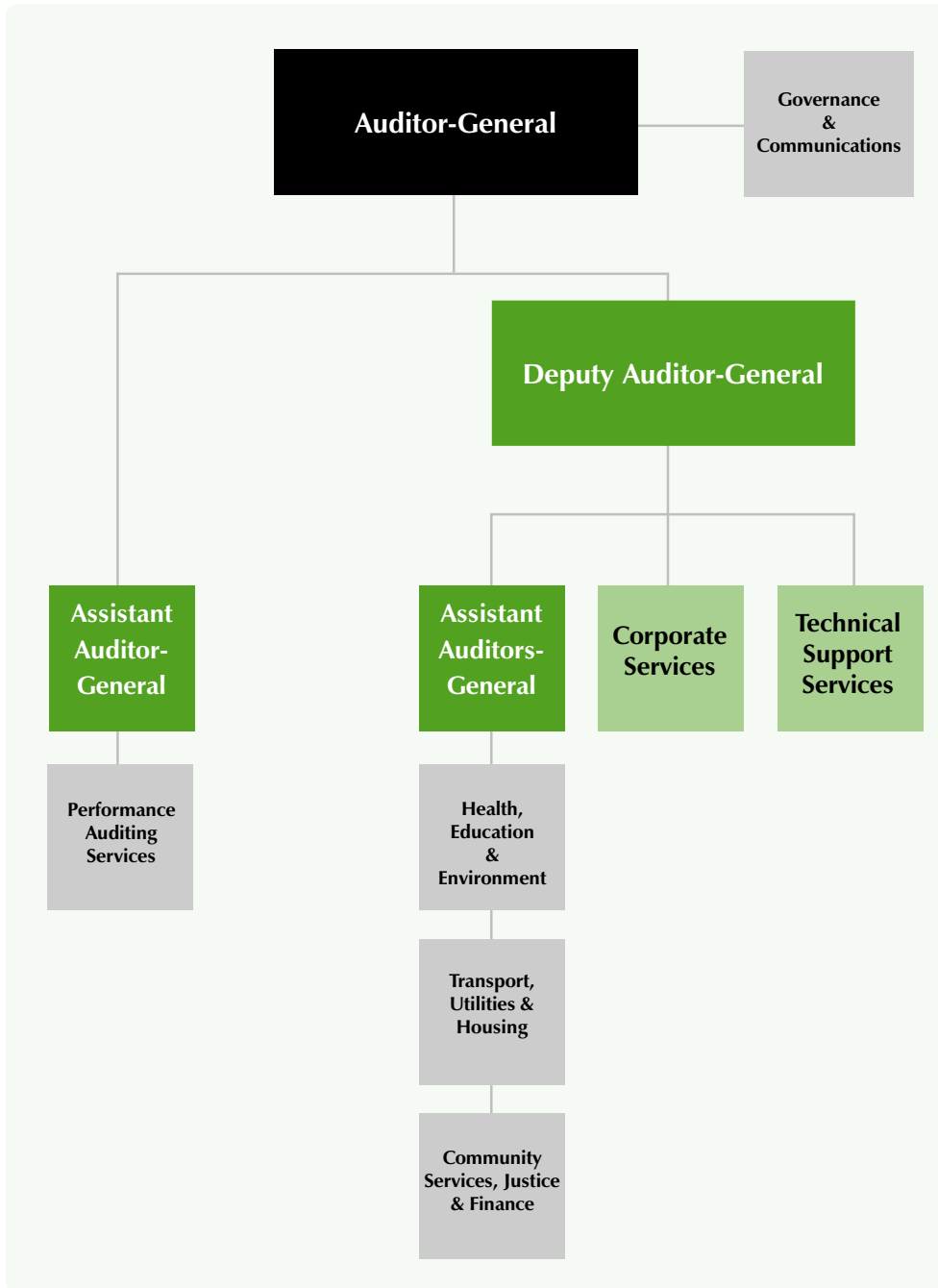
Our People

Our staff are the most important part of our operation. The resources we spend on their support and development will increase over the coming year. Improvements to our recruitment, development and appraisal systems will be introduced for all our people. Details of these initiatives are included in 'Our People'.

Computer Equipment and Software

The Office's services are very dependent on the use of up to date computer equipment and software. With this in mind a major upgrade of most computer equipment and software will occur during the coming year.

our structure



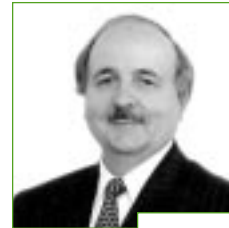
executive management team



Bob Sendt
BA(Ec) FCPA
Dip Environ Stud
Auditor-General



Tony Whitfield
B.Comm FCA
Deputy
Auditor-General



Tom Jambrich
B.Ec FCPA ARMIT
Assistant
Auditor-General
Performance Audit



Lee White B.Ec FCA
GAICD MII SIA (Aff)
Assistant
Auditor-General
Financial Audit



Phil Thomas
B.Comm CA
Assistant
Auditor-General
Financial Audit



Eric Lumley FCPA
Assistant
Auditor-General
Financial Audit

Post Nominals

CA	Associate of the Institute of Chartered Accountants in Australia
ARMIT	Associate Diploma Royal Melbourne Institute of Technology
BA (Ec)	Bachelor of Arts (Economics)
B.Ec	Bachelor of Economics
B.Comm	Bachelor of Commerce
Dip Environ Stud	Diploma of Environmental Studies
FCA	Fellow of the Institute of Chartered Accountants in Australia
FCPA	Fellow of CPA Australia
GAICD	Graduate of the Australian Institute of Company Directors
MI	Member of the Institute of Internal Auditors
SIA (Aff)	Affiliate of the Securities Institute of Australia

corporate governance

Corporate Governance

The Audit Office prides itself on the professionalism with which it operates. To achieve this it is essential to have sound corporate governance.

Notable achievements include:

- the establishment of an audit committee with an external chair
- implementation of a comprehensive approach to risk management
- completion of a corporate plan for 2001-2004 and annual business plans.

Areas where we still need to improve include:

- how we measure and monitor our performance
- how we communicate with our key customers
- ensuring we meet all our legislative and other requirements.

Strategic Direction

A new corporate plan for 2001-2004 was developed during the year. Branch Business Plans for 2001-2002 were also developed. These plans translate the high-level mission, vision and objectives of the corporate plan into detailed actions.

Organisational Performance

The Office produces a number of reports to track how it is performing.

This year improvements will be made to our system of quarterly and monthly reports. The reports will better track our performance against our corporate objectives and will focus on our customers, processes, people and finances.

We will continue to survey our principal clients and our people for feedback on our performance. Wherever possible we will benchmark our services against external entities – other audit offices and the private sector.

Communicating with Our Key Customers

A communications plan is being developed to ensure our services are understood and relevant to our customers.

The plan will be operational next year.

Audit Committee

Since last year's Annual Report, the Office has established an audit committee to further improve its corporate governance.

While audit committees are accepted practice in the private sector and in public trading enterprises, they are also starting to become more common in departments.

The Office believes that audit committees are essential to ensure good governance and sound direction in any organisation.

The purpose of the committee is to oversee the Office's:

- risk management and internal control
- internal auditing
- financial reporting
- compliance with legislation, policies and procedures
- relationship with its external auditor.

The committee has five members comprising an external independent chairperson, the Auditor-General, the Deputy Auditor-General and two senior management representatives.

Risk Management

The Office places a high priority on improving our approach to risk management. During the year we implemented a new risk management methodology. We identified and analysed all key business risks and addressed them in our corporate and business plans.

The Office has also insured against risks associated with workers' compensation, motor vehicles, property and public liability.

We recognise that to improve how well we manage risk we need to increase awareness and understanding throughout all levels of the Office and we are working to achieve this.

Ensuring Compliance with Legislation and Other Requirements

Like other public sector organisations, we must comply with legislation, standards and relevant government requirements.

We believe that a proper monitoring system is necessary so we can be confident we comply with all these requirements. A system of registration and quarterly reporting is being developed and expected to be in place next year.



*Information Systems Audit
Anita Mistry, John Grant and Philip Poon*



*Tony Whitfield, Deputy Auditor-General,
and Kathy Moogan, Salaries & Finance*

*'the Audit Office prides itself
on the professionalism with
which it operates'*

our clients

OUR OBJECTIVE

To assist Parliament to improve the accountability and performance of the State

KEY ACHIEVEMENTS

Parliamentarians and audit clients surveyed are supportive of the Office and positive regarding its performance

Our reviews have led to significant improvements in performance and accountability

Survey results showed that the Office performed favourably when compared with another State audit office, and that our clients were generally satisfied with our service

AREAS FOR IMPROVEMENT

- more readable reports
- more accessible contacts within the Office
- sufficient staff to complete audits on time
- auditors to be less legalistic

OUR CLIENTS INCLUDE

- Parliament, our principal client representing the people of New South Wales
- NSW State public sector organisations
- Other people, groups and stakeholders who may use the Office's reports or otherwise have an interest in our work

Reviews of Government Agencies' Financial Reports

The Office reported to Parliament on the findings of 426 financial report audits.

The adoption of Office recommendations contained in these reports has contributed to improvements in performance and accountability.

Some of the significant improvements are:

- Area Health Services are reviewing their corporate governance structures
- The timetable for the preparation of the State's Whole of Government Accounts has been shortened
- A review of Chief Executive Officer contracts led to increased annual reporting on remuneration and performance
- The introduction of legislation to reorganise the waste industry
- We reported that the Zoological Parks Board (Taronga and Western Plains Zoos) was suffering severe liquidity problems. The Government responded by providing additional funds to the zoos
- The Office found the majority of museums, libraries and art galleries were undervaluing their collections. Our recommendations have led to better asset reporting and management
- We raised issues regarding universities operating outside their legislative mandate. Legislation is being drafted to correct this situation.

The Public Accounts Committee has conducted a number of reviews in response to matters arising from Auditor-General's Reports to Parliament.

The reviews were:

- Cost Control in the Department of Juvenile Justice
- Financial Disclosure of the WorkCover Scheme Statutory Funds
- Long Term Financial Viability of the Waste Recycling and Processing Service.

For more information on our financial audits see appendix four.

Performance Audits

During the year Performance Audit continued to report on the efficiency and effectiveness of our clients.

Nine major reviews, one better practice guide and a combined review and better practice guide were presented to Parliament.

Our report on public transport '*Fare Evasion*' prompted CityRail to review its policing strategy. The report also resulted in the employment of more ticket inspectors.

The report '*Ambulance Service's Readiness to Respond*' led to a new chair and a re-formed Board being appointed by the Minister. The Board is to report quarterly to the Minister on the Audit Office's recommendations.

A follow-up review of three government agencies examined the longer-term impact of our performance audits.

The review found that:

- 96% of performance audit recommendations were accepted by the agencies
- there had been measurable change in practices or performance.

The report also highlighted areas where the Office could improve by:

- providing guidance to agencies on how to monitor and report on changes
- reporting to Parliament and the public on changes in agency practices and performance in response to a performance audit.

The first better practice guide was designed to assist agencies to prepare performance information in their annual reports; the other looked at internal financial reporting.

Our 1999 report on the Office of the Protective Commissioner and Office of the Public Guardian prompted a review by the Parliamentary Public Bodies Review Committee, due for completion soon.

For a full list of performance audit products see appendix seven.

Survey of Parliamentarians and Audit Clients

During the year a survey was conducted of our principal client, Parliamentarians and our audit clients.

The survey showed that both Parliamentarians and our audit clients believe the Office provides greater accountability in the use of taxpayers' money and conducts its work competently and to the highest professional standards.

Overall Parliament and our clients were supportive of the Office and positive regarding our integrity and performance.

In general, those in Parliament for more than five years, Opposition members and frontbenchers had very positive views of the Audit Office.

Parliamentarians agreed our reports are a useful reference source and our financial audit clients thought we do as good a job as the private sector and go out of our way to be helpful.

Our performance audit clients said we were unbiased, balanced and objective in our views and rated performance audit very highly.

However there were some areas for improvement. Parliamentarians expressed concern with the reports being too technical, and indicated the need for a user-friendly contact within the Office.

There was also concern our auditors were at times too legalistic and pedantic.

Some financial audit clients believed staff turnover in our audit teams had caused them problems. Some performance audit clients thought we needed to have a more thorough understanding of our subject matters and that on some occasions the Office exceeded its role and intruded into policy areas.

We are reviewing all the issues raised in the survey to see where we need to change. Changes to our organisational structure and the content and style of our reports to Parliament are already being developed and will be implemented in the coming year.

Comparisons with Other Audit Offices

At present only one other audit office, (Western Australia) undertakes surveys similar to New South Wales.

When comparing customer perceptions against Western Australia, we are performing well, especially on accountability issues.

During the year we worked with other audit offices to develop a standard set of data on audit costs. This will enable more detailed comparison of efficiency in the future.

Parliamentary Committees

Our staff have worked for and given evidence before Parliamentary Committees, see appendix five. Also Chris Bowdler from our Performance Audit branch was seconded to the Public Accounts Committee for 12 months.

