



FINANCIAL AUDIT

14 DECEMBER 2023

Planning and Environment 2023

NEW SOUTH WALES AUDITOR-GENERAL'S REPORT

THE ROLE OF THE AUDITOR-GENERAL

The roles and responsibilities of the Auditor-General, and hence the Audit Office, are set out in the *Government Sector Audit Act 1983* and the *Local Government Act 1993*.

We conduct financial or 'attest' audits of state public sector and local government entities' financial statements. We also audit the Consolidated State Financial Statements, a consolidation of all state public sector agencies' financial statements.

Financial audits are designed to give reasonable assurance that financial statements are true and fair, enhancing their value to end users. Also, the existence of such audits provides a constant stimulus to entities to ensure sound financial management.

Following a financial audit the Audit Office issues a variety of reports to entities and reports periodically to Parliament. In combination, these reports give opinions on the truth and fairness of financial statements, and comment on entity internal controls and governance, and compliance with certain laws, regulations and government directives. They may comment on financial prudence, probity and waste, and recommend operational improvements.

We also conduct performance audits. These assess whether the activities of government entities are being carried out effectively, economically, efficiently and in compliance with relevant laws. Audits may cover all or parts of an entity's operations, or consider particular issues across a number of entities. Our performance audits may also extend to activities of non-government entities that receive money or resources, whether directly or indirectly, from or on behalf of government entities for a particular purpose.

As well as financial and performance audits, the Auditor-General carries out special reviews, compliance engagements and audits requested under section 27B(3) of the *Government Sector Audit Act 1983*, and section 421E of the *Local Government Act 1993*.

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In accordance with section 52B of the *Government Sector Audit Act 1983*, I present a report titled '**Planning and Environment 2023**'.

A handwritten signature in black ink, appearing to read 'Margaret Crawford'.

Margaret Crawford PSM

Auditor-General for New South Wales
14 December 2023



RECONCILIATION COMMITMENT STATEMENT

The Audit Office of New South Wales pay our respect and recognise Aboriginal people as the traditional custodians of the land in NSW.

We recognise that Aboriginal people, as custodians, have a spiritual, social and cultural connection with their lands and waters, and have made and continue to make a rich, unique and lasting contribution to the State. We are committed to continue learning about Aboriginal and Torres Strait Islander peoples' history and culture.

We honour and thank the traditional owners of the land on which our office is located, the Gadigal people of the Eora nation, and the traditional owners of the lands on which our staff live and work. We pay our respects to their Elders past and present, and to the next generation of leaders.

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Section one

Planning and Environment 2023

This report analyses the results of our audits of the Planning and Environment portfolio of agencies for the year ended 30 June 2023.

1. Introduction

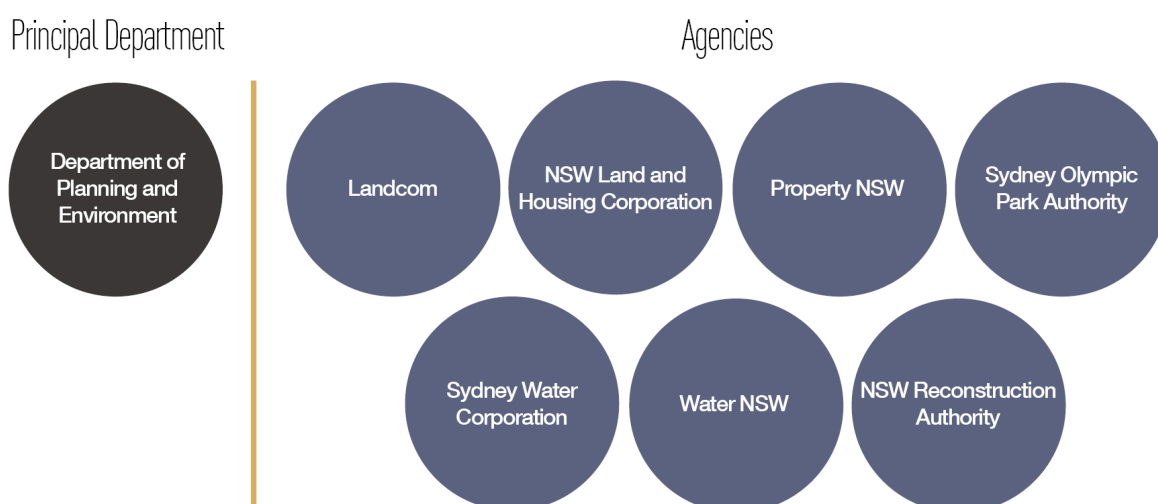
This report provides Parliament and other users of the Planning and Environment portfolio of agencies' financial statements with the results of our audits, analysis, conclusions and recommendations in the following areas:

- financial reporting
- audit observations.

1.1 Snapshot of the portfolio of agencies

Planning and Environment

Key agencies



Source: NSW Budget Papers 2023–24.

The NSW Government announced in the 2023–24 budget papers its intention to shift from agency based outcomes to a broad set of wellbeing and performance measures. The outcomes that were applicable to this portfolio of agencies in 2022–23 are listed below.

Key objectives of the Planning and Environment portfolio: Responsible for the stewardship of the NSW Government's natural and built assets.

| State outcomes | Description |
|--|--|
| Create a strong and liveable NSW | Unlocking infrastructure and a diverse housing mix, and integrating environmental sustainability, good design, greener places, and safe and inclusive public spaces to bring communities together. Planning for great places that create the conditions for prosperity, economic development, innovation and jobs. |
| Maximise community benefit from government land and property | Delivering a coordinated and strategic approach to the use of government-owned property to maximise community benefits by delivering quality public spaces and diverse housing outcomes. |
| Connecting communities to resilient and sustainable local environments and heritage | Protecting and preserving the quality of environment and heritage to support a resilient and sustainable NSW. |
| Sustainable, secure and healthy water resources and services | Providing confidence to communities and stakeholders through the transparent stewardship of water resources, provision of services, and reforms that support sustainable and healthy environments, economies, and communities across New South Wales. |

Source: NSW Budget Papers 2022–23.

1.2 Changes to the portfolio of agencies

Machinery of Government (MoG) refers to how the government organises the structures and functions of the public service. MoG changes are where the government reorganises these structures and functions that are given effect by Administrative Orders.

This report is focused on agencies in the Planning and Environment portfolio as at 30 June 2023.

Creation of the NSW Reconstruction Authority and abolition of Resilience NSW

The NSW Reconstruction Authority was established by section 7 of the *NSW Reconstruction Authority Act 2022 No 80*. On 16 December 2022, the 'Administrative Arrangements (Administrative Changes - Miscellaneous Order (no 10)) 2022' abolished the former Resilience NSW (previously included in the Stronger Communities portfolio of agencies) and its functions and persons employed were subsequently transferred to the:

- NSW Police Force
- Department of Premier and Cabinet
- Department of Communities and Justice
- NSW Reconstruction Authority Staff Agency.

On this same date the Administrative Order established the NSW Reconstruction Authority Staff Agency.

The NSW Reconstruction Authority is the lead disaster management agency for NSW. It is responsible for facilitating disaster prevention, preparedness, recovery, reconstruction, and adaptation to the effects of natural disasters in NSW. The NSW Reconstruction Authority is in the Planning and Environment portfolio.

Changes to the Planning and Environment portfolio of agencies

Administrative Orders including the Administrative Arrangements (Administrative Changes - Miscellaneous) Order (No 2) 2023 effective on 5 April 2023 resulted in a number of changes to the Planning and Environment portfolio of agencies in 2022–23:

| Incoming agency | Previous portfolio |
|--|----------------------------------|
| Greater Cities Commission | Transport and Infrastructure |
| Greater Cities Commission Staff Agency | Transport and Infrastructure |
| Western Parkland City Authority | Enterprise, Investment and Trade |
| Western Parkland City Authority Staff Agency | Enterprise, Investment and Trade |

| Outgoing agency | New portfolio |
|---|---------------------|
| Natural Resources Commission | Premier and Cabinet |
| Natural Resources Commission Staff Agency | Premier and Cabinet |

Administrative Arrangements Orders after 30 June 2023

Under the Administrative Arrangements (Administrative Changes - Miscellaneous) Order (No 5) 2023, effective 1 July 2023, the following were transferred to the Department of Planning and Environment:

- All parts of the following public service agencies:
 - Greater Cities Commission Staff Agency, and
 - Western Parkland City Authority Staff Agency.
- The parts of the Department of Transport that enable the following to exercise functions:
 - Centennial Park and Moore Park Trust
 - Greater Sydney Parklands Trust
 - Luna Park Reserve Trust
 - Parramatta Park Trust
 - Place Management NSW
 - Royal Botanic Gardens and Domain Trust
 - Western Sydney Parklands Trust.
- This order also abolished the following public services staff agencies:
 - Greater Cities Commission Staff Agency, and
 - Western Parklands City Authority Staff Agency.

Creation of new agencies effective 1 January 2024

On 6 December 2023, Administrative Arrangements (Administrative Changes-Miscellaneous) Order (No 6) 2023, created the following changes, effective 1 January 2024.

Under the Order the Department of Planning and Environment (the department) becomes the

- Department of Planning, Housing and Infrastructure
- Department of Climate Change, Energy, the Environment and Water.

The order effects the above change by renaming the department to Department of Planning, Housing and Infrastructure and creating the Department of Climate Change, Energy, the Environment and Water.

The staff of the Department of Climate Change, Energy, the Environment and Water include:

- the Environment and Heritage Group and the Water Group from the former department
- Office of Energy and Climate change transferred from NSW Treasury.

The Environment line team in the Corporate Services Group are transferred from the former department to the Environment Protection Authority Staff Agency.

The Department of Planning, Housing and Infrastructure includes the remaining staff within the former department.

The order also transfers the following staff within the Department of Planning, Housing and Infrastructure to the Department of Communities and Justice, effective 1 February 2024:

- the part that enables the Aboriginal Housing Office to exercise its functions
- the part that enables the New South Wales Land and Housing Corporation to exercise its functions
- the Housing Services team of the Homes, Property and Development Group.

Note: The above agencies continue to remain in existence with the support of staff within the Department of Communities and Justice.

2. Financial reporting





Financial reporting is an important element of good governance. Confidence and transparency in public sector decision-making are enhanced when financial reporting is accurate and timely.





This chapter outlines our audit observations related to the financial reporting of agencies in the Planning and Environment portfolio of agencies (the portfolio) for 2023.

Section highlights

- Unqualified audit opinions were issued on all completed 30 June 2023 financial statements audits of portfolio agencies. Seven audits are ongoing.
- We have been unable to commence audits of the Catholic Metropolitan Cemeteries Trust (CMCT). NSW Treasury's position remains that the Catholic CMCT is a controlled entity of the State for financial reporting purposes. This means CMCT is a Government Sector Finance (GSF) agency and is obliged under Section 7.6 of the *Government Sector Finance Act 2018* (GSF Act) to prepare financial statements and submit them to the Auditor-General for audit. To date, CMCT has not met its statutory obligations under the GSF Act.
- The Department of Planning and Environment has not yet provided their assessment against the reporting exemption requirements in the Government Sector Finance Regulation 2018 (GSF Regulation) for the estimated 579 Category 2 Statutory Land Managers (SLMs) or 119 Commons Trusts for 2022–23 and no Category 2 SLM or Commons Trust has submitted its 2022–23 financial statements for audit. Consequently, the lack of compliance with reporting requirements by these 698 agencies presents a challenge to obtaining reliable financial data for these agencies for the purposes of consolidation to the Total State Sector Accounts.
- The audits of the Water Administration Ministerial Corporation's (WAMC) financial statements for the years ended 30 June 2021 and 30 June 2022 were completed in June 2023 and unqualified audit opinions issued. The 30 June 2023 audit was completed and an unqualified audit opinion was issued on 12 October 2023.
- The number of reported corrected misstatements decreased from 46 in 2021–22 to 36, however the gross value of misstatements increased from \$73 million in 2021–22 to \$491.8 million in 2022–23.
- Portfolio agencies met the statutory deadline for submitting their 2022–23 early close financial statements and other mandatory procedures.
- A change to the NSW paid parental leave scheme, effective October 2023, created a new legal obligation that needed to be recognised by impacted government agencies. Impact to the agencies' financial statements were not material.

