





Appendix four – Status of 2019 recommendations

The table below lists the recommendations made in the [Stronger Communities 2019](#) Auditor-General's Report to Parliament.

Recommendation	Current status	
The department should:		
<ul style="list-style-type: none"> resolve the data quality issues in the new VS Connect System before 30 June 2020 capture and apply lessons learned from recent project implementations, including LifeLink, Justice SAP and VS Connect, in any relevant future implementations. 	<p>The department continues to address the data quality issues in the VS Connect System.</p> <p>The prior year recommendation has been raised as a repeat issue this year. Refer to the 'Financial reporting' chapter for details.</p>	<p>–</p>
Cluster agencies should:		
Finalise their plans to implement the new accounting standards as soon as possible.	<p>Cluster agencies implemented three new accounting standards for the first time in their 2019–20 financial statements:</p> <ul style="list-style-type: none"> AASB 15 'Revenue from Contracts with Customers' AASB 1058 'Income of Not-for-Profit Entities' AASB 16 'Leases'. <p>The new accounting standards impacted the financial position and operating results of agencies across the cluster.</p> <p>Refer to the 'Financial reporting' chapter for details.</p>	<p>✓</p>
<p>Further review their approach to managing annual leave balances where leave balances exceed the State's target. Strategies agencies should consider implementing include:</p> <ul style="list-style-type: none"> regularly (e.g. each month) projecting annual leave balances to the end of the financial year for employees with projected balances above the target, developing and agreeing leave plans to reduce their balances over an acceptable timeframe focusing on employees who have taken little or no leave in the last 12 months. 	<p>Managing excess annual leave was a challenge for agencies within the cluster that were integral to supporting responses to recent emergency events.</p> <p>We reviewed the annual leave balances at six key agencies in the cluster. These agencies were the department, NSW Police Force, Fire and Rescue NSW, Office of the NSW Rural Fire Service, the Legal Aid Commission of New South Wales and the Office of the Director of Public Prosecutions. All six agencies reported an increase in annual leave liabilities in 2019–20. All six agencies reported an increase in annual leave liabilities in 2019–20.</p> <p>Refer to the 'Financial reporting' chapter for details.</p>	<p>–</p>
Cluster agencies should action recommendations to address internal control weaknesses promptly. Particular focus should be given to addressing high risk and repeat issues.	<p>Our 2019–20 cluster audits identified 191 internal control issues, of which 61 or 31.9 per cent were repeat findings from previous financial audits. While the percentage of repeat findings improved by 5.7 percentage points in 2019–20 the number remains high.</p> <p>The prior year recommendation has been raised as a repeat issue this year. Refer to the 'Audit observations' chapter for details.</p>	<p>–</p>

Recommendation	Current status
Office of the NSW Rural Fire Service should:	
<p>Revise its inventory policy to ensure compliance with AASB 102 'Inventories' and for the annual stocktake to involve a count of all inventory items held at warehouses, stores and caches.</p>	<p>Last year's Auditor-General's Report to Parliament  reported a high-risk matter regarding the management of inventories held for distribution at the RFS. The estimated value of inventories not brought to account in the prior year was material, and an adjustment was made to the financial statements.</p> <p>This year, the RFS updated their inventory policy and processes, which resulted in inventory of \$13.3 million being brought to account for the first time.</p>
Key	 Fully addressed
 Partially addressed	 Not addressed