.our business

OUR OBJECTIVE

Our services are efficient and meet relevant standards

KEY ACHIEVEMENTS

We conducted 426 financial report audits and reviews

More timely release of reports - seven Auditor-General's Reports to Parliament were published

The Office presented eleven performance audit products to Parliament

Our financial audit costs per \$'000 of Total State Sector expenditure were \$0.51, less than the target figure of \$0.54

A new practice management system was implemented, enabling us to schedule work more efficiently and allocate staff more productively.

OUR SERVICES INCLUDE

The principal services provided by the Office are:

- financial report audits
- special reviews/investigations
- performance audits
- investigations into allegations of serious and substantial waste
- reports to Parliament

AREAS FOR IMPROVEMENT

- Our internal financial reporting system has not yet been fully tailored to our needs
- We have not yet developed a privacy management plan
- The Office records management system needs major upgrading to meet our needs and the requirements of the *State Records Act 1998*

Financial Audit

Financial audits give opinions on the truth and fairness of NSW Government agencies' financial reports, and comment on agency compliance with certain laws, regulations and government directives. They may also recommend operational improvements.

Financial Audits/Reviews

'Whole of Government'	1
Government agencies and their entities	376
Request audits	30
Special reviews	9
Other	10
Total	426

A full list of these audits is included in appendix four.

We issue an audit opinion, statutory audit report and a management letter to our clients. We also issue reports to relevant Ministers and the Treasurer.

During the year 39 of the audit opinions we issued were qualified. The majority of these qualifications were a result of our clients not complying with accounting standards in the preparation of their financial reports.

The Office agrees to issue these reports within a specific timeframe. The following table shows the percentage of our reports delivered on time.

Timeliness of Financial Audit Reports

Audit opinions	84%
Statutory audit reports	84%
Agency management letters	53%*

* The timing of the Olympics impacted on the completion of management letters

Of the seven Auditor-General's Reports to Parliament published during the year, six detailed the outcomes of our financial report audits and special reviews. One report related specifically to the powers of the Auditor-General.

Performance Audit

Performance audits examine the effectiveness, efficiency and economy of an agency's operations, or an issue across a number of agencies.

Results of these audits are reported to the Chief Executive Officer of the agency concerned, the responsible Minister, the Treasurer and Parliament.

Report Statistics

Performance audit reports	9
Better practice guides	2

We are pleased to report that the average cost for these products was \$181,000, under the target cost of \$200,000.

The audits covered:

- the management of road passenger transport regulation
- the adequacy of information published in annual reports
- fare evasion on public transport
- administration within the Technical and Further Education Commission
- staff deployment practices and systems in the NSW Ambulance Service
- the management of the maintenance function at the Department of Housing
- the Environment Protection Agency's role in controlling and reducing pollution from industry
- correctional industries operated by the Department of Corrective Services
- internal financial reporting
- the extent that previous Office recommendations have been adopted by Government agencies.

We also produced two better practice guides, 'Preparing Performance Information for Annual Reports' and 'Internal Financial Reporting'.

Serious and Substantial Waste

The Office is responsible for investigating allegations of serious and substantial waste of public money under the *Protected Disclosure Act 1994*. The Act protects public officers if they offer information relating to the serious and substantial waste of public money.

During the year the Office received 24 complaints about Government agencies of which 17 were classified as protected disclosures.

The complaints received involved 15 different agencies, over half of the complaints being in the education and health portfolios.

Eleven complaints related to corruption or maladministration and were referred to the Independent Commission Against Corruption and/or the Ombudsman.

The following table outlines the key issues of complaint. Most of the employment issues related to matters of management, such as the allocation of overtime and payment of salaries (including leave).

Key Issues Raised in Complaints

Corruption and fraud	18
Employment issues	13
Maladministration	8
Purchasing/tendering/ contracting out/consultants	9
Use of resources	5
Travel	4
Other (single issue)	8

ISO 9001 Certification

The Audit Office has a commitment to the quality of its financial and performance auditing services by the continuation of our certification to the international quality standard, ISO 9001:1994.

During the year the Office was commended on its progress towards meeting the additional requirements of the new ISO 9001:2000 edition of the standard.

Guarantee of Service

Our Guarantee of Service is provided to all our audit clients. This outlines the types of service a client can expect to receive and the standards the Office intends to maintain. Office performance against these standards is detailed in appendix 12.

Industry Specialisation Groups

Industry Specialisation Groups are made up of staff who deal with audit clients in a particular industry.

Our Industry Specialisation Groups:

- collect and analyse relevant industry specific information
- where possible, seek to convert this information into opportunities for the Audit Office to provide additional or improve existing services
- promote the concept of industry specialisation internally, ie educate audit staff to be aware of our clients' businesses.

We have groups for education, health, water, transport, electricity and superannuation.

Technical Services

Our Technical Services provide support and advice to our financial auditing teams.

The Office's Policy and Research section provides advice on accounting and auditing policy and practice. Our Information Systems Audit team reviews our major clients' computer systems.

We also use contractors when necessary for technical advice on complex issues.

Practice Management System

During the year we successfully implemented a new practice management computer system, TOPS - The Office Practice System.

TOPS was a major achievement for the Office, the new system now provides audit scheduling, job budgeting and reporting, automatic billing of clients and time-recording and a staff contact register.

Communications

The communications team contributes to the Office in a variety of ways. The unit is often the first point of contact for the media and the public, providing information about our products.

Communications are also responsible for:

- editing, design, layout, printing and distribution of the Office's publications
- the maintenance of the Office's Internet and Intranet sites, and
- the development of the Office's communication and design strategies.

Corporate Services

The Corporate Services area provides support to the Office's financial and performance auditing branches. The functions include financial reporting and payroll, fleet management, human resources, information technology and records.

Key achievements during the year included:

- streamlining financial reporting processes
- full implementation of GST
- inclusion of all payroll functions in-house
- payment of creditors and reimbursement of staff by electronic funds transfer
- enhancements to the Office human resources systems.

A goal of the Office was to set up an internal financial reporting process for individual branches. This goal was not achieved but remains a priority for the forthcoming year.

Also, we did not meet our planned goal of establishing a new records management system. The new system is expected to be developed this year to ensure we meet the requirements of the *State Records Act 1998*.

Internal and External Reviews

External Audit

The Treasurer appoints an external firm to audit our financial report. The auditor also conducts reviews of the Office's compliance with legislation, regulations and other directions.

The reviews conducted in 2000-01 were:

- long service leave
- use of credit cards
- motor vehicle operations and fuel cards.

The reviews raised only minor non-compliance issues. These are currently being addressed by the Office.

Response to Public Accounts

Committee's Review

A review of the Office by the Public Accounts Committee (PAC) was completed in February 2000. Recommendations of the review covered management of the Office, financial and performance audit services, outsourcing, client satisfaction, accountability and Office funding.

Of the 29 recommendations, 10 relate substantially to the Office continuing existing practices, 13 involve change and have been accepted, three involve actions or decisions by others (government or the PAC) and three were not accepted by the Office. Of the 13 involving change, 10 have been implemented, two partly implemented as at 30 June 2001 and one has not yet commenced.

Internal Reviews

Internal audit provided independent assurance on the efficiency and effectiveness of Office systems and their compliance to legislative and other requirements.

Reviews reported to the Audit Committee:

- systems acquisition and implementation processes
- areas of human resources administration
- records management
- revenue systems
- payroll systems.

Improvements to our systems acquisition processes have occurred. The new year will see improvement to our records management and staff appraisal systems.

Our Electronic Services

The Office has embraced the use of electronic technology to deliver our services.

Our Internet site is always evolving. The current site enables users to access publications and information about our organisation. In the coming year we will be making further improvements to the design and useability of the site.

During the year we introduced an electronic funds transfer system. This system, combined with e-mailing payment advices has greatly improved the accounts payable process.

Accounting and Auditing Standards

During the year the Auditor-General was appointed to the Australian Auditing and Assurance Standards Board, which is responsible for auditing standards and related guidance in the private and public sectors. This gives the Office a direct input into the development of auditing standards.

The Office continues to support the development of accounting standards by the Australian Accounting Standards Board, both through the Australasian Council of Auditors-General and via direct submissions when appropriate.

The Australasian Council of Auditors-General

The Office continues to work with the Australasian Council of Auditors-General (ACAG) in promoting the role of the public sector auditor and sharing of information.

Report on Investment Performance

The Audit Office in terms of the *Public Authorities (Financial Arrangements) Act 1987* has no statutory investment powers. Funds of the Office are included in the Treasury set-off banking arrangements where Treasury pays interest on a daily basis. Interest earning for the twelve months ended 30 June 2001 was \$118,000.

Privacy and Personnel Information

The Office is committed to ensuring any personal information is gathered in a proper manner, particularly information relating to an identifiable person.

A privacy management plan to cover the collection, storage, use and disclosure of personal information is being developed.

Changes in Legislation and Judicial Decisions

A number of agencies were added to or deleted from the list of statutory bodies and departments under the *Public Finance and Audit Act 1983*. Also, a number of amendments were made to the *Public Authorities (Financial Arrangements) Act 1987*, relating to the investment and borrowing powers of our clients.

As a service to our clients we provide details of these amendments plus legislative standards and government directions in our monthly publication *Awareness*.

We obtain legal opinions relevant to our clients and our organisation. We publish these opinions in the Auditor-General's Report to Parliament.

Contracted Activities

We have maintained good working relationships with our external service providers over the past year. Around 10% of the cost of our financial audits is contracted out to the private sector. Contracting provides educational and financial benefits to the Office and allows us the opportunity to benchmark our services.

Recycling and Energy Use

As part of our waste reduction plan the Office continues its support of the Government's Waste Reduction policy. We recycled 36.9 tonnes of paper and packaging in this past year.

We continued to report to the Minister of Energy and Utilities on our electricity and fuel consumption under the Government's Energy Policy. This reporting period showed our electricity consumption compared favourably with other agencies.

Freedom of Information

During the period under review, there were no requests under the *Freedom of Information Act 1989*.

Office Visitors

The Office was visited by: Mr Per Engeseth, the Director General of the Office of Auditor General Norway; Mr Kevin Brady, the Deputy Controller and Auditor-General of the New Zealand Office of the Controller and Auditor General; Mr Mariano Lopez de Cruz, Inspector General of East Timor; Mr Mark Peck, member of the Public Accounts

Committee, New Zealand; a delegation from Shanghai Municipal Finance Bureau; a Korean delegation from the Seoul Metropolitan Government; and accounting officers from Eastern Cape Provincial Legislature. There were also visits from Vietnamese, Irish and two Chinese delegations.

SPASAI Congress

In November 2000 the Office hosted the sixth biennial SPASAI (South Pacific Association of Supreme Audit Institutions) Congress and associated regional planning activities. This congress was attended by Auditors-General and senior staff from 14 Pacific Island nations, Bermuda, New Zealand and Australia.

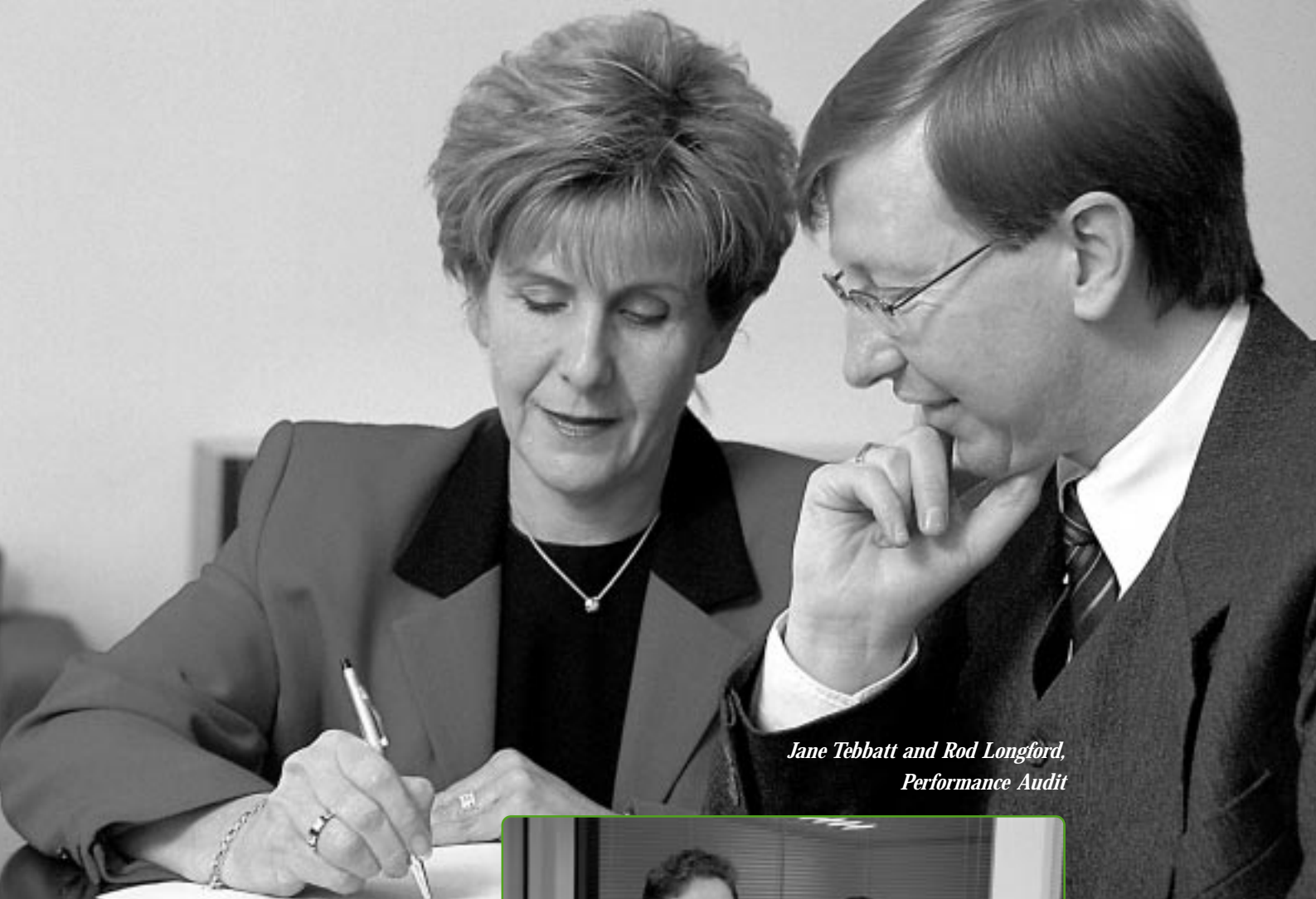
SPASAI was formed to promote the role of public sector auditors in the region. The NSW Auditor-General is currently the Chair.