2.1 Portfolio financial information 2023

| Agencies listed in Appendix A of TD21-02 | Total assets \$m  | Total liabilities \$m  | Total income* \$m  | Total expenses** \$m  |
|--|--|--|---|--|
| Principal department | | | | |
| Department of Planning and Environment*** | 20,982 | 790 | 6,413 | 6,084 |
| Crown lands and local government | | | | |
| Lands Administration Ministerial Corporation | 272 | 3 | 12 | 6 |
| Environment and heritage | | | | |
| Biodiversity Conservation Trust | 504 | 166 | 127 | 52 |
| Environment Protection Authority*** | 86 | 58 | 250 | 261 |
| Environmental Trust | 7 | 2 | 65 | 67 |
| Taronga Conservation Society Australia | 971 | 118 | 225 | 148 |
| Homes | | | | |
| Aboriginal Housing Office*** | 3,314 | 40 | 184 | 163 |
| NSW Land and Housing Corporation | 65,045 | 807 | 1,444 | 1,567 |
| Teacher Housing Authority of NSW | 373 | 11 | 146 | 28 |
| Planning | | | | |
| Planning Ministerial Corporation | 2,103 | 267 | 77 | 47 |
| Property and development | | | | |
| Hunter and Central Coast Development Corporation | 209 | 34 | 21 | 31 |
| Independent Planning Commission*** | 3 | 1 | 7 | 7 |
| Landcom | 892 | 221 | 286 | 226 |
| Property NSW | 4,795 | 4,214 | 781 | 898 |
| Sydney Olympic Park Authority | 3,408 | 38 | 112 | 201 |
| Waste Asset Management Corporation | 87 | 54 | 30 | 23 |

| Agencies listed in Appendix A of TD21-02 | Total assets \$m  | Total liabilities \$m  | Total income* \$m  | Total expenses** \$m  |
|---|--|--|---|--|
| Water | | | | |
| Hunter Water Corporation | 3,747 | 2,235 | 392 | 351 |
| Natural Resources Access Regulator | 5 | 5 | 30 | 32 |
| Sydney Water Corporation | 25,716 | 17,200 | 2,946 | 2,632 |
| Water Administration Ministerial Corporation | 880 | -- | 75 | 72 |
| Water NSW*** | 3,744 | 2,677 | 440 | 438 |
| Other portfolio agencies listed in Appendix A of Treasurer's Direction TD21-02 | | | | |
| Greater Cities Commission*** | 7 | 4 | 51 | 46 |
| NSW Reconstruction Authority*** | 1,922 | 1,707 | 1,406 | 1,844 |
| Western Parkland City Authority*** | 457 | 16 | 158 | 58 |

* Includes other gains.
** Includes other losses.
*** Figures disclosed are for the consolidated entity.
Source: Agencies' audited 2022–23 financial statements.

2.2 Quality of financial reporting

Audit opinions

Unqualified audit opinions were issued on completed agencies' financial statements

Unqualified audit opinions were issued on all the completed portfolio agencies 30 June 2023 financial statements. Sufficient and appropriate audit evidence was obtained to conclude the financial statements were free of material misstatement.

The financial statements audits of the following entities remain outstanding at the date of this report:

| Entity | Year-end | Reason |
|---|--|---|
| Biamanga National Park Board of Management | 30 June 2023 30 June 2022 | The audits are ongoing. |
| Gulaga National Park Board of Management | 30 June 2023 30 June 2022 | The audits are ongoing. |
| Mt Grenfell Historic Site Board of Management | 30 June 2023 | The audit is ongoing. |
| Mutawintji Board of Management | 30 June 2023 | The audit is ongoing. |
| Wentworth Park Sporting Complex Land Manager | 30 June 2023 | The audit is ongoing. Management and the audit team are assessing accounting issues relating to long standing loan arrangements. |
| Worimi Conservation Lands Board of Management | 30 June 2023 | The audit is ongoing. |
| Corporation Sole 'Minister Administering the Heritage Act 1977' | 30 June 2023 30 June 2022 30 June 2021 | Management and the audit team are assessing the financial reporting implications of the non-compliance with aspects of <i>Heritage Act 1977</i> . |

The department has not yet provided their assessment against the financial reporting exemption criteria in the Government Sector Finance Regulation 2018 for the estimated 579 Category 2 Statutory Land Managers (SLMs) or 119 Commons Trusts for 2022–23 and no Category 2 SLM or Commons Trust has submitted its 2022–23 financial statements for audit.

Refer to section 2.3 '[Timeliness of financial reporting](#)' for more details.

The Water Administration Ministerial Corporation's (the corporation) 2020–21, 2021–22 and 2022–23 financial statements audits were completed

The 2020–21 and 2021–22 audits of the corporation were completed and unqualified audit opinions were issued on 2 June 2023. The corporation's 2022–23 financial statements audit was completed and an unqualified audit opinion was issued on 12 October 2023.

An unqualified audit opinion issued on one acquittal audit

The following acquittal audit was completed during 2022–23:

- Department of Planning and Environment – an audit was conducted to determine if the Statement of Payments, which comprises the Financial Assistance Grant payments made by the department, was prepared in accordance with section 15(b)(i) of the *Commonwealth Local Government (Financial Assistance) Act 1995*

The number of identified monetary misstatements decreased in 2022–23, however the gross value of misstatements increased

The number of monetary misstatements identified during the audits of portfolio agencies' financial statements decreased from 59 in 2021–22 to 51 in 2022–23. A monetary misstatement is an error in amount recognised in the financial statements initially submitted for audit. In our view, misstatements should be corrected. They are reported to management for this purpose. Management has determined not to correct some errors because they are not material, either individually or in aggregate. These are reported in this report as 'uncorrected misstatements'.

Reported corrected misstatements decreased from 46 in 2021–22 to 36 with a gross value of \$491.8 million in 2022–23 (\$73 million in 2021–22). Reported uncorrected misstatements increased from 13 in 2021–22 to 15 with a gross value of \$11.9 million in 2022–23.

The table below shows the number and quantum of monetary misstatements for the past two years.

| Year ended 30 June | 2023 | | 2022 | |
|--------------------------------------|--------------------------------|----------------------------------|-----------|-----------|
| | ✓ | ! | ✓ | ! |
| Less than \$50,000 | 2 | 1 | 6 | 1 |
| \$50,000 to \$249,999 | 6 | 7 | 9 | 2 |
| \$250,000 to \$999,999 | 9 | 5 | 16 | 5 |
| \$1 million to \$4,999,999 | 9 | 1 | 11 | 3 |
| \$5 million and greater | 10 | 1 | 4 | 2 |
| Total number of misstatements | 36 | 15 | 46 | 13 |
| Key | ✓ | ! | | |
| | Corrected misstatements | Uncorrected misstatements | | |

Source: Engagement Closing Reports issued by the Audit Office of New South Wales.

Refer to [Appendix one](#) for details of corrected and uncorrected monetary misstatements by agency.

Of the 36 corrected monetary misstatements, ten had a gross value of greater than \$5 million and related to the following:

| Agency | Description of corrected misstatements > \$5 million |
|---|---|
| Department of Planning and Environment | Capital expenditure of \$11.4 million relating to software and building assets was incorrectly expensed. |
| Property NSW (PNSW) | PNSW incorrectly accrued \$8 million for the Royal Botanic Gardens and Domain Trust grant and subsidies expenses. |
| Property NSW (PNSW) | PNSW made adjustments of \$20.7 million to its lease liabilities, finance lease receivables and right of use assets including impact on finance income, finance costs, depreciation and impairment expenses. These adjustments were made by management to reflect the reconciliation of the lease system to the general ledger. |
| Property NSW (PNSW) | PNSW resolved and adjusted for outstanding cash reconciling items of \$8.5 million. |
| Planning Ministerial Corporation (PMC) | The Corporation recognised a \$6.2 million payable for a legal compensation claim, which was settled post year end. |
| NSW Crown Holiday Parks Land Manager (the Land Manager) | The Land Manager had incorrectly accounted for the transfer of the Killalea Reserve for \$11.4 million to the Department of Planning and Environment as an expense rather than through equity. |
| NSW Reconstruction Authority (the Authority)* | Incorrect recognition of prepayments (assets) relating to advance disaster recovery grant payments totalling \$63.9 million. NSW Reconstruction Authority should have recognised the grant payments as expenses when paid. |
| NSW Reconstruction Authority (the Authority)* | Understatement of net assets transferred to the Authority on 16 December 2022 from the former Resilience NSW, following the administrative restructure, by \$166.7 million due to the non-recognition of temporary home assets including the associated make good liabilities of \$38.7 million. |
| | Understatement of property, plant and equipment assets by \$96.7 million and depreciation expense by \$33 million. Refer to section 2.4 for further details. |

* NSW Reconstruction Authority moved into the Planning and Environment portfolio on 16 December 2022.

Of the 15 uncorrected monetary misstatements, one had a gross value of greater than \$5 million, which comprise the following:

| Agency | Description of uncorrected misstatements > \$5 million |
|--------------------------|--|
| Sydney Water Corporation | Understatement of capital expenditure and accruals for 2022–23 by \$6.3 million. |

Nine agencies self-assessed under the GSF regulation as exempt from reporting obligations in 2022–23

Part 3A, Division 2 of the Government Sector Finance Regulation 2018 (GSF Regulation) prescribes certain kinds of GSF agencies not to be a reporting GSF agency. For 2022–23, the following portfolio agencies have assessed and determined they met the reporting exemption criteria under the GSF Regulation, and therefore were not required to prepare annual financial statements:

| Exempted agencies | GSF Regulation reference | Basis for reporting exemption |
|--|---|---|
| Small agencies | | |
| Central Coast Water Corporation Gaagal Wanggaan (South Beach) Board of Management Hunter Water Ministerial Corporation Ministerial Development Corporation National Parks and Wildlife Conservation Trust of New South Wales Bulagaranda (Mt Yarrowyck) Board of Management | Part 3A, Division 2, Clause 9D of the GSF Regulation | <p>GSF Regulation prescribes a GSF agency meeting all the following requirements not to be a reporting GSF agency:</p> <ul style="list-style-type: none"> the assets, liabilities, income, expense, commitments and contingent liabilities of the agency are each less than \$5 million the total cash or cash equivalent held by the agency is less than \$2.5 million at least 95% of the agency's income is derived from money paid out of the Consolidated Fund or money provided by other GSF agencies the agency does not administer legislation for a minister by or under which members of the public are regulated. <p>The department has self assessed these agencies against the above criteria, and concluded that they have met all the requirements. Therefore they were not required to prepare financial statements in 2022–23.</p> |

| Exempted agencies | GSF Regulation reference | Basis for reporting exemption |
|--|--|--|
| Special purpose staff agencies | | |
| Environment Protection Authority Staff Agency | Part 3A, Division 2, Clause 9F of the GSF Regulation | GSF Regulation prescribes a GSF agency that comprises solely of persons who are employed to enable another particular GSF agency to exercise its function not to be a reporting GSF agency. All three staff agencies satisfied this requirement and therefore were exempted from preparing financial statements in 2022–23. |
| Office of the Independent Planning Commission Staff Agency | | |
| NSW Reconstruction Authority Staff Agency | | |
| | | |

Matters around the effectiveness of the exemptions framework will be included in our [‘Report on State Finances 2023’](#).

Two Special Deposits Accounts were exempt from financial reporting in 2022–23

The new financial reporting provisions in section 7.8 of the GSF Act commenced on 1 July 2023 effective for the 2022–23 financial year. These provisions require responsible managers of Special Deposits Accounts (SDA) to prepare financial reports for each SDA account in accordance with the Treasurer’s Directions and give those reports to the Auditor-General to audit unless they are exempted from reporting under a Treasurer’s Direction.

On 29 November 2023, NSW Treasury issued Treasurer’s Direction TD 23-24 ‘SDA Account financial reports’ which specifies the mandatory requirements for preparation of financial reports for SDAs in accordance with section 7.8(2) of the GSF Act.

Under TD 23-24, SDA’s are exempt from the requirement to prepare financial reports if they are:

- consolidated into the financial report of another GSF agency
- disclosed as an administered item by a GSF agency (per AASB 1050 Administered Items)
- not controlled by the NSW Total State Sector
- within the threshold limits set within TD 23-24, which include assets, liabilities, income, expenses and contingent liabilities of the SDA are each less than \$5 million and total cash or cash equivalents are less than \$2.5 million.

Exempt SDA Accounts are not required to comply with the requirements of TD 23-24, however they must continue to comply with any reporting requirements specified in their establishing legislation.

The Crown Reserves Improvement Fund (CRIF), a SDA established under the *Crown Land Management Act 2016* was exempt from financial reporting under TD 23-24 as they were administered (per AASB 1050 Administered Items) by the Department of Planning and Environment, and thus disclosed as an administered item, in the department’s financial statements. Historically, CRIF prepared special purpose financial statements until 2021–22.