Overseas Visits

Phil Thomas, Assistant Auditor-General, twice visited the New Zealand Office of the Controller and Auditor-General. He accompanied representatives from other Australian audit offices to conduct and discuss findings of a quality review of the New Zealand Office.

Compliments and Complaints

We received many letters from our clients complimenting our staff on the professional and competent manner in which their audits were conducted. No complaints were received.



*Jane Tebbatt and Rod Longford,
Performance Audit*



*Ken Thomson, Computer Services
and Barry Underwood,
Corporate Planning and Communications*

*‘Office recommendations
contributed to improvements
in accountability’*

our people

OUR OBJECTIVES

People are appropriately skilled, equipped and developed

Equitable, safe and healthy work environment

Work groups are adequately resourced

Improved satisfaction and wellbeing for all staff

KEY ACHIEVEMENTS

- Competency statements for all audit positions were developed
- Staff training days increased from an average of 6.5 to 7.4 per person
- A new school leaver recruitment program was established
- An executive development program was introduced
- A writing skills course for all staff was introduced
- An employee assistance program was established to help employees affected by work-related or personal problems

AREAS FOR IMPROVEMENT

- Competency statements for senior managers and corporate services staff need further development
- Appraisal systems will be improved to ensure they reflect the required staff competencies. Appraisals to be conducted for all staff
- The number of women in senior management positions remains very low.

Staffing Levels

Total staff numbers decreased by ten from last year, while audit workload remained steady.

Staff turnover of 23% was up from last year's 18%. Resignations increased from 39 last year to 48. This reflects the many opportunities that are available to our highly skilled staff in a buoyant employment market.

In March 2001, Jim Mitchell left the Office after 42 years of service, the last six as Deputy Auditor-General. Jim was closely involved in many major changes and improvements in the way the Office operated. He also represented the Office on numerous occasions.

Recruitment and Selection

The Office maintained its commitment to recruiting quality university graduates who have majored in accounting. In addition the Office re-introduced a program to provide opportunities for school leavers to enter the accounting profession. These programs resulted in the recruitment of 20 graduates and seven school leavers in the year.

Other recruitment resulted in 34 positions being filled, 29 from within the Office. The majority of these were financial audit positions.

Temporary Staff

Temporary staff are employed to ensure financial audit branches are adequately resourced during the busy period of July to October. 16 temporary staff were employed for periods of about three months each.

Competencies

The identification of competencies for all staff ensures that professional development is more focused.

Competency based training will target specific skills to improve work place performance.

Competencies have been identified for all audit staff. Competencies for senior executives are close to agreement and will be implemented during the year. The development of competencies for Corporate Services staff will follow.

Staff Appraisals

The Office will be implementing a new appraisal system that is aligned with staff competencies. The system will be introduced from July 2001.

In the past a significant number of staff appraisals were not conducted. A focus for next year will be to ensure that all staff appraisals are completed.

Key Statistics

Employees	1999	2000	2001
Senior executive	23	23	22
Audit	165	161	157
Corporate services	34	32	27
	222	216	206

Training and Professional Development

The Office's professional development program provides a flexible range of training for all staff.

The program includes:

- technical writing
- interpersonal skills
- leadership management
- computer training.

This year's training days increased from an average of 6.5 to 7.4 days per person.

The training is provided either face-to-face or by self-paced packages in the Office's Learning Centre. The Learning Centre, established in 1999, continues to provide cost effective training alternatives to external courses, saving approximately \$15,000 this year.

During the year IS Audit staff conducted a significant amount of technical training. Consultants were used where appropriate to provide training.

Currently an office-wide initiative addressing writing skills is underway. With senior audit staff having already attended, the program is set to be offered to all staff.

The Office's management development program was established during the year. The aim of the program is to enhance leadership ability through a set of practical interaction skills, which can be used in everyday situations.

Also, the Macquarie Graduate School of Management has designed an executive development program for the Audit Office. This program will provide potential senior executives with new and relevant approaches to leading and managing.

Total training days	1,628
Total expenditure	\$116,338

Occupational Health and Safety (OH&S)

A relatively small number of staff were injured at work. Most injuries were sustained on the way to or from work and resulted from 'slips and falls' or motor vehicle accidents. Only 20% were of a serious nature.

A checklist for clients' premises to help staff easily identify OH&S issues was developed. The Office actively supports staff in addressing any issues which may arise.

An employee assistance program (EAP) was introduced during the year. A number of staff accessed the EAP, which provides staff and their immediate families with a 'free' independent, confidential counselling service.

Furthermore, to promote 'a safe and healthy environment' the Occupational Health and Safety Committee is reviewing measures taken to ensure the health, safety and welfare of our employees at work. We are focusing our efforts on risks that have a high probability of occurring and where the potential effects are great.

Equal Employment Opportunity

The Office continues to lead the way with 36% of staff from a racial minority, one of the highest figures for a public sector agency.

The Office is also committed to increasing its female work force. We have made steady progress with figures rising from 38.7% to 40.8% over the past year. The graduate program recruited a high percentage of female graduates.

There is still a concern that the number of women in senior management roles remains very low. We are committed to improving this situation and will be examining this issue during the year.

The graduate program also allowed us to employ mature aged students with 24% coming from this group.

The Office continues to support people with disability. We employed a permanent part-time staff member and one temporary part-time staff member during the reporting period.

More equal employment statistics are included in appendix eight.

External Participation on Committees and Panels

Staff are encouraged to work on relevant external committees and panels and to present at professional conferences. We believe this contributes to staff development and raises the profile of the Office. Full details are included in appendix five.

Leave Administration

A good indicator of organisational health is the amount of unscheduled leave taken by staff, especially sick leave. The average sick leave per employee was 6.3 days which was up on the previous year's average of 5.0 days. We have begun to address the issue with the introduction of monthly leave reports to management. The reports will allow managers to monitor sick leave and take follow-up action.

The Office is supportive of leave without pay. A number of staff were granted leave without pay to utilise as a career break. Of these, most took the opportunity to travel and work overseas.

Further Studies

The Office continued its policy of supporting staff through relevant studies by providing fee reimbursement and study time. Staff undertaking first degree and professional recognition studies received 100% reimbursement of fees upon successful completion of subjects, whilst those studying for second and higher degrees received 75%. Study time of up to four hours per week was provided for attending lectures and to study. Leave was also provided for the time required to undertake examinations.

Total reimbursements of fees \$76,318

Office staff participating in the professional recognition programs at the two accounting bodies have performed creditably. Participants in these programs consistently achieved results above the national average. Our school leaver recruits have performed well above average in their first semester at University.

Secondments and Exchanges

The secondments and exchange program broadens people's skills and experiences. The Office is proud to support this successful program which benefits our clients and staff. Last year 14 staff members were seconded to other State government agencies for various periods. Six staff from other government agencies were seconded to the Audit Office.

Paul Matthews from our Policy and Research section was seconded to the Auditor General's Office of Western Australia. Sonia Danzo from Performance Audit worked for the National Audit Office in the UK. Kaveh Daemi, Karina McLean and Andrew Grice from our Financial Audit team worked for the Audit Commission in the UK. Chris Bowdler from our Performance Audit Team worked at the Public Accounts Committee (PAC).

Industrial Relations

The Audit Office of NSW has a Joint Consultative Committee (JCC) composed of union (PSA) and management representatives. The committee meets on a regular basis to discuss work-related issues. The JCC and management team developed an Olympic period flexible hours working agreement.

The Office is pleased that no time has been lost to industrial disputes this year.

Balancing Work and Social Activities

Last year the Office's Recreation Club provided regular activities and functions for its members. These included the annual dinner, family picnic, launch picnic, golf day, tennis day and theatre parties. These activities are fully funded by staff members through voluntary payroll deductions.

Sporting teams represented the Office in the Corporate Cup (running competitions) held on and around the Domain area of Sydney and in our new netball team.



Financial Audit, Steve McLeod, Kylie McRae, Peter Carr and Peter Boulous



Performance Audit, Gordon Eastwood

*‘a commitment to the
quality of our auditing
services’*

our finances

OUR FINANCES

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Commentary on our Finances

Statement of Financial Performance

As a 'non budget-dependent' agency, the Office aims to "break even" over time on its total operations.

Last year's result was a deficit of \$548,000 following a surplus of \$8,342,000 in 1999-2000. Annual results and comparisons between years are impacted by actuarial valuations of our superannuation liability to the State's defined benefit schemes. Excluding these non-controllable costs, this year's result was a deficit of \$327,000 compared to a \$211,000 surplus the previous year.

The Audit Office's funding is largely derived from the fees it charges agencies for auditing their financial reports. Audit fees are set on the basis of an hourly "charge-out" rate and an assessed number of audit hours reflecting the characteristics of each individual client.

Contributions are also received from the Consolidated Fund towards the cost of performance audit and to meet the costs of producing the Auditor-General's Reports to Parliament. Revenue in 2000-01 increased by 18.3% to \$23,993,000, reflecting an increase in contributions from the Government, additional audit work undertaken (including Olympics) and more timely billing.

Staff related expenses are our largest cost category, amounting to \$18,599,000 in 2000-01. The Office continues to contract out a portion of its total financial audit work; the cost of this was \$2,069,000 in the year.

Statement of Financial Position

The Office leases its accommodation, motor vehicles and computer hardware. Therefore most of our assets (and liabilities) are of a financial nature.

Our single largest asset is the \$13,510,000 surplus balance in our superannuation account with the State's "Pooled Fund".

Staff long service leave entitlements of \$5,771,000 are our single largest liability. However an equivalent asset, representing the Crown's assumption of this liability offsets this.

During the year we substantially improved our billing processes so that invoices to clients are issued on a more timely basis. This has the effect of improving our cash and accounts receivable positions, while reducing the level of work-in-progress (ie work done but not yet billed).

Future Operating Results

Expenditure in the coming year is expected to increase from inflationary trends, the full costs associated with the management information systems, and the costs of upgrading computer software and hardware at the end of the current lease.

The client base is regularly changing through departmental and portfolio restructuring, the establishment of Government Trading Enterprises and privatisations. Preliminary financial projections for the next four years show break-even or small surpluses. There is an expected down turn in financial audit revenue for the 2001-02 year due to a reduction in the number of client agencies.

Key Statistics

Three Year Trend

	1999* (\$000)	2000 (\$000)	2001 (\$000)
Operating Results			
Total Revenue	11,218	20,285	23,993
Total Expenses	11,504	11,943	24,541
Operating Surplus / (Deficit)	(286)	8,342	(548)
Statement of Financial Position			
Total Assets	19,905	27,357	29,043
Accumulated Funds	10,425	18,767	18,219
Analytics			
Operating Result to Total Revenue	(2.55%)	41.12%	(2.29%)
Current Ratio	1.91	2.31	1.71
Debtor Turnover	1.88	6.91	5.67

Performance Against Budget

	2000-01 Budget (\$000)	2000-01 Actual (\$000)	2001-02 Budget (\$000)
Revenue from Ordinary Activities			
Audit Fees	21,234	21,277	20,696
Contribution by Government	2,405	2,405	2,540
Interest	90	118	93
Other Revenue	124	193	104
	<u>23,853</u>	<u>23,993</u>	<u>23,433</u>
Expenditure from Ordinary Activities			
Salaries and Related Expenses	17,677	18,820	17,422
Maintenance and Other Operating Expenses	3,841	3,374	4,127
Contract Audit Agent Costs	1,994	2,069	1,434
Depreciation	366	278	404
	<u>23,878</u>	<u>24,541</u>	<u>23,387</u>
Operating Surplus/(Deficit)	(25)	(548)	46

* Seven months from 1 December 1998 to 30 June 1999

PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
Web www.pwcglobal.com/au
Telephone 61 2 8266 0000
Facsimile 61 2 8266 9999

Independent Audit Report To the Members of the Legislative Assembly

Scope

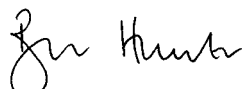
I have audited the financial report of The Audit Office of New South Wales for the year ended 30 June 2001 as set out on pages 35 to 50. The Auditor-General of New South Wales is responsible for the financial report. I have conducted an independent audit of the financial report in order to express an opinion on it to the Members of the Legislative Assembly.

My audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. My 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 as to whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2000 and the Treasurer's Directions so as to present a view which is consistent with my understanding of The Audit Office of New South Wales' 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 my opinion, the financial report presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements and the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2000 and the Treasurer's Directions the financial position of The Audit Office of New South Wales as at 30 June 2001 and the results of its operations and its cash flows for the year then ended.



B K Hunter
Registered Company Auditor
15 August 2001

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Liability is limited by the Accountant's Scheme under the Professional Standards Act 1994 (NSW)

Start of Audited Financial Statements

Auditor-General's Statement



Statement by Auditor-General of New South Wales
for the year ended 30 June 2001

Pursuant to section 41C of the Public Finance and Audit Act 1983, I state that, in my opinion, the accompanying financial statements exhibit a true and fair view of the financial position of the Audit Office of New South Wales as at 30 June 2001 and transactions for the year then ended.

I further state:

- (a) that the financial statements have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2000, and the Treasurer's Directions; and
- (b) that I am not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

A handwritten signature in black ink, appearing to read "R J Sendt".

R J Sendt
SYDNEY
15 August 2001

Statement of Financial Performance

for the year ended 30 June 2001

	Note	2001 \$'000	2000 \$'000
Revenues from Ordinary Activities			
Audit Fees		21,277	17,786
Contributions by Government	4(a)	2,405	2,075
Interest		118	101
Other Revenue	4(b)	193	323
		<u>23,993</u>	<u>20,285</u>
Expenses from Ordinary Activities			
Salaries and Related Expenses	5	18,599	14,660
Decrease/(Increase) in prepaid contributions for State Superannuation Schemes	11(b)	221	(8,131)
Contract Audit Agents Costs	6	2,069	1,905
Depreciation and Amortisation	10	278	293
Maintenance		132	102
Loss on Disposal of Plant		11	—
Other Operating Expenses	7	3,231	3,114
		<u>24,541</u>	<u>11,943</u>
		<u>(548)</u>	<u>8,342</u>
(Deficit)/Surplus from Ordinary Activities			
Total Changes In Equity-other than those resulting from transactions with owners as owners		<u>(548)</u>	<u>8,342</u>

The accompanying notes form part of these statements

Statement of Financial Position

as at 30 June 2001

	Note	2001 \$'000	2000 \$'000
ASSETS			
Current Assets			
Cash at Bank		3,306	1,998
Receivables	8	4,233	2,934
Work in Progress		1,095	2,022
Other	9	88	55
Total Current Assets		<u>8,722</u>	<u>7,009</u>
Non-Current Assets			
Plant, Equipment and Furniture	10	1,040	1,170
Other Financial Assets			
Prepaid Superannuation Contributions	11(b)	13,510	13,731
Acceptance of Long Service Leave Liability	2(b)(vi)	5,771	5,447
Total Non-Current Assets		<u>20,321</u>	<u>20,348</u>
Total Assets		<u>29,043</u>	<u>27,357</u>
LIABILITIES			
Current Liabilities			
Fees in Advance		1,422	293
Payables	12	1,849	1,242
Provisions	11	1,834	1,505
Total Current Liabilities		<u>5,105</u>	<u>3,040</u>
Non-Current Liabilities			
Provisions	11	<u>5,719</u>	<u>5,550</u>
Total Non-Current Liabilities		<u>5,719</u>	<u>5,550</u>
Total Liabilities		<u>10,824</u>	<u>8,590</u>
EQUITY			
Accumulated Funds	13	<u>18,219</u>	<u>18,767</u>

The accompanying notes form part of these statements

Statement of Cash Flows

for the year ended 30 June 2001

		2001 \$'000	2000 \$'000
	Note	Inflows (Outflows)	Inflows (Outflows)
Cash Flows from Operating Activities			
Receipts from Operations		23,938	19,766
Payments to Suppliers and Employees		(22,575)	(19,659)
Interest Received		104	101
Net Cash provided by Operating Activities	18(b)	<u>1,467</u>	<u>208</u>
Cash Flows from Investing Activities			
Purchase of Equipment and Furniture		(22)	(19)
Purchase of Management Information Software		(137)	(403)
Net Cash used in Investing Activities		<u>(159)</u>	<u>(422)</u>
Net Increase/(Decrease) in Cash held		1,308	(214)
Cash at the beginning of the Financial Year		<u>1,998</u>	<u>2,212</u>
Cash at the end of the Financial Year	18(a)	<u>3,306</u>	<u>1,998</u>

The accompanying notes form part of these statements

Notes to and forming part of the Financial Statements

for the year ended 30 June 2001

1 REPORTING ENTITY

The Audit Office of New South Wales has been designated as a statutory body by Schedule 2 of the Public Finance and Audit Act 1983.

2 STATEMENT OF ACCOUNTING POLICIES

(a) Basis of Accounting

The Office's financial statements are a general purpose financial report which has been prepared on an accruals basis and in accordance with:

- applicable Australian Accounting Standards;
- other authoritative pronouncements of the Australian Accounting Standards Board (AASB);
- Urgent Issues Group (UIG) Consensus Views;
- the requirements of the Public Finance and Audit Act 1983 and the Public Finance and Audit Regulation 2000 and Treasurer's Directions.

Where there are inconsistencies between the above requirements, the legislative provisions have prevailed.

In the absence of a specific Accounting Standard, other authoritative pronouncement of the AASB or UIG Consensus View, the hierarchy of other pronouncements as outlined in AAS6 "Accounting Policies" is considered.

The financial statements are prepared in accordance with the historical cost convention.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

The accounting policies adopted are consistent with those of the previous year with the exception of those matters referred to in Note 3.

(b) Summary of Accounting Policies and Procedures

i) Non-Current Assets

Plant, Furniture and Equipment are shown (note 10) at historic cost less accumulated depreciation and amortisation.

Items costing \$1,000 and above are capitalised.

The Audit Office has acquired third party audit methodology and MIS software; software licences and associated costs have been capitalised. These assets are shown at historical cost less accumulated amortisation.

ii) Revaluation of Physical Non-Current Assets

The Office controls no land or buildings. The carrying value of Plant, Equipment and Furniture is considered as being a fair approximation of the market value of those assets and as such a revaluation is not regarded as necessary.

iii) Depreciation and Amortisation

Non-current assets are depreciated and amortised on a straight line basis over their estimated useful lives to the Office. The rates of depreciation and amortisation are: computer equipment 33.3%; office equipment 20%; audit methodology and the MIS software 20%; and furniture and fittings 10%.

iv) Accounting for the Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except:

- the amount of GST incurred by the agency 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.

v) Revenue Recognition

- a) Fees are charged for financial audits. Fees in respect of audit work performed during the year are treated as revenue at invoicing.
- b) Contributions from Government are also recognised as revenue at time of invoicing.
- c) Investment Income - interest revenue is recognised as it accrues.

vi) Employee Entitlements

The Audit Office is responsible as the employing agency for the liability for all untaken annual leave. A provision has been established for the full liability at 30 June 2001. Details are shown in Note 11. A liability for non-vested sick leave entitlement is not recognised because it is estimated that, on average, the sick leave taken in each year is less than the entitlement accruing in that year.

The Audit Office contributes to the New South Wales Non Budget Long Service Leave Pool Account held by Treasury. The Treasury "pool" account administers the Long Service Leave Provision for agencies and commercial activities whose liabilities were previously assumed by the Crown due to their being part of the Budget Sector. Contributions made to Treasury are included in Salaries and Related Expenses. In accordance with Australian Accounting Standard AAS 30 "Accounting for Employee Entitlements" and Treasury

Circular 95/10 the total liability has been recognised as a provision and an offsetting asset has been recognised as "Acceptance of Long Service Leave Liability". The nominal valuation method has been used to assess the liability because it would not result in material variance to the present value method. Oncosts have been applied in calculating the liability. Details are shown in Note 11(a).

The Superannuation Schemes relating to employees of the Audit Office are: the State Superannuation Scheme; the State Authorities Superannuation Scheme; the State Authorities Non Contributory Superannuation Scheme (Basic Benefits Scheme) - these funds are now closed to new entrants; and the First State Super Scheme. This last scheme is an accumulation scheme and consequently the Audit Office has no ongoing employer liability for this scheme. Details of the reserves, assessed liabilities, overfundings and provisions are shown in Note 11(b).

vii) Segment Reporting

The Audit Office operates in one geographical segment being New South Wales, and in one industry, the principal activity being the provision of external audit services to Parliament.

viii) Financial Instruments

Financial instruments give rise to positions that are financial assets or liabilities (or equity instruments) of either the Audit Office or another party. These include Cash at Bank, Receivables, Work in Progress and Payables. Information is disclosed in Note 19 in respect of the interest rate risk and credit rate risk of financial instruments. Classes of instruments are recorded at cost and are carried at net fair value.

ix) Receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectable debts.

x) Work in Progress

Work in Progress is stated at the cost of staff directly engaged in financial audit services plus an allocation of overhead costs attributable to financial audit activity in general.

xi) Payables

Liabilities for trade creditors and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not already billed.

xii) Operating Leases

The Office leases assets on an operating lease basis. The operating lease payments are recognised in the Statement of Financial Performance in the periods in which they are incurred. The major operating lease is that relating to office accommodation.

xiii) Reclassification of Financial Information

As a result of applying AAS1 "Statement of Financial Performance" and AAS36 "Statement of Financial Position", the format of the Statement of Financial Performance (previously referred to as the Income and Expenditure Statement) and the Statement of Financial Position has been amended. As a result of applying these Accounting Standards, a number of comparative amounts were represented or reclassified to ensure compatibility with the current reporting period.

3 CHANGES IN ACCOUNTING POLICY

i) Annual Leave Loading

The provision for annual leave includes the liability for annual leave loading at 30 June 2001 of \$23,000. For previous years, this liability had not been recognised, but had the liability been recognised, the prior year comparative figure would have been \$33,000.

ii) Long Service Leave

In previous years, this Office had adopted the practice of including in the assessment of the liability for employees, calculations for employees from the date of their commencement of service. From and including this financial year, the assessing of the liability for service less than 5 years has been discontinued. This change in practice was adopted to be consistent with public sector policies and commercial practice.

Last year, the calculated figure included in the assessed liability, was \$290,000. The provision is offset to an asset - refer note 2(b)(vi) - so there is no impact on the operating result for any year. For this year the comparative liability, had the practice been continued, would have been \$129,000.

iii) Work In Progress

In the previous year, for the first time the calculation of work in progress at year end was undertaken using only labour and other costs of staff directly engaged in financial audit services, together with attributable overheads in accordance with Australian Accounting Standard AAS2 "Inventories". This had the effect of reducing the value of the work in progress at 30 June 2000 by \$602,000.

Up to 30 June 1999, revenue was recognised when work was performed. For the year ended 30 June 2000 revenue was recognised when tax invoices for fees were issued. This had the effect of reducing audit fees and salaries and related expenses by \$2,022,000.

4 REVENUES

(a) Contributions by Government

	2001 \$'000	2000 \$'000
Cost of Reports to Parliament	1,205	975
Special Audits	<u>1,200</u>	<u>1,100</u>
	<u>2,405</u>	<u>2,075</u>

The contributions do not cover the full costs of the respective services, the difference being met by the Audit Office.

(b) Other Revenue

Recoup of Salaries	167	257
Rent Income	—	23
Other Miscellaneous Income	<u>26</u>	<u>43</u>
	<u>193</u>	<u>323</u>

5 SALARIES AND RELATED EXPENSES

	2001 \$'000	2000 \$'000
Salaries and Allowances	14,957	11,976
Payroll Tax	902	911
Workers' Compensation	95	81
Superannuation	727	477
Employees' Leave and Retirement	466	350
Temporary Assistance	1,452	865
	<u>18,599</u>	<u>14,660</u>

6 CONTRACT AUDIT AGENTS COSTS

Fees were paid to contract audit agents for the audit of:

Health Services Clients	921	834
Olympic Games Authorities	473	305
Superannuation Services	301	218
Water Industry Clients	150	116
University related activities	74	74
Electricity Distributors	30	56
Other Audit Office Clients	120	302
	<u>2,069</u>	<u>1,905</u>

7 OTHER OPERATING EXPENSES

Rent and Cleaning	891	773
Fees for Services Rendered	472	271
Operating Lease - Computer Equipment	445	426
Travelling	270	272
Staff Development and Training (excluding Salaries)	247	291
Printing	180	159
Motor Vehicle Running	151	202
Stores	139	148
Telephone and Postage	121	136
Bad Debt Expense	75	—
Electricity	31	25
Other General Expenses	209	411
	<u>3,231</u>	<u>3,114</u>

8 CURRENT ASSETS - RECEIVABLES

Audit Fee Debtors		
(less provision for doubtful accounts \$88,000; 2000 - \$15,000)	3,766	2,840
Miscellaneous Debtors	467	94
	<u>4,233</u>	<u>2,934</u>

9 CURRENT ASSETS - OTHER

	2001 \$'000	2000 \$'000
Prepayments	4	9
Accrued Income Receivable	<u>84</u>	<u>46</u>
	<u>88</u>	<u>55</u>

Accrued Income includes interest on the bank balance of \$60,000 (2000 - \$46,000).