The NSW Reconstruction Authority Fund (RAF), a SDA established under section 22 of the *NSW Reconstruction Authority Act 2022* was exempt from financial reporting under TD 23-24 as they had nil balances and transactions and were within the threshold limits set within TD 23-24.

The above mentioned SDA’s were not required by their establishing legislation to prepare financial reports and have these audited by the Auditor-General.

2.3 Timeliness of financial reporting

Early close procedures


Mandatory Early close procedures were submitted on time

NSW Treasury introduced early close procedures to improve the quality and timeliness of year-end financial statements. In February 2023, NSW Treasury reissued Treasurer's Direction TD19-02 'Mandatory Early Close as at 31 March each year' (TD19-02) and reissued Treasury Policy and Guidelines TPG22-11 'Agency Direction for the 2022–23 Mandatory Early Close'. These pronouncements require the GSF agencies listed in Appendix A of TD19-02 to perform the mandatory early close procedures and provide the outcomes to the audit team by 27 April 2023. The 17 mandatory procedures are listed in [Appendix two](#).

Portfolio agencies met the statutory deadline for submitting their 2022–23 early close financial statements and other mandatory procedures.

Agencies need to improve their completion of early close procedures

The following portfolio agencies did not complete all mandatory early close procedures:

| Portfolio agencies | Not completed  | Description of incomplete early close procedures |
|---|--|---|
| Other agencies listed in Appendix A of TD19-02 | | |
| Environment Protection Authority | 2 | Reconciliation of key account balances Reconciliations of some account balances did not have evidence of review of the preparer. Evidence of the preparer and reviewer's detail information was subsequently provided. Some administered item clearing accounts had not been reconciled. Correction of material prior period errors Management did not disclose the correction of prior period errors in the Early Close financial statements. However, the audit detected a prior period error relating to errors in the disclosure note for administered items by \$742 million. Refer to section 2.4 of this report ' Prior period retrospective adjustments '. |
| NSW Biodiversity Conservation Trust (BCT) | 4 | Inter and intra (cluster) agency transactions and balances The BCT management did not agree and confirm all inter and intra (cluster) agency balances and transactions with the counterparty agencies. Reconciliation of key account balances The majority of the reconciliations were prepared and reviewed by staff of the shared service provider (Department of Planning and Environment), with no evidence of review by BCT management. An adjustment was made outside the general ledger to correct a timing difference for an account balance. The adjustment was not adequately documented and approved. |

| Portfolio agencies | Not completed | Description of incomplete early close procedures |
|--------------------|---------------|---|
| Property NSW | 2 | <p>Finalise assessment of all revenue contracts</p> <p>Management did not review and document their assessment of all the various revenue streams to ensure they were accounted for correctly under the accounting standards.</p> <p>Monthly management reports</p> <p>Monthly financials reports have been reviewed by management but were not reviewed by the BCT Board. This is only done on a quarterly basis.</p> <p>Revaluation of non-financial assets</p> <p>Management engaged an external valuer to perform a comprehensive revaluation of Property NSW's land and buildings as at 31 March 2023.</p> <p>Management did not:</p> <ul style="list-style-type: none"> review and assess the desktop valuation of regional portfolio of properties performed by external valuer include the valuation movements in the fixed asset register and general ledger perform an interim valuation assessment on police housing properties that were not subject to comprehensive valuation during the financial year to assess whether there had been any material fair value movement to record in the year-end financial statements resolve reconciling differences between the police housing properties comprehensive revaluation workpapers and the asset registers. |
| | | <p>Finalise right of use assets and lease liability balances</p> <p>In 2022–23, Property NSW's transferred its lease data from the JLL and Lease Accelerator systems to the Cushman and Wakefield JDE system. Management did not resolve lease calculation variances identified during the audit review or variances relating to the completeness and accuracy of lease data transferred to the new system.</p> <p>Inter and intra (cluster) agency transaction and balances</p> <p>Management provided a 'PRIME intercompany reconciliation' worksheet. However, there was no evidence that management has investigated key variances by consulting with counter-parties.</p> |

Source: Reports on early close procedures 2023 issued by the Audit Office of New South Wales.

The review of agencies' early close procedures found more work needs to be done to:

- ensure reconciliations on key account balances and administered items are performed and reviewed monthly
- obtain timely confirmations of inter and intra agency transactions and balances
- ensure the outcomes of comprehensive revaluations and fair value assessments of property, plant and equipment are properly recorded in the fixed asset register and financial statements.

Recommendation

Agencies should ensure all applicable mandatory early close procedures are completed to support the financial statements audit in accordance with deadlines set by NSW Treasury.

Year-end financial reporting

NSW Treasury required all agencies to submit their financial statements by 1 August 2023

In June 2023, NSW Treasury issued a suite of Treasurer's Directions and Treasury Policy and Guidelines for 2022–23 financial reporting requirements and timetables:

- Treasurer's Direction TD21-02 'Mandatory Annual Returns to Treasury' (TD21-02) and Treasury Policy and Guidelines TPG23-13 'Agency Direction for the 2022–23 Mandatory Annual Returns to Treasury' require agencies listed in the Appendix A of TD21-02 to submit their 2022–23 financial statements to both NSW Treasury and the Audit Office by 1 August 2023.
- Treasury Policy and Guidelines TPG23-14 'Agency guidelines for the 2022–23 Mandatory Annual Returns to Treasury for New South Wales public sector agencies that are not included in TD21-02' requires New South Wales public sector agencies not listed in Appendix A of TD21-02 to submit their draft 2022–23 financial statements to NSW Treasury by 1 August 2023.

NSW Treasury extended the year-end submission deadline for agencies to provide the note to the financial statements that provides disclosures on appropriations to 11 August 2023. The submission date for the rest of the financial statements (that is, excluding the appropriations disclosures) remained as 1 August 2023. The extension was granted under clause 7A of TD21-02.

Treasurer's Direction TD21-03 'Submission of Annual GSF Financial Statements to the Auditor-General' requires reporting GSF agencies that are not listed in Appendix A of TD21-02 to submit their annual financial statements for audit within six weeks after the year end.

The following agencies obtained NSW Treasury's approval to extend submission of their 30 June 2023 financial statements:

| Portfolio agencies | Revised deadline | Reason |
|---|------------------|---|
| Biamanga National Park Board of Management | 11 August 2023 | These agencies do not need to submit financial data to NSW Treasury. As in previous years, management resourced and planned for the preparation of these financial statements 6 weeks after year end. |
| Gulaga National Park Board of Management | 11 August 2023 | |
| Mutawintji Board of Management | 11 August 2023 | |
| Worimi Conservation Lands Board of Management | 11 August 2023 | |
| Mt Grenfell Historic Site Board of Management | 11 August 2023 | |
| Rookwood Necropolis Land Manager | 11 August 2023 | The financial statements submitted on 1 August 2023 did not reflect the updated developers' payment provision based on revised interpretations following legal advice obtained. |
| NSW Biodiversity Conservation Trust | 22 August 2023 | |

Financial statements were submitted on time for all portfolio agencies except Category 2 Statutory Land Managers, Commons Trusts, Catholic Metropolitan Cemeteries Trust, and Corporation Sole 'Minister Administering the Heritage Act 1977'

Portfolio agencies, except Category 2 Statutory Land Managers (SLMs), Commons Trusts, Catholic Metropolitan Cemeteries Trust and Corporation Sole 'Minister Administering the Heritage Act 1977', met the revised or approved reporting deadlines for submitting their 2022–23 year-end financial statements.

The *Government Sector Audit Act 1983* does not specify the statutory deadline for issuing the audit reports. At the date of this report, the audits of seven portfolio agencies 2022–23 financial statements are ongoing.

The table in [Appendix three](#) shows the timeliness of the year-end financial reporting for portfolio agencies.

There are a large number of GSF agencies with reporting obligations that do not currently prepare financial statements and submit them for audit

Category 2 Statutory Land Manager (SLM) is a type of Crown Land Manager that is controlled by the State. It excludes other Crown Land Managers such as councils, metro cemeteries, the Catholic Metropolitan Cemeteries Trust and Crown Holiday Parks land manager. SLMs are entities appointed by the Minister to be responsible for the care, control and management of Crown reserves on behalf of the people of New South Wales.

In 2022, the department advised, that that there are 596 Category 2 SLMs (excluding the Wentworth Park Sporting Complex Land Manager, which currently prepares and submits financial statements for audit every year). During 2019–20, NSW Treasury established financial reporting exemption criteria for the SLMs. These criteria are outlined in Division 2, Part 3A of the *Government Sector Finance Regulation 2018*. An amendment was made to section 9E(1)(c) of the GSF Regulation during the year to exclude money paid out of the Crown Reserves Improvement Fund, when assessing if the SLMs' income for the year was less than the income threshold of \$100,000. As detailed further below, the impact of this change is not known because an assessment against the reporting exemption criteria has not been performed in 2022–23.

The GSF Act requires Category 2 SLMs to prepare annual financial statements, unless they meet this reporting exemption criteria. Where they do not meet this criteria, Treasurer's Direction TD 21-03 requires SLMs to submit financial statements for audit within six weeks following the end of the annual reporting period.

Forty five Category 2 Statutory Land Managers were assessed as not being exempt from preparing financial statements in 2021–22, but have still not prepared financial statements for that reporting year

Last year, we reported that the department did not finalise the 2021–22 reporting exemption assessment for the 596 Category 2 SLMs by the statutory reporting deadline. After the statutory reporting deadline to submit 30 June 2022 financial statements had passed, the department assessed 551 Category 2 SLMs met the reporting exemption criteria, and would therefore not be required to prepare 2021–22 financial statements. To date, none of the 45 non-exempt Category 2 SLMs has submitted their 2021–22 financial statements for audit.

An assessment against the reporting exemption criteria for all 579 Category 2 SLMs for 2022–23 is yet to be provided by the department

The department advised there were 579 Category 2 SLMs as at 30 June 2023. The department has not yet provided their assessment against the reporting exemption criteria under the GSF Regulation for the 579 Category 2 SLMs by the statutory reporting deadline or the date of this report for 2022–23, meaning it is currently unclear how many Category 2 SLMs have not met their obligation to prepare financial statements under section 7.6 of the GSF Act for 2022–23.

Financial statements have been submitted for audit for:

- 8 SLMs for the 2019–20 year
- 12 SLMs financial statements for the 2020–21 year (submitted for audit in March 2022).

Audits have progressed for the eight SLMs for the 2019–20 year. However, at the date of this report, only one SLM audit has been completed. An unqualified Independent Auditor's Report for 30 June 2020 for the Tarcutta Racecourse Recreation Reserve Land Manager was signed on 20 October 2023.

The department needs to do more to support the SLMs in meeting their statutory reporting obligations. The department is working with NSW Treasury to review and streamline the reporting framework provisions for SLMs and Common Trusts and develop a broader risk-based exemption framework to support any future amendments to the exemption regime in the GSF Regulation.

All 119 Commons Trusts have not been assessed against the reporting exemption criteria for 2022–23

Commons Trusts are responsible for the care, control and management of commons for which the trust is established. A common is a parcel of land that has been set aside by the Governor or the Minister for specific use in a certain locality, such as grazing, camping or bushwalking. The Commons Trusts are considered to be controlled entities of the Minister who administers the *Commons Management Act 1989*. Commons Trusts are not SLMs.

NSW Treasury established specific reporting exemption criteria for SLMs, but in previous years, no such criteria was established for the Commons Trusts. During 2022–23, Treasury updated the GSF Regulation to include a specific exemption criteria for Commons Trusts, in section 9EA of the GSF Regulation.

Currently there are 119 Commons Trusts in New South Wales. None of the Commons Trusts prepared and submitted financial statements for audit in 2021–22, nor have they performed an assessment against the new reporting exemption criteria for 2022–23. This means it is unclear how many Commons Trusts have not met their obligation to prepare financial statements for audit under section 7.6 of the GSF Act for 2022–23.

Given SLMs and Commons Trusts are controlled entities of the State, they should be recognised in the Total State Sector Accounts. However, the lack of compliance with reporting requirements presents a challenge to obtaining reliable financial data for these agencies for the purposes of consolidation to the Total State Sector Accounts.

Recommendation (repeat issue)

The department needs to ensure Category 2 SLMs and Commons Trusts meet their statutory reporting obligations.

The department, Category 2 SLMs and Commons Trusts needs to finalise their reporting exemption assessments earlier to allow sufficient time for the non-exempted SLMs and Commons Trusts to prepare and submit annual financial statements by the statutory reporting deadline.