10 NON-CURRENT ASSETS - PLANT, EQUIPMENT AND FURNITURE

Office Equipment		
At cost	112	151
Accumulated Depreciation	<u>88</u>	<u>124</u>
	<u>24</u>	<u>27</u>
Computer and Related Equipment		
At cost	498	1,160
Accumulated Depreciation	<u>476</u>	<u>1,104</u>
	<u>22</u>	<u>56</u>
Furniture and Fittings		
At cost	367	552
Accumulated Depreciation	<u>165</u>	<u>318</u>
	<u>202</u>	<u>234</u>
Audit Methodology Software		
At cost	364	364
Accumulated Amortisation	<u>233</u>	<u>155</u>
	<u>131</u>	<u>209</u>
Management Information Systems		
At cost	540	403
Accumulated Amortisation	<u>78</u>	<u>23</u>
	<u>462</u>	<u>380</u>
Leasehold Improvements		
At cost	722	722
Accumulated Amortisation	<u>523</u>	<u>458</u>
	<u>119</u>	<u>264</u>
Total Plant, Equipment and Furniture at Net Book Value	<u>1,040</u>	<u>1,170</u>

10 NON-CURRENT ASSETS - PLANT, FURNITURE AND EQUIPMENT - RECONCILIATIONS

Reconciliations of the carrying amounts of each class of plant, equipment and furniture at the beginning and end of the current and previous financial years are set out below.

	Office Equipment	Computer and Related Equipment	Furniture and Fittings	Audit Methodology Software	Management Information Systems	Leasehold Improvements	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2001							
Carrying amount as at 1 July	27	56	234	209	380	264	1,170
Additions	11	4	7	—	137	—	159
Disposals	(50)	(667)	(191)	—	—	—	(908)
Depreciation/amortisation expense	(12)	(32)	(36)	(78)	(55)	(65)	(278)
Write-back of depreciation on disposal	48	661	188	—	—	—	897
Carrying amount as at 30 June	<u>24</u>	<u>22</u>	<u>202</u>	<u>131</u>	<u>462</u>	<u>199</u>	<u>1,040</u>

	Office Equipment	Computer and Related Equipment	Furniture and Fittings	Audit Methodology Software	Management Information Systems	Leasehold Improvements	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2000							
Carrying amount as at 1 July	41	87	288	290	—	335	1,041
Additions	1	17	—	—	404	—	422
Disposals	—	—	—	—	—	—	—
Depreciation/amortisation expense	(15)	(48)	(54)	(81)	(24)	(71)	(293)
Write-back of depreciation on disposal	—	—	—	—	—	—	—
Carrying amount as at 30 June	<u>27</u>	<u>56</u>	<u>234</u>	<u>209</u>	<u>380</u>	<u>264</u>	<u>1,170</u>

The Office continues to derive service potential and economic benefits from the following fully depreciated assets:

Asset Class	No. of Assets		Gross Value		Accumulated Depreciation		Written Down Value	
	2001	2000	2001	2000	2001	2000	2001	2000
			\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Office equipment	13	32	64	79	64	79	—	—
Computer and related equipment	60	135	425	1,630	425	1,630	—	—
Furniture and fittings	—	—	—	—	—	—	—	—
TOTAL	<u>73</u>	<u>167</u>	<u>489</u>	<u>1,709</u>	<u>489</u>	<u>1,709</u>	<u>—</u>	<u>—</u>

11	PROVISIONS	2001	2000
		\$'000	\$'000
	Current		
	Annual Leave	1,538	1,505
	Long Service Leave	296	—
		<u>1,834</u>	<u>1,505</u>
	Non-Current		
	Long Service Leave	5,475	5,447
	Superannuation	244	103
		<u>5,719</u>	<u>5,550</u>

(a) Long Service Leave

The total liability at 30 June 2001 was \$5,771,000 (2000 - \$5,447,000) and is shown as current \$296,000 and non-current \$5,475,000. At June 2000, the liability was totally non-current. This liability comprises:

Unconditional Leave (over 10 years service)	5,412	4,784
Conditional Leave (between 5 and 10 years service)	359	373
Pre-conditional Leave (less than 5 years service)	—	290
	<u>5,771</u>	<u>5,447</u>

The practice of assessing the liability for employees with less than 5 years employment has been discontinued, and is also referenced at note 3, "Change in Accounting Policy".

Contributions made to the Treasury pool account during this financial year totalled \$474,000 (2000 - \$342,000) and include an adjustment of \$63,000 in respect of the previous year. Re-imbursements from Treasury on account of payments to staff, or transfers of entitlements to other agencies, totalled \$269,000 (2000 - \$185,000).

(b) Superannuation

The assessed liability for the Audit Office at 30 June 2001 and funds held in the reserve accounts administered by the Superannuation Administration Corporation of New South Wales (including accrued interest), as well as prepaid contributions and superannuation provisions were:

	Assessed Liability		Reserve Account		Provision/(Prepaid Contributions)	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
State Superannuation Scheme	27,165	27,219	40,457	40,573	(13,292)	(13,354)
State Authorities Super Scheme	1,193	1,065	1,411	1,442	(218)	(377)
State Authorities Non Contributory Superannuation Scheme	1,417	1,257	1,173	1,154	244	103
	<u>29,775</u>	<u>29,541</u>	<u>43,041</u>	<u>43,169</u>	<u>(13,266)</u>	<u>(13,628)</u>

The liabilities have been determined by the appointed actuary as at 30 June 2001 based on revised economic assumptions as follows:

	2001-02	2002-03	2003-04
	% p.a.	% p.a.	% p.a.
■ Rate of investment return	7.0	7.0	7.0
■ Rate of salary increase	3.0	6.5	4.0
■ Rate of increase in CPI	2.5	2.5	2.5

The State Superannuation Scheme and State Authorities Superannuation Scheme reserve accounts for the Audit Office each exceed the respective assessed liabilities. The surpluses at 30 June 2001 total \$13,510,000 (2000 - \$13,731,000) and are included as a non-current asset - Prepaid Superannuation Contributions.

In the previous financial year, the actuarial assessment of the liability resulted in an increase in the surplus of the reserve account over the liability by \$8,131,000. This surplus was represented in the financial statements as an abnormal item. With the change to Accounting Standard AAS1 "Statement of Financial Performance", this item is no longer reported in this manner.

For this year, the actuarial assessment resulted in a decrease in the non-current asset prepaid superannuation contributions of \$221,000 reflected as a superannuation expense.

Further funding contributions for the State Superannuation Scheme (SSS) have been suspended with approval of the Superannuation Administration Corporation of New South Wales. The effect of this has been that no contributions have had to be made to this Scheme while the balance of the reserve account has been greater than the assessed liability of members. Continued application of this arrangement is dependent on successful application to the Corporation.

The value of this asset is primarily dependent upon annual reviews of the superannuation liabilities for the schemes and the effect of investment earnings of the schemes. The calculation of the 30 June 2001 superannuation position has used actuarial assumptions consistent with those used in the previous year.

The First State Superannuation Scheme has established superannuation cover for employees who are not contributing to any other schemes and employer contributions were 8% of such employees' salaries (7% to 30 June 2000). Payments for staff covered by the Scheme totalled \$507,000 (2000 - \$438,000). For this Scheme, the Audit Office has no outstanding employer liability because the contributions are fully funded and vested to individual officers.

12 CURRENT LIABILITY - PAYABLES

	2001	2000
	\$'000	\$'000
Salaries and related expenses	627	465
Payroll Tax	70	76
Unremitted GST	420	—
Unremitted PAYG Taxation	47	32
Contract Audit Agent Costs	138	144
Other Creditors	547	525
	<u>1,849</u>	<u>1,242</u>

Other creditors include a rental incentive of \$231,000 (2000 - \$342,000) which is accounted for in compliance with Urgent Issues Group (UIG) Abstract 3 "Lessee Accounting for Lease Incentives Under a Non-Cancellable Operating Lease". The rental incentive is a direct reflection of a rent-free inducement given at the time of entering the leasing arrangement, amortised over the period to the expiry of the lease in 2004.

13	CHANGES IN EQUITY	2001 \$'000	2000 \$'000
	Balance at beginning of the financial year	18,767	10,425
	Changes in equity - other than transactions with owners as owners: (Deficit) / Surplus for the year	(548)	8,342
	Balance at the end of the financial year	<u>18,219</u>	<u>18,767</u>

14	AUDITOR'S REMUNERATION	2001 \$'000	2000 \$'000
	Audit Fees	<u>24</u>	<u>19</u>

The auditor received no other remuneration. The fee comprises the agreed fee of \$19,000, plus an additional fee of \$5,000 in respect of the previous year's audit.

15	COMMITMENTS	2001 \$'000	2000 \$'000
	Commitments for leased office accommodation and leased computer equipment under operating leases are:		
	Lease commitments:		
	not later than one year	1,078	1,304
	later than one year but not later than five years	1,853	2,956
		<u>2,931</u>	<u>4,260</u>

The Office has a lease, expiring in July 2004, for floor space in 234 Sussex Street, Sydney. The lease rental is reviewable.

UIG Abstract 31 "Accounting for Goods and Services Tax" requires the reporting of GST commitments. The commitments include GST of \$239,000 (2000 - \$335,000). A contingent asset exists for the calculated GST, being an input tax credit recoverable from the Australian Taxation Office consequent to its payment.

16 MATERIAL ASSISTANCE PROVIDED AT NO OR NOMINAL COST

Audit clients provide, at no cost, accommodation and facilities at their premises for staff of this Office during the course of the audit. It is not possible to quantify the cost of providing such facilities.

17 CONSULTANTS ENGAGED

During the year the Audit Office engaged 7 consultants at a total cost of \$139,000. This compares with 8 last year at a cost of \$161,000. No consultants were paid in excess of \$30,000.

18 NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, the Audit Office of New South Wales considers cash to include cash on hand and in the bank. At 30 June 2001, cash as shown in the statement of cash flows of \$3,306,000 (2000 - \$1,998,000) is equal to the amount shown in the Statement of Financial Position.

(b) Reconciliation of Net Cash provided by Operating Activities to Operating Result

	2001 \$'000	2000 \$'000
Operating (Deficit)/Surplus	(548)	8,342
Depreciation and Amortisation	278	293
Decrease/(Increase) in Overfunded Superannuation	221	(8,131)
(Increase)/Decrease in Receivables	(1,299)	150
Decrease in Work in Progress	927	863
(Increase)/Decrease in Other Current Assets	(33)	10
Increase/(Decrease) in Fees in Advance	1,129	(1,431)
Increase in Payables	607	163
Increase/(Decrease) in Provisions	174	(51)
Net loss on disposal of plant, equipment and furniture	11	—
Net cash provided by operating activities	<u>1,467</u>	<u>208</u>

19 FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

Interest rate risk is the risk that the value of the financial instruments will fluctuate due to changes in market interest rates. The Audit Office's exposure to interest rate risks and the effective interest rates of financial assets and liabilities at the balance date are as follows:

Financial Instrument	Floating Interest Rate (\$'000)		Non-Interest Bearing (\$'000)		Total carrying amount as per the Statement of Financial Position (\$'000)		Weighted Effective Interest Rate	
	2001	2000	2001	2000	2001	2000	2001	2000
Financial Assets								
Cash	3,305	1,997	1	1	3,306	1,998	4.00%	3.75%
Receivables			4,233	2,934	4,233	2,934		
Work in Progress			1,095	2,022	1,095	2,022		
Total Financial Assets	<u>3,305</u>	<u>1,997</u>	<u>5,329</u>	<u>4,957</u>	<u>8,634</u>	<u>6,954</u>		
Financial Liabilities								
Payables			1,849	1,242	1,849	1,242		
Total Financial Liabilities			<u>1,849</u>	<u>1,242</u>	<u>1,849</u>	<u>1,242</u>		

(b) Credit Risk

Credit risk is the risk of financial loss arising from another party to a contract or financial obligation. The Audit Office's maximum exposure to credit risk is represented by the carrying amounts of the financial assets included in the Statement of Financial Position.

Financial Assets	Banks (\$'000)		Government* (\$'000)		Other (\$'000)		Total (\$'000)	
	2001	2000	2001	2000	2001	2000	2001	2000
Cash	3,305	1,997			1	1	3,306	1,998
Receivables			1,589	973	2,644	1,961	4,233	2,934
Work in Progress			475	661	620	1,361	1,095	2,022
Total Financial Assets	<u>3,305</u>	<u>1,997</u>	<u>2,064</u>	<u>1,634</u>	<u>3,265</u>	<u>3,323</u>	<u>8,634</u>	<u>6,954</u>

*Government includes budget dependent agencies only.

20 CONTINGENT LIABILITY

On 1 March 1999, the Audit Office was served with a Statement of Claim filed for damages, interest thereon and costs. The amount of the claim is in excess of \$1.5 Million. The claim related to investments by the NSW Aboriginal Land Council in breach of relevant Acts and Regulations between October 1990 and March 1993 with an entity that was placed into voluntary liquidation in March 1993. The Office has instructed the Crown Solicitor's Office to file a cross claim enjoining the Directors and staff of the Council.

END OF AUDITED FINANCIAL REPORT

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Senior Executive Service (SES) Profile

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SES Performance

Appendix Three

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Performance Against Service Standards

APPENDIX 1

Senior Executive Service (SES) Profile

Number of CES/SES Positions

Remuneration Level	Package Range \$'000	Total CES/SES 30 June 2000	Total CES/SES 30 June 2001
Level 8	258-318	-	-
Level 7	219-276	-	-
Level 6	182-220	-	-
Level 5	159-195	1	1
Level 4	145-169	5	4
Level 3	132-156	-	-
Level 2	119-137	11	11
Level 1	109-127	5	5
Auditor-General*		1	1
Total		<u>23</u>	<u>22</u>

*The Auditor-General is not appointed under the *Public Sector Management Act 1988* and is therefore not part of the Chief Executive Service. As at 30 June 2001, the Auditor-General's salary, determined by the Statutory and other Offices Remuneration Tribunal, is \$263,805.

Number of Positions Filled by Women

In the previous year: 1 – Remuneration Level 2; 1 – Remuneration Level 1

In the current year: 1 – Remuneration Level 2; 1 – Remuneration Level 1

Level 5 Positions or Above

Name, position held and level of each executive officer of, or above Level 5 holding office at the end of the reporting year:

Bob Sendt
Auditor-General

Tony Whitfield
Deputy Auditor-General, Remuneration Level 5 (appointment commenced 22 March 2001)

APPENDIX TWO

SES Performance Statements

Mr Bob Sendt

Position and Level:	Auditor-General and by virtue of the <i>Public Sector Management Act 1988</i> , deemed to be the CEO of the Audit Office.
Total Remuneration Package	\$262,687
Period in Position	Full period
Comment	As the Auditor-General's responsibilities are to Parliament, there is no performance agreement with, and annual review by a Minister.

Mr Tony Whitfield

Position and Level:	Deputy Auditor-General, Level 5.
Total Remuneration Package	\$53,417
Period in the Position	22 March 2001 to 30 June 2001
Results	Mr Whitfield was appointed Deputy Auditor-General following a substantial restructure and widening of the responsibilities of the position. Mr Whitfield was previously an Assistant Auditor-General in the Office's financial audit area.

Major achievements over the period have been the development of a new structure for the Office's financial audit branch, the successful introduction of the new practice management system and the completion of financial audit business plans for 2001-02.

APPENDIX THREE

Internal Committees

The following committees are those which have had a significant impact on the operations of the Office.

Executive Management Team

Provide direction and oversight of the Audit Office's business on behalf of the stakeholders

Composition

- Auditor-General
- Deputy Auditor-General
- Assistant Auditors-General

Audit Methodology Committee

Provide a strategic role in the maintenance of the financial audit methodology. Provide assurance that the methodology meets the needs of the organisation and professional standards. Review the performance of methodology

Composition

- 2 Financial Audit AAGs
- Director - Policy and Research
- Director - IS Audit
- Financial Audit representatives

Audit Committee

Oversee risk management and control, audit functions and financial reporting

Composition

- Jon Isaacs (Independent Chair)
- Auditor-General
- Deputy Auditor-General
- Financial Audit representative
- Performance Audit representative

Joint Consultative Committee

Review work practices and employment conditions

Composition

- Management representative
- Staff representative
- Office union representative
- PSA representative

Job Evaluation Committee

Review recommendations for the reclassification and regrading of Office positions

Composition

- Personnel Manager - Convenor
- 3 persons trained in the job evaluation methodology

Information Management and Technology Steering Committee

Prepare strategic IT plan and ensure projects are within the overall aims of the Office and that goals are consistent with the corporate plan

Composition

- Deputy Auditor-General
- User Managers
- System Administrators
- Project Manager

TOPS Project Management Committee

Assist and liaise with the supplier in order to develop and implement the TOPS system hardware and software

Composition

- Project Manager
- Manager - Systems Development
- Manager - Computer Operations
- Other computer services and Office staff as required

Disability Committee

Review Disability Plan and participate in projects to ensure effective implementation and policy formulation

Composition

- Deputy Auditor-General
- EEO Coordinator
- Branch representatives

EEO Implementation Committee

Review Equal Employment Opportunity (EEO) Management Plan and participate in projects to ensure effective implementation of strategies and formulation of policies

Composition

- Director of Employment Equity
- EEO Coordinator
- Union representative
- Staff representatives

PD Steering Committee

Provide a strategic role for Professional Development (PD) and additional assurance that PD meets the organisational needs

Composition

- Assistant Auditor-General
- PD representatives
- Staff representatives

Occupational Health & Safety Committee

Develop, monitor, review and evaluate OH&S policies and programs within the Office

Composition

- Deputy Auditor-General
- EEO Coordinator
- Branch representatives

Audit Operations Committee

Examine audit operational matters referred to by its own motion and the Board of Management

Composition

- Deputy Auditors-General
- Financial Assistant Auditors-General

Continuous Improvement Steering Committee

Engender a culture of continuous improvement throughout the Audit Office, and facilitate action on proposals for change

Composition

- Director – Quality
- Manager – Quality
- Executive Management Team representative
- 3 Branch representatives

APPENDIX FOUR**Audits Conducted****Performance Audits**

NSW Department of Transport	Management of Road Passenger Transport Regulation	6 September 2000
Judging Performance from Annual Reports	Review of Eight Agencies' Annual Reports	29 November 2000
State Rail Authority (CityRail) and State Transit Authority	Fare Evasion on Public Transport	5 December 2000
TAFE NSW	Review of Administration	6 February 2001
Ambulance Service of New South Wales	Readiness to Respond	7 March 2001
Department of Housing	Maintenance of Public Housing	11 April 2001
Environment Protection Authority	Controlling and Reducing Pollution from Industry	18 April 2001
Department of Corrective Services	NSW Correctional Industries	13 June 2001
Follow-up of Performance Audits	Police response to calls for assistance	21 June 2001
	The levying and collection of land tax	
	Coordination of bushfire fighting activities	
Internal Financial Reporting		27 June 2001

Financial Audits

(Excluding organisations audited under section 45(1) of the *Public Finance and Audit Act 1983*)

Aboriginal Affairs, Department of	Casino Community Benefit Fund
Aboriginal Housing Office	Centennial Park and Moore Park Trust
Aboriginal Land Council, NSW	Central Coast Waste Planning and Management Board
Advance Energy	Charles Sturt University
Ageing and Disability Department	* Charles Sturt Services Ltd
Agriculture, Department of	* Mitchell Services Ltd
Air Transport Council	* Olive Street Services Ltd
Anzac Memorial Building, Trustees of the	* Rivserves Ltd
Board of Architects of New South Wales	Chipping Norton Lake Authority
Art Gallery of NSW Foundation	City West Housing Pty Ltd
Art Gallery of NSW Trust	Coal Compensation Board, NSW
Arts Education Foundation Trust	Coastal Council of NSW
Arts, Ministry for the	Cobar Water Board
Attorney General's Department	Coleambally Irrigation Limited
* Crown Solicitor's Office	Commission for Children and Young People
* Office of Protective Commissioner and Public Guardian	Community Services Commission
* Registry of Births, Deaths and Marriages	Community Services, Department of
Australian Inland Energy	Corrective Services, Department of
Australian Museum Trust	Crime Commission, NSW
Banana Industry Committee	Crown Entity: Commercial Activities
Bicentennial Park Trust	* Crown Land Homesite Program
Board of Vocational Education and Training	* Land Development Working Account
Broken Hill Water Board	* NSW Non Budget Long Service Leave Pool
Brett Whiteley Foundation	* NSW Structured Finance Activities
Building and Construction Industry	Crown Property Portfolio
Long Service Payments Corporation	Dams Safety Committee
Cabinet Office, The	Darling Harbour Authority
Cancer Council, NSW	Delta Electricity
Carnivale Ltd	Dental Board of NSW
Casino Control Authority, NSW	

- Department for Women
 Department of Gaming and Racing
 Drug Offense Foundation, NSW
 Education and Training, Department of
 * Adult Migrant English Service
 Education and Training Foundation Pty Ltd, NSW
 Electricity Transmission Authority of NSW
 Energy and Utilities, Ministry of
 EnergyAustralia
 * Downtown Utilities Ltd
 * EnergyAustralia Enterprises Pty Ltd
 * EnergyAustralia Pty Ltd
 * EnergyAustralia Venture Holdings Pty Ltd
 * Energy Management International Pty Ltd
 Energygen Pty Ltd
 Environment Protection Authority
 * Environmental Trust
 Ethnic Affairs Commission
 Fair Trading, Department of
 Fair Trading Administration Corporation
 Festival Development Corporation
 Film and Television Office, NSW
 Financial Counselling Trust Fund
 Fire Brigades, NSW
 Fisheries, NSW
 Fish River Water Supply
 Forestry Commission of NSW (trading as State
 Forests of NSW)
 Forests and Marine Administration, Ministry of
 Freight Rail Corporation
 * Motive Power Company Pty Ltd
 Government Telecommunications Authority, NSW
 Great Southern Energy
 * Final Pty Ltd
 * Great Southern Energy Gas Networks Pty Ltd
 * Great Southern Energy Pty Ltd
 Greyhound Racing Authority, NSW
 Harness Racing Authority of NSW
 Hawkesbury/Nepean Catchment Management Trust
 Health Care Complaints Commission of NSW
 Health, Department of
 * Corrections Health Service
 * Royal Alexandra Childrens Hospital
 * The Ambulance Service of NSW
 * Area Health Services (metropolitan)
 ** Central Coast
 ** Central Sydney
 ** Hunter
 ** Illawarra
 ** Northern Sydney
 ** South Eastern Sydney
 ** South Western Sydney
 ** Wentworth
 ** Western Sydney
 * Health Services (rural area)
 ** Far West
 ** Greater Murray
 ** Macquarie
 ** Mid North Coast
 ** Mid Western
 ** New England
 ** Northern Rivers
 ** Southern
 * Health Professional Registrations Boards (11)
 Health Foundation, NSW
 Heritage Office
 Historic Houses Trust of NSW
 * Historic Houses Trust of NSW Foundation
 * Rouse Hill Hamilton Collection Pty Ltd
 * The Hamilton Rouse Hill Trust
 Home Care Service of NSW
 Home Purchase Assistance Authority
 Honeysuckle Development Corporation
 Hunter Catchment Management Trust
 Hunter Waste Planning and Management Board
 Hunter Water Corporation Ltd
 * Hunter Water Australia Pty Ltd
 Illawarra Regional Waste Planning and
 Management Board
 Independent Pricing and Regulatory Tribunal
 Independent Commission Against Corruption
 Information Technology and Management,
 Department of
 Industrial Relations, Department of
 Inner Sydney Waste Planning and Management
 Board
 Institute of Psychiatry, NSW
 Institute of Sport, NSW
 Integral Energy
 * InfoMet Pty Ltd
 * Integral Energy Gas Pty Ltd
 Internal Audit Bureau of NSW
 Jenolan Caves Reserve Trust
 Judicial Commission of NSW
 Juvenile Justice, Department of
 Koala and Endangered Species Trust Fund
 Landcom
 Lake Illawarra Authority
 Land and Housing Corporation, NSW
 Land and Water Conservation, Department of
 Legal Aid Commission of NSW
 Legal Practitioners Admission Board
 Library Council of NSW
 * State Library of NSW Foundation
 Liquor Administration Board
 Local Government, Department of
 Lord Howe Island Board
 Lotteries Corporation, NSW
 Luna Park Reserve Trust
 Macarthur Waste Planning and Management Board
 Macquarie Generation
 Macquarie University
 * CMBF Ltd
 * Macquarie Convocation Pty Ltd
 * The Macquarie Foundation
 * Macquarie Graduate School of Management Pty Ltd
 * Macquarie Research Ltd