Catholic Metropolitan Cemeteries Trust continues not to submit financial statements to the Audit Office

NSW Treasury has reconfirmed its position that the Catholic Metropolitan Cemeteries Trust (CMCT) is a controlled entity of the State for financial reporting purposes. This means CMCT is a GSF agency under the provisions of the GSF Act. Section 7.6 of the GSF Act places a statutory obligation on CMCT to prepare financial statements and submit them to the Auditor-General for audit.

Further, section 34 of the GSA Act requires the Auditor-General to furnish an audit report on these financial statements.

We recommended in the '[State Finances 2022](#)' report that NSW Treasury and the department should ensure CMCT meets its statutory reporting obligations. CMCT continues to contest NSW Treasury's determination and assert it is not a controlled entity of the NSW Government.

For the past two years, CMCT has not met its statutory obligations to prepare financial statements under the GSF Act. CMCT has not submitted its financial statements to the Auditor-General for audit despite repeated requests and has not provided access to its books and records for the purposes of a financial audit. There continues to be extensive correspondence between the Audit Office of New South Wales, CMCT, NSW Treasury and the department regarding this matter.

In December 2021, the then Minister for Water, Property and Housing wrote to the Auditor-General requesting a financial and performance audit be performed pursuant to section 27B(3)(c) of the GSA Act. The audit was to cover the financial affairs of CMCT, including whether funds had been used for the proper purpose. The Audit Office of New South Wales has written to CMCT on a number of occasions to request the provision of documentation and access to management in order to conduct the performance audit. CMCT has not provided the Audit Office of New South Wales access to its management, books and records for the purpose of the required performance audit.

On 20 June 2023, the Auditor-General released her '[Special report into the financial affairs of CMCT](#)' (the Special Report) which stated our Office was unable to conduct a performance audit in order to conclude on the financial affairs of CMCT, in response to the request made under section 27B(3)(c) of the GSA Act. This report noted that being denied access to management, books and records for the purposes of conducting statutorily required financial and performance audits should not be normalised, nor considered appropriate. It significantly impairs transparency to the Parliament on the outcome of the requested activity.

CMCT did not meet its statutory obligations as a controlled entity to submit its financial statements for audit and provide access to its books and records in 2022. Therefore, the Audit Office was unable to obtain sufficient appropriate audit evidence about the carrying amount of assets and liabilities consolidated into the Total State Sector Accounts as at 30 June 2022 and of the amount of income and expenses for the year then ended. Accordingly, a modified audit opinion was issued on the NSW Government's 2021–22 consolidated financial statements. The CMCT continues not to meet its statutory obligations.

Further information will be included in our upcoming '[Report on State Finances 2023](#)'.

Recommendation (repeat issue)

The Department of Planning and Environment needs to ensure the Catholic Metropolitan Cemeteries Trust meets its statutory reporting obligations.

2.4 Key accounting issues

Accounting for temporary housing program

The NSW Government responded to the 2022 Northern Rivers and Central West flood events with a large-scale emergency and temporary housing response. This required the NSW Government to implement a temporary housing program as a medium-term solution for the large number of people displaced by the floods involving the rapid procurement and construction of 546 temporary dwellings across five local government areas at 11 temporary housing village sites.

The former Resilience NSW (RNSW) was the lead agency responsible for recovery and led the implementation of the temporary housing program under the oversight of the Chair, Housing Taskforce from July 2022. NSW Reconstruction Authority (previously Resilience NSW) administers funding associated with the establishment and management of these villages, under the Northern Rivers Temporary Homes Program. This program was forecast to cost a total of \$438 million, although the initial budget was \$350 million. The program expenditure included costs for production and installation of temporary homes, managing the temporary housing villages, administration of the temporary housing program, demobilisation and restoration of the village sites at the end of the program.

The funding cost is shared between the NSW government and the Commonwealth government on a 50:50 basis under the Disaster Recovery Funding Arrangements (DRFA).

NSW Reconstruction Authority (the Authority) is the principal agency of the program and has engaged several parties for the administration of the temporary homes program:

- Public Works Advisory (PWA) within the Department of Regional NSW was appointed by the former Resilience NSW to procure, undertake site works and construct the temporary homes (using third parties) under emergency procurement arrangements. Costs incurred by PWA are then reimbursed by the Authority. The arrangements were intended to be temporary and the temporary homes dismantled at the end of the program and the village sites returned to their original function.
- The Authority entered into agreements with non-government organisations to maintain and manage day-to-day activities of the sites.
- The Authority had also entered into land leases during 2022 with NSW local councils and other organisations to which they have obligations for make good on the sites.

NSW Reconstruction Authority administers the Northern rivers temporary Homes Program, which was part of the government's response to the 2022 flood emergency. This program involved a number of agreements for the acquisition of temporary homes, service agreements with third parties to run and maintain the sites, and leases with land holders such as local councils where the sites were located.

The former Resilience NSW and NSW Reconstruction Authority had previously assessed that they did not control the temporary housing assets under relevant accounting standards. A re-assessment of the agreements was made subsequent to the submission of the Authority's 2022–23 financial statements for audit, which determined that the Authority was the appropriate NSW Government agency to recognise these assets. The reassessment of these agreements also identified makegood liabilities that not previously been recognised by the Authority or the former Resilience NSW.

All of the costs relating to the temporary homes program had been expensed in both the former Resilience NSW's 2021–22 financial statements and in the Authority's financial statements for the period 16 December 2022 to 30 June 2023. However, the agreements entered into by the former Resilience NSW created both assets and liabilities that required recognition.

Following identification of the issue by audit, the Authority developed an accounting position paper recommending they recognise these the temporary homes and site works as non-current property, plant and equipment assets.

The Authority and the former Resilience NSW had also not recognised provisions for their obligations within the land leases to make good the sites in their 2022–23 financial statements.

The following adjustments were subsequently corrected in the financial statements of the Authority for the period 16 December 2022 to 30 June 2023:

- The net assets transferred to the Authority from the former Resilience NSW on 16 December 2022, following the administrative restructure, were understated by \$166.7 million due to the non-recognition of temporary home assets including the associated make good liabilities of \$38.7 million.
- In continuing to expense all program expenditure, the Authority understated its property, plant and equipment assets by a further \$63.7 million. The make good provision, which was estimated at \$42.2 million at 30 June 2023, continued to remain unrecognised.

The total carrying amount of these assets (demountable buildings and leasehold improvements, within property plant and equipment in the Authority's financial statements) is \$269.2 million as at 30 June 2023. Refer to [section 3.1](#) for further details.

The Audit Office's performance audit on '[Flood housing response](#)' will assess how effectively the NSW Government responded to the need for emergency accommodation and temporary housing following the early 2022 Northern Rivers and late 2022 Central West flood events. This report is expected to be tabled early in 2024.

Recommendation

NSW Reconstruction Authority should assess accounting implications associated with contractual agreements and leases in a timely manner to ensure all assets and liabilities are recognised appropriately.

NSW Reconstruction Authority should develop an asset management plan and establish a fixed asset register to manage the assets and accounting records of these newly acquired and constructed assets.

Process and Technology Harmonisation (PaTH) program implementation

As reported in our '[Stronger Communities 2023 Auditor-General's Report](#)', the Department of Communities and Justice (DCJ) assumed responsibility to deliver the PaTH program. The program aims to standardise corporate and shared services functions.

DCJ planned to transition agencies to the new ERP in two distinct waves. Wave 1a, comprising 21 agencies from the Planning and Environment and Regional NSW portfolios, commenced on the new ERP on 3 April 2023. A further 12 agencies predominantly from the Stronger Communities portfolio are planned to commence on 26 June 2023 and 3 July 2023 as part of Wave 1b.

Agencies comprising Wave 2 will commence on the new ERP in financial years 2023–24 and 2024–25.

The department implemented the Process and Technology Harmonisation (PaTH) program in April 2023. The Audit Office assessed the effectiveness of controls over the implementation of PaTH including project controls, elements of new controls design, data migration, and how management had adequately resolved project issues and defects.

The audit identified that:

- key documents to evidence management activities undertaken such as data migrations plans and tests, data reconciliations, or approvals and sign-offs for key milestones, could not be located and provided within a reasonable timeframe from DCJ. A number of documents had not been updated to accurately reflect the currency of the documents nor record the outcomes of any decision making
- agreements between the shared services hubs (DCJ and the department) are not complete. There is no formal agreement in place defining the responsibilities and cost recovery model between the service hubs. Discussions have been progressing, but no memorandum of understanding has been finalised or agreed. It is important for shared service agreements to be finalised to provide clarity over cost recovery and responsibilities in terms of service delivery between the two shared service hubs.

Prior period retrospective adjustments

Two agencies processed prior period adjustments

The following material prior period adjustments were corrected in agencies' 30 June 2023 financial statements.

| Agency | Description of prior period errors |
|--|--|
| NSW Biodiversity Conservation Trust (BCT) | <p>The BCT restated their developer payment offset obligation provision to change the measurement method from the costs of satisfying the obligations transferred to the BCT on a like for like basis to measuring the provision based on the money paid to it.</p> <p>The BCT did not previously realise that the extent of its liability was limited to the money paid by developers to take on that obligation which caused the error. This was clarified in advice provided by the Crown Solicitor.</p> <p>The effect of correcting this error was to decrease the:</p> <ul style="list-style-type: none">• Developers' payments provision remeasurement loss by \$68.2 million in the 2022 comparatives• Provisions by \$75.1 million in 2022• Provision by \$8.7 million at 1 July 2021. |
| Environment Protection Authority (EPA) | <p>The EPA previously recognised the remittance clearing account as a cumulated amount transferred to the Treasury. The remittance clearing account should only include the amount to be transferred to the Treasury. Retrospective adjustment reduced the prior year disclosure comparatives for remittance clearing by \$743 million.</p> |

Paid Parental Leave Entitlements

On 27 September 2022 the former Department of Premier and Cabinet issued a determination that provided for a change to the paid parental leave scheme (the scheme) for all NSW government employees with children born on or after 1 October 2022. This change expanded on previous parental leave entitlements and provided greater access to paid parental leave to eligible public sector employees, regardless of gender. These changes created a new legal obligation for agencies, which needed to be assessed and recorded within their financial statements.

Agencies within the Planning and Environment portfolio had not evaluated the change to the paid parental scheme for financial statement implications prior to submitting their financial statements for audit. Given the accumulating nature of the entitlement, a collective liability of \$4.4 million, of which the department accounted for \$2.6 million or 59.7%, should have been recognised within the individual financial statements of agencies within the Planning and Environment portfolio.

Portfolio agencies did not record the liabilities within their financial statements. Agencies impacted by the change concluded that the effect of not correcting the misstatements was not material individually, or in aggregate to their financial statements as a whole.

Recommendation


Portfolio agencies should ensure any changes to employee entitlements are assessed for their potential financial statements impact under the relevant Australian Accounting Standards

2.5 Key financial statement risks

The table below details our specific audit coverage and response over key areas of financial statements risks that had the potential to impact the financial statements of significant portfolio agencies.