OUR FINANCES

Marine Ministerial Holding Corporation
 Meat Industry Authority, NSW
 Medical Board, NSW
 MIA Citrus Fruit Promotion Marketing Committee
 Mineral Resources, Department of
 Mines Rescue Board of NSW
 Mines Subsidence Board
 Ministerial Corporation for Industry
 Ministerial Development Corporation
 Motor Accidents Authority of NSW
 Motor Vehicle Repair Industry Council
 Murray Valley (NSW) Citrus Marketing Board
 Murray Valley (NSW) Wine Grape Industry
 Marketing Committee
 Murrumbidgee Irrigation Corporation
 Museum of Applied Arts and Sciences, Trustees of
 National Parks and Wildlife Service
 Newcastle International Sports Centre Trust
 Newcastle Port Corporation
 Newcastle Showground and Exhibition Centre Trust
 Northern Sydney Regional Waste Planning and
 Management Board
 National Exchange of Police Information
 NorthPower
 * EMMLINK Pty Ltd
 * NorthPower Energy Services Pty Ltd
 Office of the Board of Studies
 Office of the Minister for Public Works and
 Services
 Olympic Co-ordination Authority
 Olympic Roads and Transport Authority
 Ombudsman, Office of the
 Opera House Trust, Sydney
 * Opera House Appeal Fund
 Pacific Power
 * Collieries Superannuation Pty Ltd
 * Elcom Collieries Pty Ltd
 * Eraring Holdings Pty Ltd
 * Eraring Power Company of NSW Pty Ltd
 * Mount Arthur South Coal Pty Ltd
 * Pacific Power Corporation of NSW Ltd
 * Pacific Power (International) Pty Ltd
 * Pacific Solar Pty Ltd
 * Pacific Solar Sub1 Pty Ltd
 * Pacific Western Pty Ltd
 * Powercoal Pty Ltd
 * Powercoal Superannuation Pty Ltd
 Parliamentary Counsel's Office
 Parramatta Stadium Trust
 Pharmacy Board of NSW
 Police Integrity Commission
 Police, Ministry for
 Police Service, NSW
 Port Kembla Port Corporation
 Premier's Department
 Public Prosecutions, Office of Director of
 Public Trustee
 Public Works and Services, Department of
 * State Valuation Office
 Racecourse Development Committee
 Rail Access Corporation
 Rail Services Australia
 Rental Bond Board
 Rice Marketing Board for NSW
 Roads and Traffic Authority of NSW
 Royal Botanic Gardens and Domain Trust
 Rural Assistance Authority, NSW
 Rural Fire Service, NSW
 Safe Food Production NSW
 * Pacific Industry Services Pty Ltd
 * Milk Marketing NSW Pty Ltd
 SAS Trustee Corporation - Pooled Fund
 * Gila Pty Ltd
 * Hadenis Pty Ltd
 * Vistajura Pty Ltd
 * Buroba Pty Limited and Valley Commerce Pty Ltd
 * SSB Mayfair Trust
 * Elsun Pty Limited
 SAS Trustee Corporation
 * State Super Financial Services Ltd
 * State Super Personal Retirement Plan
 * State Super Allocated Pension Fund
 * State Super Investment Fund
 Small Business Development Corporation
 Somersby Park Pty Ltd
 South Sydney Development Corporation
 South Sydney Waste Planning and Management
 Board
 Southern Cross University
 * Norsesearch Ltd
 * Southern Cross Human Resources
 Development Pty Ltd
 * Cellulose Valley Technology Park Ltd
 * International Aviation College of Australia Pty Ltd
 Sporting Injuries Committee
 Sport and Recreation, NSW Department of
 * Eastern Creek Raceway
 State Authorities Superannuation Fund – FSS
 Trustee Corporation
 * First State Superannuation Fund
 * Public Sector Executives Superannuation Fund
 * Parliamentary Contributory Superannuation Fund
 State and Regional Development, Department of
 State Electoral Office
 * Election Funding Authority of NSW
 State Emergency Service
 State Rail Authority of NSW
 State Records Authority of NSW, The
 State Sports Centre Trust
 State Transit Authority
 Superannuation Administration Authority
 Superannuation Administration Corporation
 Surveyors, NSW Board of
 Sustainable Energy Development Authority
 Sydney Catchment Authority

- Sydney Cricket and Sports Ground Trust
 Sydney Harbour Foreshore Authority
 Sydney International Aquatic and Athletic Centres
 Sydney Organising Committee for the Olympic Games
 Sydney Ports Corporation
 Sydney Water Corporation Ltd
 * Special Environmental Levy (SEL) Unit Trust
 * Australian Water Technologies Pty Ltd
 ** AWT International Pty Ltd
 ** AWT Philippines Inc.
 Teacher Housing Authority of NSW
 Technical and Further Education Commission,
 NSW
 Technical Education Trust Funds
 Tourism NSW
 Tow Truck Authority of NSW
 TransGrid
 Transport, Department of
 Treasury, The NSW
 * Crown Entity
 * Office of Financial Management
 * Office of State Revenue
 * Public Accounts
 * Statement of the Budget Result
 Treasury Corporation, NSW
 * T-Corp Nominees Pty Ltd
 Trustees of the Farrer Memorial Research
 Scholarship Fund
 University of New England
 * Agricultural Business Research Institute
 * University of New England Professorial
 Superannuation Fund
 * UNE Partnerships Pty Ltd
 * National Marine Science Centre Pty Ltd
 University of Newcastle
 * UMAT Pty Limited
 * University of Newcastle Research Associates Ltd
 * University of Newcastle Sport and Aquatic Centre
 University of NSW
 * AGSM Ltd
 * AGSM Consulting Ltd
 * Australian Education Consulting Ltd
 * Biosignal Pty Ltd
 * Unisearch Ltd
 ** Unisearch (Hong Kong) Ltd
 ** Acyte Biotech Pty Ltd
 ** Qucom Pty Ltd
 * University of NSW Ben Lexcen Sports Scholarship
 Fund Ltd
 * University of NSW Foundation Limited
 * University of NSW Press Ltd
 * University of NSW International House Ltd
 * NewSouth Enterprises Pty Limited
 ** NewSouth Global Pty Limited
 ** UNSW (Singapore) Pte Limited
 ** UNSW (Hong Kong) Limited
 University of Sydney
 * Rural Australia Foundation Ltd
 * Museum of Contemporary Art Ltd
 * Wentworth Annexe Ltd
 University of Technology, Sydney
 * Insearch Ltd
 University of Western Sydney
 * Macsearch Ltd
 * Nepean Foundation Ltd
 * CADRE Design Pty Ltd and Unit Trust
 * Hawkesbury Global Ltd
 * University of Western Sydney Foundation
 Ltd and Trust
 * UWS Conference and Residential Colleges Ltd
 * Sydney West International College Pty Limited
 University of Wollongong
 * Illawarra Technology Corporation Ltd
 ** Illawarra Technology Corporation Europe Limited
 * Wollongong UniCentre Ltd
 * University of Wollongong Foundation Ltd
 * University of Wollongong Recreation and Aquatic
 Centre Limited
 Upper Parramatta River Catchment Trust
 Urban Affairs and Planning, Department of
 Veterinary Surgeons Board of NSW
 Victims Compensation Fund Corporation
 Vocational Education and Training
 Accreditation Board
 Waste Recycling and Processing Service of NSW
 Waterways Authority
 Wentworth Park Sporting Complex Trust
 Wine Grapes Marketing Board for the City of
 Griffith and the Shires of Leeton, Carrathool and
 Murrumbidgee
 Western Sydney Waste Planning and Management
 Board
 Wild Dog Destruction Board
 Wollongong Sportsground Trust
 WorkCover Authority of NSW
 * Fund created by Bishopsgate Insurance Australia Ltd
 * Fund created by Associated General
 Contractors Insurance Co Ltd 1980
 Workers' Compensation (Dust Diseases) Board
 Zoological Parks Board of NSW

Financial Audits Conducted under Section 45(1) of the Public Finance and Audit Act 1983

The following information is provided in accordance with recommendation No. 33 in the Public Accounts Committee Report No. 49, which stated:

Particular Audits

- 10.19 Section 45 of the *Public Finance and Audit Act 1983* provides that the Auditor-General shall conduct audits at the request of the Treasurer, a Minister or a prescribed person of the Act.
- 10.20 The Act also makes provision for the Treasurer to decide whether costs and expenses of any such inspection and audit are recouped from the statutory body subject to the audit.
- 10.20 As indicated in Chapter 7, the Premier and Treasurer has asked Ministers to ensure that formal agreement is reached with the Auditor-General on the payment of fees.
- 10.22 The Committee holds the view that details of particular audits should be provided to Parliament.

Recommendation 33

It is recommended that the Auditor-General list in the appendices to his Office report, those audits which he has conducted under section 45(1) of the Public Finance and Audit Act including the objectives of the audit, a summary of the results, the cost of the audit and whether the cost was recovered.

These audits are undertaken with the objective of determining whether, in all material respects, the financial statements are presented fairly in accordance with the requirements of the *Public Finance and Audit Act 1983*, and the Australian accounting concepts and applicable standards. In all instances the result was satisfactory.

Audit Client	Financial Year End	Audit Fee	Fees Recouped
Bligh Park Estate Joint Venture	30.06.00	5,350	(1)
Blacksmiths Project Joint Venture	30.06.00	6,000	(1)
East Fairfield Project Joint Venture	30.06.00	6,000	(1)
Kings Bay (Five Dock Project) Joint Venture	30.06.00	6,000	(1)
Oatlands Project Joint Venture	30.06.00	6,000	(1)
Quakers Hill Project Joint Venture	30.06.00	6,000	(1)
West Pennant Hills Project Joint Venture	30.06.00	6,000	(1)
Stormwater Trust	30.06.00	5,000	(1)
Waste Planning and Management Fund	30.06.00	8,500	(1)
Cowra Japanese Garden Maintenance Foundation Ltd and Trust	31.03.00	2,500	(1)
Australia Day Council of New South Wales	30.06.00	6,500	(1)
New South Wales Centenary of Federation Committee	30.06.00	6,500	(1)
Belgenny Farm Agricultural Heritage Centre Trust	30.06.00	5,600	(2)
C.B. Alexander Foundation	30.06.00	7,500	(2)
Agricultural Scientific Collections Trust	30.06.00	2,600	(1)
New South Wales Insurance Ministerial Corporation	30.06.00	99,000	(1)
Superannuation Services Company Pty Ltd	30.06.00)	(1)
Energy Industries Superannuation Scheme	30.06.00	92,000	(1)
Energy Industries Superannuation Scheme Pty Limited	30.06.00)	(1)
Unilinc Limited	31.12.00	10,130	(2)
Universities Admissions Centre (NSW and ACT) Pty Ltd	31.12.00	20,800	(2)
Home Purchase Assistance Fund	30.06.00	22,500	(2)
Gosford Water Supply Authority	30.06.00	23,176	(2)
Wyong Water Supply Authority	30.06.00	31,050	(2)
Corporation Sole "Minister Administering the Environmental Planning and Assessment Act 1979"	30.06.00	43,000	(1)
Corporation Sole "Minister Administering the Heritage Act 1977"	30.06.00	10,000	(2)
Dumaresq-Barwon Border Rivers Commission	30.06.00	4,000	(2)
Sydney Paralympic Organising Committee Ltd	31.12.00	50,600	(1)
AusHealth International Pty Limited	30.06.00	15,600	(1)
The Legislature	30.06.00	38,000	(2)

(1) Costs Recovered

(2) Costs Not Fully Recovered

Special Reviews

The Auditor-General's Report to Parliament includes a summary of each financial report audit and a number of special reports. Special reports generally include compliance reviews and matters of importance which have arisen during the course of financial audits.

For the reporting period, special reviews were made on:

- Compliance Review of Chief Executive Contracts
- Compliance Review of the Activities of Government Agencies
- Compliance Review of the Operation of Special Deposits Account
- Key Provisions of the *Public Sector Management Act 1988* and the Public Sector Management (General) Regulation 1996
- Year End Transactions
- Administration of Staff Debtors
- Out of Court Settlements
- Compliance Review on the Legislation Governing the Operation of the NSW Government Superannuation Schemes

These reports can be found in the Auditor-General's Report to Parliament Volumes Four and Six for 2000 and Volume Two for 2001.

APPENDIX FIVE

Work Undertaken for External Committees and Panels

A. Service on Committees

During the year, staff of the Audit Office were members of the following committees, panels or working parties. The total time involvement during the year amounted to approximately 99.5 days.

Bob Sendt	South Pacific Association of Supreme Audit Institutions Australasian Council of Auditors-General Australian Auditing and Assurance Standards Board
Tony Whitfield	ICAA – National Executive and State Council ICAA – Task Force on Multidisciplinary Practices ICAA – Task Force re: Ownership of Firms ICAA – Task Force re: Outsourcing
Lee White	ICAA – Accounting and Auditing Panel Securities Institute - Superannuation and Funds Management Taskforce
Steven Fryer	CPA Australia – CPA Program – Financial Accounting Panel CPA Australia – CPA Program – Financial Reporting and Disclosure Panel CPA Australia – NSW Education Membership Policy Committee ICAA Research Group
John Rosier	Australian Annual Reports Awards ICAA – Task Force on Professional Independence
Peter Boulous	ICAA – NSW Education Advisory Group
Eric Lumley	OSR's Hardship Review Panel Public Sector Reporting Timetable Reduction Steering Committee
Peter Carr	Public Sector Reporting Timetable Reduction Steering Committee
Sam Kalagurjevic	Public Sector Reporting Timetable Reduction Steering Committee
Stephen Horne	Australasian Public Sector Ethics Network Corruption Prevention Network Committee ICAC – E-Corruption Steering Committee Institute of Internal Auditors – NSW Audit Executives Network Committee Institute of Internal Auditors NSW Branch Council Premier's Department – NSW Ethics Working Party Premier's Department – Ethics Website Management Committee
Maria Spriggins	ICAA – Membership Committee
David Jones	Joint Legislation Review Committee (Between ICAA and CPA Australia) Department of Local Government Accounting Advisory Committee Street Safety Camera Project Audit Committee - Sydney City Council
Ron Hegarty	Joint Legislative Review Committee
Jim Mitchell	South Pacific Association of Supreme Audit Institutions Australasian Council of Auditors-General Liaison Committee CPA Australia Public Sector Committee

B. Evidence Given Before Parliamentary Committees

5/7/2000	Legislative Council General Purpose Standing Committee No. 1 Inquiry into Olympic Budgeting
23/11/2000	Public Accounts Committee Inquiry into the Funding of Capital Projects by NSW Government – Parramatta Rail Link Pre-Tender Procurement
30/11/2000	Public Accounts Committee Inquiry into the Collapse of the Grains Board
14/12/2000	Victorian Public Accounts and Estimates Committee Inquiry into the Valuation and Reporting of Heritage and Infrastructure Assets by Public Sector Entities
13/6/2001	General Purpose Standing Committee No 2 – Quality of Care of Public Patients and Value for Money in Major Non-Metropolitan Hospitals

C. Work Performed for Committees

Public Accounts Committee 3 hours	Advice concerning scoping and methodology for conducting reviews of governance
Public Bodies Review Committee 4 hours	Advice concerning systems issues arising from the Inquiry into the Office of the Public Guardian and Protective Commissioner

APPENDIX SIX

External Presentations

Title of Presentation	Presenter	Date	Audience
Developing Key Performance Indicators	Stephen Horne	26/7/00	Public Bodies Review Committee Annual reporting Workshop
AAS38 Revaluation of Non-Current Assets	Peter Barnes	27/7/00	ICAA Discussion Group
Keeping Governments Accountable: Is There a Limit?	Bob Sendt	9/8/00	CEDA luncheon
AAS38 Revaluation of Non-Current Assets	Peter Barnes	15/8/00	CPA Discussion Group
Corporate Governance	Bob Sendt	24/8/00	Small Agency CEO Forum
Becoming Accountable for Your Performance	Jane Tebbatt	12/10/00	CPA Public Sector Day
Electronic Commerce - In the Shadows of Renaissance	Philip Poon	26/10/00	Independent Commission Against Corruption
Capturing Top Quality Graduates through Intelligent Recruitment Strategies	Gary Beer	2/11/00	Commonwealth Public Sector Graduate Recruitment Coordinators
Common Issues and Methods Between Performance Audit and Internal Audit	Stephen Horne	4/12/00	NSW Health Internal Audit Workshop
The Role of the Regulators	Steve McLeod	6/12/00	17 th National Convention of the Records Management Association of Australia
Outsourcing Risk: Risk Management in the New Contestable Environment	Bob Sendt	5/2/01	Presentation Address to the Biennial Conference of the Australasian Council of Public Accounts Committees'
Performance Auditing – Adding Value to Organisational Effectiveness	Bob Sendt	29/3/01	CPA Australia National Public Sector Convention
Holding Government Accountable – Putting Your Tax Dollar to Work	Bob Sendt	5/4/01	Occasional Address to Graduation Ceremony, School of Management and Financial Studies, Faculty of Commerce, Charles Sturt University
Maximising Outcomes Through Use of a Strategic Approach	Stephen Horne	9/4/01	OSR Compliance Division Strategic Planning Workshop
Information Systems Organisation and Management	Philip Poon	17/4/01	Information System Audit and Control Association
E-Corruption and Unmanaged Risk: Expert Panel Session – Issues and Solutions	Stephen Horne	22/5/01	Independent Commission Against Corruption Symposium

APPENDIX SEVEN

Publications

The Audit Office has produced an annual report under the Annual Reports legislation since the year ended 30 June 1986. Auditor-General's Reports to Parliament have been issued since before 1900.

The Office also produced ten editions of a technical information bulletin called 'Awareness' and two editions of 'Professional Update' which were distributed to audit clients and staff.

Performance Audit Reports

NSW Department of Transport Judging Performance from Annual Reports	<i>Management of Road Passenger Transport Regulation</i>	6 September 2000
State Rail Authority (CityRail) and State Transit Authority	<i>Review of Eight Agencies' Annual Reports</i> <i>Fare Evasion on Public Transport</i>	29 November 2000 6 December 2000
TAFE NSW	<i>Review of Administration</i>	6 February 2001
Ambulance Service of New South Wales	<i>Readiness to Respond</i>	7 March 2001
Department of Housing	<i>Maintenance of Public Housing</i>	11 April 2001
Environment Protection Authority	<i>Controlling and Reducing Pollution from Industry</i>	18 April 2001
Department of Corrective Services	<i>NSW Correctional Industries</i>	13 June 2001
Follow-up of Performance Audits	<i>Police response to calls for assistance</i> <i>The levying and collection of land tax</i> <i>Coordination of bushfire fighting activities</i>	21 June 2001

Auditor-General's Reports to Parliament

2000	Volume 4	30 August 2000
	Volume 5	22 November 2000
	Volume 6	12 December 2000
	Volume 7	21 December 2000
2001	Volume 1	28 February 2001
	Volume 2	17 May 2001
	Volume 3	28 June 2001

Better Practice Guides

Reporting Performance	<i>A guide to reporting performance information for Annual Reports</i>	29 November 2000
Internal Financial Reporting		27 June 2001

APPENDIX EIGHT

Equal Employment Opportunity Statistics

Table 1: Percent (%) of Total Staff* by Level

Level	Staff	(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)
\$25,761 - \$33,835 (Under Grade 1)	9	33	67	-	11	11	33	-
\$33,836 - \$37,825 (Grade 1-2)	37	30	70	-	41	27	3	-
\$37,826 - \$47,866 (Grade 3-5)	47	43	57	2	47	34	4	-
\$47,867 - \$61,899 (Grade 6-9)	64	61	39	1.5	39	34	8	1.5
\$61,900 - \$77,374 (Grade 10-12)	42	93	7	-	26	17	5	2
>\$77,374 (non SES)	2	100	-	-	-	-	-	-
>\$77,374 (SES)	23	91	9	-	30	22	9	-
TOTAL	224	60	40	1	36	27	7	1

*excludes contract staff employed through agencies

Table 2: Percent (%) of Total Staff* by Employment Basis

Employment Basis	Staff	(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)
Permanent Full Time	178	57	43	-	38	29	5	1
Permanent Part-Time	8	-	100	-	50	38	25	-
Temporary Full Time	14	71	29	14	14	14	7	-
Temporary Part-Time	1	-	100	-	-	-	100	-
Contract SES	23	91	9	-	-	22	9	-
Contract Non SES	-	-	-	-	-	-	-	-
Casual	-	-	-	-	-	-	-	-
TOTAL	224	60	40	1	36	27	7	1

- (i) Men
- (ii) Women
- (iii) Aboriginal and Torres Strait Islanders
- (iv) People from racial, ethnic, ethno-religious minority groups
- (v) People whose first language spoken as a child was not English
- (vi) People with a disability
- (vii) People with a disability requiring adjustment at work

*excludes contract staff employed through agencies

Note: Figures in these tables relate to staff numbers on a headcount basis at 30 June 2001. Elsewhere in this report, average EFT staff numbers over the year are used

APPENDIX NINE

Disability Action Plan

Under Section 9 of the *Disability Services Act 1993* and the NSW Government Disability Policy Framework 1998, New South Wales public sector agencies must have a Disability Action Plan.

The Audit Office Disability Action Plan aims to meet the need of people with a disability both as employees and clients by:

- ensuring access for staff with a disability to Head Office premises and the premises they need to visit in the course of their duties
- ensuring access to information about the services of the Audit Office
- improving employment opportunities at the Audit Office for people with a disability and improving career development opportunities for Audit Office staff with a disability.

During the year the following was implemented:

- The Permanent Client Service Plan that the Office presents to Government agencies at the start of the audit, includes a statement that emphasises the need for equitable access to be provided to Office staff with disabilities.
- OH&S Checklists were developed to ensure that the work area used by Audit Office staff at clients' premises complied with disability, occupational and health and safety requirements.
- Adjustments were made to the workplace for staff at Head Office with disabilities - furniture, equipment and computer software.
- Induction training (OH&S and Harassment Prevention) for new staff was revised to include a section on disabilities.
- A permanent position was targeted, and filled, for a person with a disability.
- Work experience opportunities were provided to people with a disability.

APPENDIX TEN

Ethnic Affairs Priorities Statement (EAPS)

The Office's activities are centred on providing services to Parliament and Government agencies, not direct to members of the public. Therefore, we have little capacity to address EAPS issues.

The Audit Office respects the right of Australian citizens and residents who wish to be citizens to seek employment to advertised vacancies in the Office. Our employment record provides tangible evidence of our support of cultural diversity through our non-discriminatory employment policy.

Audit Office advertisements for vacant positions include the following introductory paragraph:

The Audit Office is committed to Equal Employment Opportunity, Occupational Health, Safety and Rehabilitation, Ethical Practices and the Principles of Cultural Diversity. All applicants are expected to demonstrate an understanding and commitment in these areas.

This commitment by the Office is reflected by the number of staff that have been appointed from racial, ethnic and ethno-religious minority groups.

In 2001, the representation of staff whose first language was not English was 27% of staff in the Office.

The work practices and arrangements of the Office reflect and accommodate cultural and religious differences, both within the Office and with our clients.

The Auditor-General is committed to providing leadership within the Office in encouraging and valuing a cultural diverse society, and promoting social cohesion. This commitment is reflected in the Corporate Plan for the Audit Office, and in human resource policies and practices.

APPENDIX ELEVEN*Accounts Payable Performance*

The promptness of payments has been affected by the high turnover of staff in our finance section. We have addressed staffing issues and introduced EFT payments to rectify delays.

Interest on late payments (3), levied by the supplier, totalled \$90. This was a consequence of late advising of account/job codings.

Aged analysis at the end of each quarter

	Within due time \$	Less than 30 days overdue \$	Between 30 & 60 days overdue \$	Between 60 & 90 days overdue \$	More than 90 days overdue \$
September Quarter	48,801	7,002	-	-	-
December Quarter	130,664	1,091	-	-	-
March Quarter	1,480	23	542	-	-
June Quarter	219,926	260	699	-	160

Accounts paid on time each quarter

	Total Accounts Paid on Time			Total Amount Paid
	Target %	Actual %	\$	
September Quarter	100.00	97.94	2,869,674	2,930,176
December Quarter	100.00	95.41	3,396,448	3,559,945
March Quarter	100.00	99.45	2,010,837	2,021,990
June Quarter	100.00	97.18	3,486,343	3,587,576

APPENDIX TWELVE

Performance Against Service Standards

The Audit Office issues a Guarantee of Service to all of our clients. The Guarantee of Service outlines the types of services they can expect to receive and the standard the Office maintains.

	How Measured	Results
Appropriateness		
<ul style="list-style-type: none"> We will provide all our audit clients with an Engagement Letter outlining the nature, scope, approach and specific details relating to the assignment, prior to commencement. 	Test check of correspondence	96%
<ul style="list-style-type: none"> We will perform audit work with a thorough understanding of the client's industry and business. 	Client survey rated very good or excellent	66%
<ul style="list-style-type: none"> Our reports and opinions will be based on work undertaken in accordance with the <i>Public Finance and Audit Act</i>, other relevant legislation and Australian Auditing Standards and will be in the form required by the legislation and standards. 	Internal and external reviews	complied
Accuracy		
<ul style="list-style-type: none"> When our clients request information from us, we will answer them directly whenever we can, or assist them to find the information from the appropriate source. The information provided will be in the form required by the legislation and standards. 	Client survey Those who agreed	88%
Availability		
<ul style="list-style-type: none"> Engagement Controllers and Managers will be in contact throughout the audit to ensure we are meeting clients' needs. 	Client survey rated very good or excellent	77%
<ul style="list-style-type: none"> We will include a contact name in all reports, correspondence and telephone conversations. 	Test check of correspondence	96%
Timeliness		
<ul style="list-style-type: none"> Letters and reports will be issued within the following periods and sooner if possible: <ul style="list-style-type: none"> audit opinions – within statutory deadlines reports to Ministers – at the same time as related opinion reports draft management letter – within 4 weeks of audit completion 	Actual count	84%
	Actual count	84%
	Actual count	53%
Value for Money		
<ul style="list-style-type: none"> Value for money will be provided by identifying and addressing those issues that are of greatest importance to our clients 	Client survey Those who agreed	84%
Courtesy and Sensitivity		
<ul style="list-style-type: none"> We will discuss audit results with our audit clients. Where significant or potentially sensitive matters are identified, a draft report, opinion, or management letter will be discussed before being formally issued 	Client survey rated very good or excellent	70%

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Access

Location: Level 11, 234 Sussex Street
Sydney NSW 2000 Australia

Office Hours: Monday – Friday
8:30 – 5:00pm

Postal Address: GPO Box 12, Sydney
NSW 2001 Australia

Telephone: +61 2 9285 0155

Facsimile: +61 2 9285 0100

Internet: www.audit.nsw.gov.au

E-mail: mail@audit.nsw.gov.au