Department of Planning and Environment


The Department of Planning and Environment (the department) aims to make the lives of people in New South Wales better by developing well-connected communities, preserving the environment, supporting industries and contributing to a strong economy.

| | Key financial statement risk | Audit response |
|---|---|---|
|  Property, plant and equipment \$19.2 billion | <p>The department's property, plant and equipment consists of specialised and unique assets, including Crown land, national parks and reserves, other land and infrastructure assets. These assets collectively account for 97% of the department's total property, plant and equipment balance.</p> <p>In 2022–23, the department comprehensively revalued its Crown land, other land and infrastructure systems. Fair value assessments were performed for national parks and reserves.</p> <p>Our audit risk rating for property, plant and equipment is higher because these assets are financially significant to the financial statements of the department, and are subject to management judgements and estimates when determining their fair values. These judgements and estimates underpin key assumptions used in the valuation process and often require the assistance of a qualified valuer.</p> | <p>Our audit procedures included:</p> <ul style="list-style-type: none">• obtaining an understanding of the department's approach to estimating the fair value of property, plant and equipment• assessing the competency, capability and objectivity of management's independent experts• assessing the appropriateness of the valuation methods and the reasonableness of key assumptions and judgements made in determining the fair value• reviewing the presentation in the financial statements to ensure compliance with Australian Accounting Standards. |

Landcom


Landcom is the NSW Government's land and property development organisation. It is a State Owned Corporation that works with government and the private and not-for-profit sectors to address housing affordability issue by improving the supply, diversity and affordability of new housing in Sydney and New South Wales.

| | Key financial statement risk | Audit response |
|---|--|---|
|  <p>Inventory \$398 million</p> | <p>Landcom has a portfolio of long-term land development projects, classified as inventory, that are being developed for future sale. The inventory is measured at the lower of cost and net realisable value, which assessed at each reporting date.</p> <p>Our audit risk rating for inventory is higher because these inventories are financially significant to Landcom's financial statements, and the measurement of net realisable value involves significant judgements and estimates.</p> | <p>Our audit procedures included:</p> <ul style="list-style-type: none"> • reviewing and assessing the recoverability of recorded inventories at reporting date • understanding the current status of selected projects, key project risks and opportunities • reviewing the reasonableness of the significant judgements and estimates applied • testing a sample of new inventory costs to ensure they were qualified for capitalisation and allocated to the relevant project • assessing whether any write down was required. |
|  <p>Provision for costs to complete projects \$82.8 million</p> | <p>Landcom recognises a provision to capture future development costs, based on the original land development schedule and estimates of other known obligations expected to be incurred when the land is ready for settlement.</p> <p>Our audit risk rating for this provision is higher because the provision is financially significant to Landcom's financial statements, and its measurement requires the use of significant judgements and estimates.</p> | <p>Our audit procedures included:</p> <ul style="list-style-type: none"> • reviewing the nature and value of the provision and any changes from the prior year to determine the reasonableness of the current year provision • reviewing the reasonableness of the significant judgments and estimates applied, testing a sample of payments to ensure they were attributable to the relevant project provision • reviewing the appropriateness of the rate used to index future cost estimates and discount the provision, and the accuracy of the calculation. |

| | Key financial statement risk | Audit response |
|---|--|--|
|  <p>Defined benefit superannuation liability \$4.2 million</p> | <p>Landcom reports defined benefit superannuation liabilities at each balance date. The administrator of the superannuation schemes determined this liability balance based on an independent actuarial assessment.</p> <p>Our audit risk rating for the defined benefit superannuation liability is higher because the liability is financially significant to Landcom's financial statements, the underlying liability valuation model is complex due to the significant degree of judgement involved, and the total value of the liability is sensitive to minor changes in valuation inputs.</p> | <p>Our audit procedures included:</p> <ul style="list-style-type: none"> • understanding the processes and key controls in place to support the inputs into the model and the calculation • assessing the completeness and accuracy of the membership data used in the model • reviewing the reasonableness of the methodology and key assumptions • reviewing the presentation in the financial statements to ensure compliance with Australian Accounting Standards. |

NSW Land and Housing Corporation

NSW Land and Housing Corporation (LAHC) addresses the need for social housing across New South Wales. Social housing is provided by the NSW Government for some of the most vulnerable people in our communities. LAHC builds and manages the largest social housing portfolio in Australia.

| | Key financial statement risk | Audit response |
|---|--|--|
|  <p>Property, plant and equipment \$63.8 billion</p> | <p>LAHC has a large social housing portfolio with property assets being acquired, sold, redeveloped or refurbished on an ongoing basis. The most significant asset class is residential land and buildings, which account for 97% of LAHC's total property, plant and equipment. These assets are measured at fair value based on their market value.</p> <p>Our audit risk rating for property, plant and equipment is higher because these assets are financially significant to LAHC's financial statements and are subject to management judgements and estimates when determining their fair values. These judgements and estimates often require the assistance of a qualified valuer.</p> | <p>Our audit procedures included:</p> <ul style="list-style-type: none"> • testing the accuracy and completeness of the asset register • reviewing the appropriateness of the valuation methods, assumptions and judgements applied • reviewing the presentation in the financial statements to ensure compliance with Australian Accounting Standards. |


Property NSW

Property NSW is responsible for the management and delivery of large-scale or complex real estate projects, transactions, workplace strategy, design and delivery, and manages the State's significant property portfolio.

| | Key financial statement risk | Audit response |
|--|--|--|
|  <p>Property, plant and equipment \$1.2 billion</p> | <p>Property NSW's property, plant and equipment mainly consists of land and buildings, which account for 90% of the total property, plant and equipment.</p> <p>These assets are measured at fair value based on their market value.</p> <p>Our audit risk rating for property, plant and equipment is higher because these assets are financially significant to the financial statements of Property NSW and are subject to management judgements and estimates when determining their fair values. These judgements and estimates often require the assistance of a qualified valuer.</p> | <p>Our audit procedures included:</p> <ul style="list-style-type: none"> • testing the accuracy and completeness of the asset register • reviewing the appropriateness of the valuation methods, assumptions and judgements applied • reviewing the presentation in the financial statements to ensure compliance with Australian Accounting Standards. |
|  <p>Lease accounting \$259.6 million of finance lease receivables \$2.9 billion of right of use assets \$3.9 billion of lease liabilities</p> | <p>Property NSW manages the NSW Government's owned and leased properties. It utilised the Lease Accelerator (LA) system to calculate and generate lease accounting information for the financial statements of Property NSW, other NSW Government agencies and Total State Sector Accounts (TSSA) up until 28 February 2023. From 1 March 2023, Property NSW transitioned to a new Property and Facility Management service provider, Cushman & Wakefield (C&W).</p> <p>Our audit risk rating for lease accounting is higher because the lease related balances are financially significant to Property NSW's financial statements. The lease calculation also involves significant management judgements and estimates. These judgements and estimates require assistance from the relevant agencies to ensure accuracy and completeness of the inputs.</p> | <p>Our audit procedures included:</p> <ul style="list-style-type: none"> • evaluating the design, implementation and operating effectiveness of controls over lease data administration and master file maintenance process • assessing the effectiveness of controls over the project implementation including project governance, training, data migration, testing & approvals for key milestones and issues / defects management • testing Property NSW's data migrated from JLL & Lease Accelerator to C&W system. • assessing the validity, completeness and accuracy of the lease balances • verifying the accuracy of lease data incorporated into the systems • performing recalculation of lease related balances. |


Sydney Olympic Park Authority



Sydney Olympic Park Authority (SOPA) is responsible for the management and development of 640 hectares of land that comprise Sydney Olympic Park and maintaining this precinct as a lasting legacy for the people of New South Wales.

| | Key financial statement risk | Audit response |
|--|---|---|
|  <p>Property, plant and equipment \$3.2 billion</p> | <p>SOPA's property, plant and equipment mainly consists of land and buildings, which account for 86% of the total property, plant and equipment.</p> <p>These assets are measured at fair value based on their market value.</p> <p>Our audit risk rating for property, plant and equipment is higher because these assets are financially significant to SOPA's financial statements and are subject to management judgements and estimates when determining their fair values. These judgements and estimates often require the assistance of a qualified valuer.</p> | <p>Our audit procedures included:</p> <ul style="list-style-type: none"> • testing the accuracy and completeness of the asset register • reviewing the appropriateness of the valuation methods, assumptions and judgements applied • reviewing the reasonableness of management's impairment assessment • reviewing the fair value of ageing in progress projects • reviewing the presentation in the financial statements to ensure compliance with Australian Accounting Standards. |

Sydney Water Corporation


Sydney Water Corporation (SWC) is a State Owned Corporation that supplies customers in Greater Sydney and Illawarra with safe drinking water. SWC is also a custodian of wastewater, recycled water and some stormwater services, ensuring the communities can enjoy healthy rivers and clean beaches.


| | Key financial statement risk | Audit response |
|---|---|---|
|  <p>System assets \$19.4 billion</p> | <p>SWC's system assets are highly specialised, comprising infrastructure used to deliver water, wastewater and stormwater services to customers through an integrated network. They account for 80% of SWC's total property, plant and equipment.</p> <p>These assets are measured at fair value using an income approach.</p> <p>Our audit risk rating for system assets is higher because these assets are financially significant to SWC's financial statements, the discounted cash flow (DCF) model used to value the system assets is complex, involving significant judgements and assumptions. The fair value is sensitive to changes in assumptions.</p> | <p>Our audit procedures included:</p> <ul style="list-style-type: none"> • understanding SWC's approach to estimating the fair value of system assets • assessing reasonableness of key assumptions and inputs used in the DCF model • reviewing the model's mathematical accuracy • assessing the competence, capability and objectivity of management's independent experts • reviewing the presentation in the financial statements to ensure compliance with Australian Accounting Standards |

| | Key financial statement risk | Audit response |
|--|--|--|
|  <p>Defined benefit superannuation liability \$398.7 million</p> | <p>SWC reports defined benefit superannuation liabilities at each balance date. The administrator of the superannuation schemes determined this liability balance based on independent actuarial assessments.</p> <p>Our audit risk rating for the defined benefit superannuation liability is higher because:</p> <ul style="list-style-type: none"> • this liability is financially significant to SWC's financial statements • the underlying liability valuation model is complex due to the significant degree of judgement involved • the total value of the liability is sensitive to minor changes in valuation inputs. | <p>Our audit procedures included:</p> <ul style="list-style-type: none"> • understanding the processes and key controls in place to support the inputs into the model and the calculation • assessing the completeness and accuracy of the membership data used in the model • reviewing the reasonableness of the methodology and key assumptions • reviewing the presentation in the financial statements to ensure compliance with Australian Accounting Standards. |
|  <p>Accrued unbilled water usage charges \$198.2 million</p> | <p>SWC records accrued revenue from unread meters for customers' water usage. This is an estimate where meter data is not known at balance date.</p> <p>Our audit risk rating for accrued revenue is higher because significant judgement and uncertainty is involved in calculating the accrual.</p> | <p>Our audit procedures included:</p> <ul style="list-style-type: none"> • understanding the processes and key controls in place to determine the estimated unbilled water usage charges • reviewing the reasonableness of the key assumptions • testing the accuracy of the calculation • assessing the historical accuracy of the estimate against subsequent billings. |

Water NSW


Water NSW is a State Owned Corporation that supplies two-thirds of water used in New South Wales to regional towns, irrigators, SWC and local water utilities. Water NSW also owns and operates the largest surface and groundwater monitoring network in the southern hemisphere and builds, maintains and operates essential infrastructure.

| | Key financial statement risk | Audit response |
|---|---|--|
|  <p>Property, plant and equipment \$2.9 billion</p> | <p>Water NSW's system assets are highly specialised assets, which comprise infrastructure, water meters and buildings. They account for 82% of Water NSW's total property, plant and equipment.</p> <p>These assets are measured at fair value using an income approach.</p> <p>Our audit risk rating for system assets is higher because these assets are financially significant to Water NSW's financial statements, and the DCF model used to value the system assets is complex and involves significant judgements and assumptions.</p> | <p>Our audit procedures included:</p> <ul style="list-style-type: none"> • understanding Water NSW's approach to estimating the fair value of system assets • reviewing the reasonableness of the valuation methods, assumptions and judgements applied in the DCF model • reviewing the model's mathematical accuracy • reviewing the presentation in the financial statements to ensure compliance with Australian Accounting Standards. |

| | Key financial statement risk | Audit response |
|--|--|---|
|  <p>Defined benefit superannuation liability \$49.8 million</p> | <p>Water NSW reports defined benefit superannuation liabilities at each balance date. The administrator of the superannuation schemes determined this liability balance based on independent actuarial assessments.</p> <p>Our audit risk rating for the defined benefit superannuation liability is higher because:</p> <ul style="list-style-type: none"> • this liability is financially significant to Water NSW's financial statements • the underlying liability valuation model is complex due to the significant degree of judgement involved • the total value of the liability is sensitive to minor changes in valuation inputs. | <p>Our audit procedures included:</p> <ul style="list-style-type: none"> • understanding the processes and key controls in place to support the membership data used in the inputs into the model and the calculation. • assessing the completeness and accuracy of the membership data used in the model • reviewing the reasonableness of the methodology and key assumptions • reviewing the presentation in the financial statements to ensure compliance with Australian Accounting Standards. |

The NSW Reconstruction Authority

The NSW Reconstruction Authority (the authority) is the lead disaster management agency for NSW. It is responsible for facilitating disaster prevention, preparedness, recovery, reconstruction, and adaptation to the effects of natural disasters in NSW.

| | Key financial statement risk | Audit response |
|---|--|---|
|  <p>Grants funding arrangements \$1.8 billion of grants and subsidies expense \$1.7 billion of disaster grants payable</p> | <p>The authority is heavily focused on receiving and distributing grants.</p> <p>The authority ensures:</p> <ul style="list-style-type: none"> • expenditure is approved per the delegation instrument • it has appropriate procedures in place for identifying and recording claims received, but not yet assessed by agencies prior to 30 June. <p>Our audit risk rating is for grants funding arrangement is higher because grants funding related balances are financially significant to Reconstruction Authority's financial statements. There is a risk of non-compliance with grant terms from both the Reconstruction Authority and grantees.</p> | <p>Our audit procedures included:</p> <ul style="list-style-type: none"> • reviewing management's procedures for identifying and recording claims received, but not yet assessed by agencies • reviewing confirmations from the relevant agencies that should confirm the amounts of claims they have received, but not yet assessed at 30 June and assessing the accounting treatment • testing a sample of transactions to ensure they have been approved per delegation • reviewing land leases the authority entered into during 2022 with NSW local councils and other organisations to which they have obligations for make good on the sites. • reviewing the presentation in the financial statements to ensure compliance with Australian Accounting Standards. |

3. Audit observations

Appropriate financial controls help ensure the efficient and effective use of resources and administration of agency policies. They are essential for quality and timely decision-making.

This chapter outlines our observations and insights from our financial statement audits of agencies in the portfolio.

Section highlights

- The number of findings across the portfolio reported to management increased from 132 in 2021–22 to 140 in 2022–23 and 30% were repeat issues (34% in 2021–22).
- The 2022–23 audits identified seven high-risk and 76 moderate risk issues across the portfolio. Four of the high-risk issues were repeat issues, one was a repeat issue with the risk rating reassessed to high-risk in the current year and two were new findings in 2022–23.
- The former Resilience NSW and NSW Reconstruction Authority had previously assessed that they did not control the temporary housing assets associated with the administration of the Northern Rivers Temporary Homes Program, under relevant accounting standards. A re-assessment of the agreements was made subsequent to the submission of the Authority's 2022–23 financial statements for audit, which determined that the Authority was the appropriate NSW Government agency to recognise these assets and associated liabilities not previously recognised by the Authority or the former Resilience NSW.
- There continues to be significant deficiencies in Crown land records. The department should continue to implement their data strategy and action plan to ensure the Crown land database is complete and accurate.
- Since 2017, the Audit Office has recommended that the department, through OLG should address the differing practices for the financial reporting of rural firefighting equipment vested to councils under section 119 (2) of the *Rural Fires Act 1997*. The department has not been effective in resolving this issue. In 2023, twenty-six of 108 completed audits of councils received qualified audit opinions on their 2023 financial statements (43 of 146 completed audits in 2022). Six councils had their qualifications for not recognising vested rural firefighting equipment removed in 2022–23.

3.1 Findings reported to management

The total number of findings reported to management has increased, and 30% were repeat issues

Breakdowns and weaknesses in internal controls increase the risk of fraud and error. Deficiencies in internal controls, matters of governance interest and unresolved issues were reported to management and those charged with governance of agencies through audit management letters. These letters include our observations, related implications, recommendations and risk ratings.

In 2022–23, there were 140 findings raised across the portfolio (132 in 2021–22). Thirty per cent of all issues were repeat issues (34% in 2021–22).

The most common repeat issues related to information technology user access controls and monitoring, internal control deficiencies relating to accounting for assets and the revaluation processes.

A delay in implementing audit recommendations increases the risk of intentional and accidental errors in processing information, producing management reports and generating financial statements. This can impair decision-making, affect service delivery and expose agencies to fraud, financial loss and reputational damage. Poor controls may also mean agency staff are less likely to follow internal policies, inadvertently causing the agency not to comply with legislation, regulation and central agency policies.

The number of high-risk findings decreased

High-risk findings decreased from eight in 2021–22 to seven in 2022–23, including four repeat issues, two new findings, one repeat finding elevated from moderate risk in 2022–23. Three of the eight 2021–22 high-risk findings were resolved and one reclassified to moderate risk in 2022–23 as management has taken action to mitigate the risks. One audit remains in progress, which had a high-risk finding in 2021–22. As the audit is not concluded the audit results are not included in this report.

| Agency | Description |
|--|---|
| 2022–23 high-risk findings | |
| Department of Planning and Environment (3 repeat findings) | <p>Crown land related issues</p> <p>The audit process continues to identify significant deficiencies in Crown land records. These issues remain unsolved for more than five years. Refer to section 3.2 ‘Crown land records’ for further details.</p> <p>Financial reporting of Crown Land Managers and Commons Trusts</p> <p>The department did not finalise the 2021–22 reporting exemption assessment for the Category 2 SLMs by the reporting deadline. In 2022, the department assessed that 45 Category 2 SLMs did not meet the reporting exemption criteria and were therefore required to prepare and submit their 30 June 2022 financial statements for audit. To date, none of the 45 non-exempted Category 2 SLMs have submitted their 30 June 2022 financial statements for audit.</p> <p>The department has not provided their assessment against the reporting exemption criteria under the GSF Regulation for the 579 Category 2 SLMs for 2022–23 by the statutory reporting deadline or the date of this report. No financial statements have been submitted for Category 2 SLMs for 2022–23.</p> <p>Currently there are 119 Commons Trusts in New South Wales. None of the Commons Trusts prepared and submitted financial statements for audit in 2021–22, nor have they performed an assessment against the new reporting exemption criteria for 2022–23.</p> <p>The GSF Act requires Category 2 SLMs and Commons Trusts to prepare annual financial statements and Treasurer’s Direction’s requires these land managers to submit financial statements for audit within six weeks following the end of the annual reporting period, if they don’t meet the exemption criteria in the GSF Regulation. It is currently unclear how many Category 2 SLMs and Commons Trusts have not met their obligation to prepare financial statements for audit under section 7.6 of the GSF Act for 2022–23.</p> <p>Given SLMs and Commons Trusts are controlled entities of the State, they should be recognised in the Total State Sector Accounts. The lack of compliance with reporting requirements presents a challenge to obtaining reliable financial data for these agencies for the purposes of consolidation to the Total State Sector Accounts.</p> |

| Agency | Description |
|---|--|
| 2022–23 high-risk findings | |
| Jenolan Caves Reserve Trust (repeat finding, elevated from moderate to high-risk in 2022–23) | <p>NSW Treasury reconfirms that Catholic Metropolitan Cemeteries Trust (CMCT) is a controlled entity of the State. However, CMCT continues to maintain they are not controlled by the State. Consequently, their financial statements have not been provided to the Audit Office for audit.</p> <p>The department needs to do more to ensure the Category 2 SLMs, Commons Trusts and CMCT meet their statutory reporting obligations. Refer to section 2.3 'Year-end Financial Reporting' for further details.</p> <p>The department should intervene to assess councils' compliance with legislative responsibilities, standards and guidelines</p> <p>There have been different practices across the local government sector in accounting for vested rural firefighting equipment for financial reporting purposes.</p> <p>Since 2017, the Audit Office has recommended that the Office of Local Government and then the department should address these differing practices. Despite repeated recommendations in our 'Local Government 2022' and 'Planning and Environment 2022' Auditor-General's reports, the department has not been effective in resolving this issue.</p> <p>Refer to section 3.3 'Regulatory intervention relating to vested rural firefighting equipment' for further details.</p> |
| | <p>Quality assurance process over asset revaluations</p> <p>Prior years' management letters have reported that quality assurance processes over the asset valuations had not been finalised by management in a timely manner and documentation could be improved.</p> <p>In 2022–23, the Trust's general infrastructure assets were comprehensively revalued. Material misstatements were identified in relation to calculating and processing the current year revaluation increment and resulted in material amendments to the 30 June 2023 financial statements. The documentation of the quality review procedures performed by management was limited.</p> |
| Lord Howe Island Board (LHIB) (repeat finding) | <p>Information technology environment and controls</p> <p>For several years, control deficiencies were identified in the LHIB's information technology environment and controls. These included:</p> <ul style="list-style-type: none"> • inadequate controls over privileged users • the lack of an information technology strategy which aligns with LHIB's organisational strategic plan • a documented framework to monitor and manage patch management has not been implemented and effectively monitored • no structured governance established to monitor and manage LHIB's information technology risk and also reporting on information technology activities to the senior management team • information technology business continuity plan requires further development and regular testing • all existing technology policies and procedures should be reviewed and updated. <p>Inadequate information technology environment and controls increase the risk of unauthorised access, data corruption or loss. Most of these issues were first identified and reported in 2018–19.</p> |

| Agency | Description |
|---|---|
| 2022–23 high-risk findings | |
| Biodiversity Conservation Trust (new finding) | <p>The Biodiversity Stewardship Payment Fund (BSPF) is a statutory fund created by the <i>Biodiversity Conservation Act 2016</i>. The Trust acts as a Fund Manager to invest funds held in the BSPF as if they are a trustee (see section 6.36 of the BC Act and sections 14 & 15 of the <i>Trustee Act 1924</i> (Trustee Act)). It was found that some common funds management practices were not adopted by the Trust and that their systems, processes and disclosures could be improved.</p> |
| NSW Reconstruction Authority (new finding) | <p>Accounting for temporary homes</p> <p>The NSW Government responded to the 2022 Northern Rivers and Central West flood events with a large-scale emergency and temporary housing response. The former Resilience NSW was the lead agency responsible for recovery and led the implementation of the temporary housing program.</p> <p>The former Resilience NSW and NSW Reconstruction Authority had previously assessed that they did not control the temporary housing assets associated with the administration of the Northern Rivers Temporary Homes Program, under relevant accounting standards.</p> <p>A re-assessment of the agreements and accounting implications was made subsequent to the submission of the Authority's 2022–23 financial statements for audit, which determined that the Authority was the appropriate NSW Government agency to recognise these assets. The reassessment of these agreements also identified makegood liabilities that not previously been recognised by the Authority or the former Resilience NSW.</p> <p>All of the costs relating to the temporary homes program had been expensed in both the former Resilience NSW's 2021–22 financial statements and in the Authority's financial statements for the period 16 December 2022 to 30 June 2023. The Authority subsequently assessed the accounting implications resulting in the following corrected material adjustments to the financial statements for the period 16 December to 30 June 2023:</p> <ul style="list-style-type: none"> understatement of net assets transferred to the Authority on 16 December 2022 from the former Resilience NSW by \$166.7 million due to the non-recognition of temporary homes and site works assets including the associated make good liabilities of \$38.7 million. understatement of property, plant and equipment assets by \$96.7 million and depreciation expense by \$33 million. <p>Refer to section 2.4 for further details.</p> |










Note: Management letter findings are based either on final management letters issued to agencies, or draft letters where findings have been agreed with management.

Three out of eight high-risk rated issues reported in 2021–22 have been addressed.




Three high-risk findings reported in the management letters of one portfolio agency in 2021–22 have been actioned. One high-risk issue has been re-assessed as moderate in the current year, and four have been repeated.

| Agency | Description |
|---|--|
| 2021–22 high-risk findings | |
| Department of Planning and Environment (the department) | <p>The department addressed the long-standing high-risk issues below:</p> <p>Access to key SAP transactions were not properly restricted and segregated.</p> <p>The department maintains three separate SAP application systems. The prior year control deficiencies relating to user access not appropriately restricted and segregated for vendor master data in two of the departments SAP application systems have been resolved. Control deficiencies identified relating to user access to HR and payroll management was resolved for the department. For Finance, adequate manual controls are in place. The issues with the third application system is to be resolved as part of migration to the new ERP system (PaTH program) including system enforced controls for finance.</p> <p>User access review requires improvement</p> <p>SAP system user access review for the 2022–23 audit period was completed timely. Since 2018–19, the department did not complete a comprehensive SAP user access review to validate all user accounts and the appropriateness of user access rights.</p> <p>Third-party service provider management process requires improvement</p> <p>There is adequate oversight of third-party service providers and regular monitoring of the assurance reports for the current audit period. This was not performed in prior years since 2019–20.</p> |
| 2011–2021 high-risk findings | |
| Water Administration Ministerial Corporation (the corporation) – 2011 to 2021 10-year audit | <p>Deficiencies in governance processes and internal controls</p> <p>The corporation has partially addressed the high-risk issue raised for ten years to 30 June 2021. The risk rating has been reassessed to moderate in 2021–22.</p> <p>The audit noted deficiencies in a number of key governance processes and internal controls, particularly for the years ended 30 June 2011 to 30 June 2015. The corporation did not have:</p> <ul style="list-style-type: none"> • an internal audit function • a complete contracts register • a compliance register • a risk register recording the corporation's key risks and proposed treatment of those risks • a complete record of major decisions made by management. <p>Management has addressed a number of issues relating to governance and internal controls, such as maintaining proper records for key financial information, and developing a risk register.</p> |

The table below describes the common issues identified across the portfolio by category and risk rating.

| Risk rating | Issue |
|--|--|
| Information technology | |
|  High: 0 new, 1 repeat  Moderate: 7 new, 3 repeat  Low: 3 new, 0 repeat | <p>The financial audits identified deficiencies in information technology processes and controls that support the integrity of financial data used to prepare agencies' financial statements. Of particular concern are issues associated with:</p> <ul style="list-style-type: none"> • lack of cyber security roadmap aligned with a recognised standard • no formal cyber incident management and reporting process in place • lack of system user access and monitoring reviews • disaster recovery plan tests not performed • outdated policies and procedures. |
| Internal control deficiencies or improvements | |
|  High: 0 new, 0 repeat  Moderate: 20 new, 17 repeat  Low: 17 new, 2 repeat | <p>The financial audits identified internal control deficiencies across key business processes, including:</p> <ul style="list-style-type: none"> • lack of future plans for the remediation treatment of contaminated land • control deficiencies in administered revenue • asset management: <ul style="list-style-type: none"> – delays in capitalisation of completed work in progress – weak process over maintaining an accurate and complete fixed assets register (FAR) and associated FAR reconciliation issues – inappropriate asset componentisation of assets in the FAR – deficiencies in assets revaluation processes – inappropriate capitalisation of expenses as assets • payroll processes related issues and uncertainty relating to exemption status for payroll tax • lack of review of third-party service provider reports and masterfile data • outdated bank signatories. |
| Financial reporting | |
|  High: 1 new, 2 repeat  Moderate: 13 new, 5 repeat  Low: 18 new, 1 repeat | <p>The financial audits identified deficiencies in financial reporting controls and processes, including:</p> <ul style="list-style-type: none"> • monthly general ledger accounts reconciliations are not performed or performed and reviewed in a timely manner. Long standing reconciling items remain not followed up • asset valuations contained calculation errors and a lack of quality review • policies and procedures do not exist, are inadequate, incomplete or are overdue for review for areas such as asset management, valuation processes, debtors controls, purchasing cards, annual report financial figures and processing payroll. |

| Risk rating | Issue |
|--|---|
| Governance and oversight | |
| High: 0 new, 0 repeat | The financial audits identified deficiencies in governance and oversight processes, including: <ul style="list-style-type: none">no formal register of related parties or compliance registerno key management personnel confirmationslow submission rates on conflicts of interest declarations, gift benefits and hospitality declarations and secondary employment declarations. Reports of perceived conflicts of interest were not reviewed. |
| Moderate: 5 new, 3 repeat | |
| Low: 5 new, 3 repeat | |
| Non-compliance with key legislation and/or central agency policies | |
| High: 1 new, 2 repeat | The financial audits identified deficiencies in agencies' compliance with key legislation and central agency policies, including: <ul style="list-style-type: none">reporting obligations of Crown Land Managers and Common Trustscalculation of parental leave provisionnon-compliance of <i>Government Information (Public Access) Act 2019</i> disclosure requirementsdrawn down loans from a lapsed borrowing approval from the Treasurerlate submission of financial statementsno formal legislative compliance register. |
| Moderate: 1 new, 2 repeat | |
| Low: 7 new, 1 repeat | |

-  High-risk from the consequence and/or likelihood of an event that has had, or may have a negative impact on the entity.
-  Moderate risk from the consequence and/or likelihood of an event that has had, or may have a negative impact on the entity.
-  Low risk from the consequence and/or likelihood of an event that has had, or may have a negative impact on the entity.

Note: Management letter findings are based either on final management letters issued to agencies, or draft letters where findings have been agreed with management.

The number of moderate risk findings decreased from prior year, however 39% were repeat issues

Seventy-six moderate risk findings were reported in 2022–23, representing a 16% decrease from 2021–22. Of these, 30 were repeat findings, and 46 were new issues.

Moderate risk findings mainly related to deficiencies in:

- information technology user access controls and monitoring, along with outdated IT policies and procedures
- payroll processing controls issues
- expenses and inventory transactions not recorded in correct financial years
- purchase orders created after receipt of invoices
- asset management including:
 - timely capitalisation of work in progress
 - weak process over maintaining an accurate and complete fixed assets register and associated FAR reconciliation issues
 - deficiencies in assets revaluation processes.

Recommendation

Portfolio agencies should prioritise and action recommendations to address internal control deficiencies. Focus should be given to addressing high-risk and repeat issues.

3.2 Crown land records

The department is responsible for oversight of the management of Crown land in New South Wales, which it estimates to cover approximately 34 million hectares or 42% of the State. Crown land includes parks, reserves, roads and cemeteries. Parcels of Crown land are managed and controlled by numerous public and private sector organisations, including corporations, statutory bodies and local councils.

In 2022–23, the department engaged external valuers to perform a comprehensive revaluation of its Crown land assets. This resulted in a \$4.7 billion increase to the value of the Crown land. The carrying value of Crown land, measured at fair value in accordance with Australian Accounting Standards and NSW Treasury financial reporting requirements at 30 June 2023 was \$11 billion, representing 57.5% of the department's total property, plant and equipment.

The department used a mass valuation technique based on market approach to estimate fair value of Crown land assets. The mass valuation included valuation of 4,317 benchmark properties assessed by independent contract valuers. The valuers' assessment results have been interpolated across the remainder of the Crown land portfolio. Management also engaged an independent statistician to review the methodology and inputs into the valuation.

There continues to be significant deficiencies in Crown land records

The department maintains the Crown Land Information Database (CLID), which records various details about the Crown land in New South Wales managed and controlled by the department and Crown Land Managers (CLMs) and other agencies. CLID is also used to assist in preparation of the Department of Planning and Environment's financial statements.

For many years, we reported deficiencies in the recording of Crown land assets in CLID. While the department implemented a number of initiatives to remediate the system over the past few years, the audit process continued to identify deficiencies in Crown land records. Examples include:

- incorrect entity shown as the manager of some Crown land
- incorrect status of Crown land
- incorrect records relating to Crown land, such as land size and use
- delays in updating changes to CLID
- unreconciled and long outstanding reconciling items between CLID and the general ledger of the Department of Planning and Environment.

The CLID is used by the department to oversee management of all Crown Land.

Incorrect data in CLID continues to be identified, which can result in misstatements in the financial statements of the department and other agencies.

Auditor-General's Reports to Parliament since 2017 have recommended the department ensure the Crown land database is complete and accurate. This would enable the department and other CLMs to confirm:

- all Crown land that should be recognised in their financial statements
- that different organisations are not recognising the same parcel of Crown land.

Long standing unresolved Crown land work orders and anomalies

We continued to observe a large number of outstanding Crown land work orders and anomalies in CLID compared to source data sets at 30 June 2023. Crown land work orders represent changes to the records in CLID and to the mark-up of Crown Land in the Digital Cadastral Database (DCDB). Many of these issues remained unresolved for more than five years. Not resolving the above issues would require significant effort from the department's staff to perform manual workarounds to deal with system limitations. This may also increase the risk of errors.

Recommendation (repeat issue)

The department should prioritise actions to ensure the Crown land information database is complete and accurate. In doing so, the department should continue to implement its data strategy and action plan introduced in July 2023 and regularly report on its progress against the plan.

3.3 Regulatory intervention relating to vested rural firefighting equipment

The State Government has reconfirmed its view that rural firefighting equipment vested to councils under Section 119(2) of the *Rural Fires Act 1997* is not controlled by the State. In reaching this conclusion, the State argued that on balance it would appear the councils control the rural firefighting equipment that has been vested to them.

Since 2017, the Audit Office of New South Wales has recommended that the Office of Local Government (OLG) and then the Department of Planning and Environment address the different practices across the local government sector in accounting for the vested rural firefighting equipment. The Audit Office has made recommendations in our '[Local Government 2022](#)' and '[Planning and Environment 2022](#)' Auditor-General's reports (tabled in NSW Parliament on 13 June 2023 and 15 December 2022 respectively).

The department has attempted to respond to recommendations that it take a stronger regulatory stance, but without success

The Secretary of the Department of Planning and Environment's response to the Auditor-General's '[Local Government 2022](#)' report, tabled in Parliament in June 2023, confirmed that the department will communicate to the sector the Government's position and will take a stronger regulatory stance to require councils to include vested rural firefighting equipment in their future accounts.

Since the tabling of the '[Local Government 2022](#)' and '[Planning and Environment 2022](#)' Auditor-General's reports the department has worked with NSW Treasury, the NSW Rural Fire Service (RFS), the Audit Office of NSW on the following:

- NSW Treasury shared its position paper and guidance with the local government sector
- RFS shared its asset listing and costings, and encouraged its brigades to provide councils with access to the assets (in both 2022 and 2023)
- the delivery of an information webinar, hosted by the department, to provide Treasury, the RFS and the Audit Office the opportunity to provide advice and guidance to the sector about reporting vested rural firefighting equipment assets
- the Office of Local Government wrote to all councils that had received a qualified independent audit opinion on their 2021–22 financial statements requesting these councils provide the OLG with the strategies implemented to address the qualified audit opinion and to address any significant audit risks raised and a copy of the Audit Office's 2021–22 management letter and Council's response.

The department should continue to address councils' non-compliance with legislative responsibilities, standards and guidelines

The department's role includes assessing whether intervention is appropriate with respect to councils' compliance with, and performance against legislative responsibilities, standards or guidelines. Given the State's clear position, it would appear that any council not recognising vested rural firefighting equipment is non-compliant with the relevant Australian Accounting Standards.

Forty-three of 146 completed audits of councils received qualified audit opinions on their 2022 financial statements. Twenty six of 108 completed audits of councils received qualified audit opinions on their 2022–2023 financial statements and six councils had their qualifications for not recording vested rural firefighting equipment removed in 2022–2023, at the date of this report. The list of councils that received qualified audit opinions will be published in our '[Local Government 2023 Report](#)'.

This situation is unlikely to be resolved in the absence of regulatory intervention.

The Audit Office has made recommendations in our '[Regulation and Monitoring of Local Government](#)' performance audit report tabled in NSW Parliament on 25 May 2023. This included that OLG review and update frameworks and procedures for regulatory responses.

This audit assessed whether the OLG is effectively monitoring and regulating the sector under the *Local Government Act 1993*. The audit covered:

- the effectiveness of departmental arrangements for the OLG to undertake its regulatory functions
- whether the OLG has effective mechanisms to monitor and respond to risks and issues relating to council compliance and performance.

Recommendation (repeat issue)

Consistent with the department's role to assess councils' compliance with legislative responsibilities, standards or guidelines, the department should intervene where a council's audit opinion was qualified.

Section two

Appendices

Appendix one – Misstatements in financial statements submitted for audit

| | 2022–23 | | | 2021–22 | | |
|---|-------------|-----------|-------|-------------|-----------|-------|
| | Uncorrected | Corrected | Total | Uncorrected | Corrected | Total |
| Principal department | | | | | | |
| Department of Planning and Environment | -- | 3 | 3 | -- | 2 | 2 |
| Crown lands and local government | | | | | | |
| Cemeteries and Crematoria NSW | 1 | -- | 1 | -- | 1 | 1 |
| Lands Administration Ministerial Corporation | -- | -- | -- | -- | 1 | 1 |
| Northern Metropolitan Cemeteries Land Manager | 3 | 1 | 4 | 3 | 5 | 8 |
| NSW Crown Holiday Parks Land Manager | -- | 1 | 1 | 1 | 2 | 3 |
| Rookwood General Cemeteries Reserve Land Manager | 1 | -- | 1 | -- | -- | -- |
| Rookwood Necropolis Land Manager | -- | 2 | 2 | -- | 1 | 1 |
| Southern Metropolitan Cemeteries Land Manager | 4 | 1 | 5 | 2 | 2 | 4 |
| Wentworth Park Sporting Complex Land Manager^ | ^ | ^ | ^ | 1 | -- | 1 |
| 45 non-exempted Category 2 Statutory Land Managers - based on the department's assessment | # | # | # | # | # | # |
| 119 Common Trusts | # | # | # | # | # | # |

| | 2022–23 | | | 2021–22 | | |
|--|-------------|-----------|-------|-------------|-----------|-------|
| | Uncorrected | Corrected | Total | Uncorrected | Corrected | Total |
| Environment and heritage | | | | | | |
| Biamanga National Park Board of Management [^] | ^ | ^ | ^ | ^ | ^ | ^ |
| Biodiversity Conservation Trust | -- | -- | -- | -- | -- | -- |
| Corporation Sole 'Minister Administering the Heritage Act 1977'* | * | * | * | * | * | * |
| Environment Protection Authority | 2 | 3 | 5 | - | 2 | 2 |
| Environmental Trust | -- | -- | -- | -- | -- | -- |
| Gulaga National Park Board of Management [^] | ^ | ^ | ^ | -- | 2 | 2 |
| Jenolan Caves Reserve Trust | -- | 3 | 3 | -- | 4 | 4 |
| Lord Howe Island Board | -- | 3 | 3 | -- | 3 | 3 |
| Mt Grenfell Historic Site Board of Management [^] | ^ | ^ | ^ | N/A | N/A | N/A |
| Mutawintji Board of Management [^] | ^ | ^ | ^ | -- | 1 | 1 |
| Taronga Conservation Society Australia | -- | 1 | 1 | -- | -- | -- |
| Worimi Conservation Lands Board of Management [^] | ^ | ^ | ^ | -- | -- | -- |
| Homes | | | | | | |
| Aboriginal Housing Office | 1 | -- | 1 | 2 | -- | 2 |
| NSW Land and Housing Corporation | -- | -- | -- | -- | -- | -- |
| Teacher Housing Authority of New South Wales | -- | -- | -- | -- | 4 | 4 |
| Planning | | | | | | |
| Planning Ministerial Corporation | -- | 1 | 1 | -- | -- | -- |
| Property and development | | | | | | |
| Hunter and Central Coast Development Corporation | -- | 2 | 2 | -- | 2 | 2 |
| Independent Planning Commission | -- | -- | -- | -- | 1 | 1 |

| | 2022–23 | | | 2021–22 | | |
|---|-------------|-----------|-----------|-------------|-----------|-----------|
| | Uncorrected | Corrected | Total | Uncorrected | Corrected | Total |
| Landcom | -- | 3 | 3 | -- | -- | -- |
| Property NSW | -- | 4 | 4 | 1 | 1 | 2 |
| Sydney Olympic Park Authority | -- | -- | -- | 1 | 1 | 2 |
| Waste Assets Management Corporation | -- | 1 | 1 | -- | 1 | 1 |
| Special deposit account | | | | | | |
| Crown Reserves Improvement Fund** | ** | ** | ** | -- | 1 | 1 |
| Water | | | | | | |
| Cobar Water Board | -- | -- | -- | -- | -- | -- |
| Dams Safety NSW | -- | -- | -- | -- | 1 | 1 |
| Hunter Water Corporation | -- | -- | -- | -- | -- | -- |
| Natural Resources Access Regulator | -- | -- | -- | -- | 1 | 1 |
| Sydney Water Corporation | 1 | -- | 1 | 2 | 3 | 5 |
| Water Administration Ministerial Corporation | -- | 1 | 1 | -- | -- | -- |
| Water NSW | -- | -- | -- | -- | 4 | 4 |
| WaterNSW Infrastructure Pty Ltd | -- | -- | -- | -- | -- | -- |
| Other portfolio agencies listed in Appendix A of Treasurer's Direction TD21-02 | | | | | | |
| Greater Cities Commission | -- | -- | -- | -- | -- | -- |
| NSW Reconstruction Authority | -- | 6 | 6 | --v | --v | --v |
| Western Parkland City Authority | 2 | -- | 2 | -- | -- | -- |
| Total | 15 | 36 | 51 | 13 | 46 | 59 |

N/A Exempted from financial reporting.

^ Audits for these agencies are ongoing.

* The 2020–21 audit of the Corporation Sole 'Minister Administering the Heritage Act 1977' is ongoing, and the 2021–22 and the 2022–23 audits have not commenced.

** The Crown Reserves Improvement Fund has been reported as an administered item within the Department of Planning and Environment's 2022–23 financial statements and has not prepared financial statements for 2022–23.

To date, none of the 45 non-exempted Category 2 Statutory Land Managers have submitted their 30 June 2022 financial statements for audit. The department has yet to provide their assessment of the reporting requirements for the Category 2 SLMs for 2022–23. The department advised there were 579 Category 2 SLMs as at 30 June 2023. All 119 Common Trusts have never submitted financial statements.

v NSW Reconstruction Authority was a newly created entity from 16 December 2022, and there are no prior year financial statements.

Source: Engagement Closing Reports issued to portfolio agencies.

Appendix two – Early close procedures

| No. | Procedure | Description |
|-----|--|---|
| 1 | Proforma financial statements | Complete proforma financial statements and ensure management has reviewed the statements and the supporting working papers. |
| 2 | Fair value assessment of property, plant and equipment | Perform and document an annual assessment of the fair value of property, plant and equipment, their useful lives and residual values, and the reasons why the carrying value was not materially different to the fair value. This assessment is performed between comprehensive revaluations. |
| 3 | Revaluation of property, plant and equipment | Complete the comprehensive revaluation of property, plant and equipment by early close. |
| 4 | Update employee annual leave provisions | Reconcile and calculate annual leave provisions. The balances calculated for the early close 31 March financial statements must be rolled forward with adjustments for monthly accruals and actual payments as part of the 30 June financial statements. |
| 5 | Inter and intra (cluster) agency transactions and balances | Agree and confirm all inter and intra (cluster) agency balances and transactions with the counterparty agency. |
| 6 | Significant management judgements and assumptions | Document all significant management judgements and assumptions made when estimating transactions and balances. |
| 7 | Reconciliation of key account balances | Reconcile all key account balances (including annual leave provisions) and clear reconciling items. |
| 8 | Reconcile March 2023 month-end Prime submission to the proforma financial statements | Reconcile the March 2023 month-end Prime submission to the proforma financial statements and provide explanations for variances above \$5 million. |
| 9 | Changes in accounting policy | Review and agree changes in accounting policy with the principal cluster agency. |
| 10 | Finalise right-of-use assets and lease liability balances | Ensure that all lease arrangements are accurate and complete. |
| 11 | Finalise assessment of all revenue contracts | Ensure revenue is accurate and complete and has been correctly accounted for under AASB 15 'Revenue from Contracts with Customers' or AASB 1058 'Income of Not-for-Profit Entities'. |
| 12 | Correction of material prior period errors | Confirm there are no changes to the 2021–22 closing balances. Proposed changes are accompanied by journals, explanations and proposed disclosures. |
| 13 | Monthly management reports | Perform variance analysis with meaningful explanations for actuals versus budget, and year-to-date actuals for the previous year. |
| 14 | Accounting treatment for restructures and discontinued/abolished agencies | Identify and document the accounting treatment for changes to agency structures resulting from legislative or other changes. |
| 15 | Delegations | Ensure all material transactions are supported by appropriate delegations. |

| No. | Procedure | Description |
|-----|---|--|
| 16 | Prior year Management Letter and Engagement Closing Report issues | Agreed action plans are in place to address prior year Management Letter and Engagement Closing Report issues. Explanations are provided for any unresolved issues. |
| 17 | Complete Commonwealth Funding Agreement – Revenue Assessment Form for Commonwealth Funding Agreements | Complete and return the ‘Commonwealth Funding Agreement – Revenue Assessment Form for Commonwealth Funding Agreements’ for all new and amended Commonwealth Funding Agreements entered or amended during the 2022–23 financial year. |

Appendix three – Timeliness of financial reporting

| Portfolio agencies | 2022–23 Financial statements submission | Date audit report was issued |
|---|---|------------------------------|
| Principal department | | |
| Department of Planning and Environment | ✓ | 12 October 2023 |
| Crown lands and local government | | |
| Catholic Metropolitan Cemeteries Trust** | ! | ** |
| Cemeteries and Crematoria NSW | ✓ | 12 October 2023 |
| Lands Administration Ministerial Corporation | ✓ | 12 October 2023 |
| Northern Metropolitan Cemeteries Land Manager | ✓ | 4 October 2023 |
| NSW Crown Holiday Parks Land Manager | ✓ | 12 October 2023 |
| Rookwood General Cemeteries Reserve Land Manager | ✓ | 4 October 2023 |
| Rookwood Necropolis Land Manager | – | 6 December 2023 |
| Southern Metropolitan Cemeteries Land Manager | ✓ | 4 October 2023 |
| Wentworth Park Sporting Complex Land Manager (Category 2 Statutory Land Manager) | ✓ | ^ |
| 45 non-exempted Category 2 Statutory Land Managers - based on the department's assessment | ! | # |
| 119 Common Trusts | ! | # |
| Environment and heritage | | |
| Biamanga National Park Board of Management | – | ^^ |
| Biodiversity Conservation Trust | – | 8 November 2023 |
| Corporation Sole 'Minister Administering the Heritage Act 1977' * | ! | ^ |
| Environment Protection Authority | ✓ | 31 October 2023 |
| Environmental Trust | ✓ | 5 October 2023 |
| Gulaga National Park Board of Management | – | ^^ |
| Jenolan Caves Reserve Trust | ✓ | 3 November 2023 |
| Lord Howe Island Board | ✓ | 30 October 2023 |
| Mutawintji Board of Management | – | ^ |
| Mt Grenfell Historic Site Board of Management | – | ^ |
| Taronga Conservation Society Australia | ✓ | 27 September 2023 |
| Worimi Conservation Lands Board of Management | – | ^ |

| Portfolio agencies | 2022–23 Financial statements submission | Date audit report was issued |
|---|---|------------------------------|
| Homes | | |
| Aboriginal Housing Office | ✓ | 6 October 2023 |
| NSW Land and Housing Corporation | ✓ | 26 October 2023 |
| Teacher Housing Authority of New South Wales | ✓ | 11 October 2023 |
| Planning | | |
| Planning Ministerial Corporation | ✓ | 12 October 2023 |
| Property and development | | |
| Hunter and Central Coast Development Corporation | ✓ | 12 October 2023 |
| Independent Planning Commission | ✓ | 16 October 2023 |
| Landcom | ✓ | 6 September 2023 |
| Property NSW | ✓ | 13 October 2023 |
| Sydney Olympic Park Authority | ✓ | 12 October 2023 |
| Waste Assets Management Corporation | ✓ | 6 October 2023 |
| Water | | |
| Cobar Water Board | ✓ | 26 October 2023 |
| Dams Safety NSW | ✓ | 3 October 2023 |
| Hunter Water Corporation | ✓ | 4 September 2023 |
| Natural Resources Access Regulator | ✓ | 3 October 2023 |
| Sydney Water Corporation | ✓ | 30 August 2023 |
| Water Administration Ministerial Corporation | ✓ | 12 October 2023 |
| Water NSW | ✓ | 14 September 2023 |
| WaterNSW Infrastructure Pty Ltd | ✓ | 12 September 2023 |
| Other portfolio agencies listed in Appendix A of Treasurer's Direction TD21-02 | | |
| Greater Cities Commission | ✓ | 23 October 2023 |
| NSW Reconstruction Authority | ✓ | 29 November 2023 |
| Western Parkland City Authority | ✓ | 11 October 2023 |



Treasury's reporting deadline was met.



Treasury's approved extension timeframe was met.



Treasury's reporting deadline was not met.

[^] Audits for these agencies are ongoing.

^{^^} The 2021–22 and 2022–23 audit for these agencies are ongoing.

^{*} The 2020–21 audit of the Corporation Sole 'Minister Administering the Heritage Act 1977' is ongoing, and the 2021–22 and 2022–23 audit have not commenced.

^{**} The Catholic Metropolitan Cemeteries Trust (CMCT) continues to maintain they are not controlled by the State. Consequently, their financial statements have not been provided to the Audit Office of NSW for audit.

[#] To date, none of the 45 non-exempted Category 2 Statutory Land Managers have submitted their 30 June 2023 financial statements for audit. All 119 Common Trusts have never submitted financial statements for audit.

Appendix four – Financial data

| | Total assets | | Total liabilities | | Total revenue* | | Total expense** | |
|--|--------------|-------------|-------------------|-------------|----------------|-------------|-----------------|-------------|
| | 2023 \$m | 2022 \$m | 2023 \$m | 2022 \$m | 2023 \$m | 2022 \$m | 2023 \$m | 2022 \$m |
| Principal department | | | | | | | | |
| Department of Planning and Environment*** | 20,982 | 15,709 | 790 | 825 | 6,413 | 5,079 | 6,084 | 5,008 |
| Crown lands and local government | | | | | | | | |
| Cemeteries and Crematoria NSW | 2 | 2 | -- | -- | 3 | 3 | 3 | 3 |
| Lands Administration Ministerial Corporation | 272 | 234 | 3 | 3 | 12 | 14 | 6 | 54 |
| Northern Metropolitan Cemeteries Land Manager | 246 | 226 | 55 | 51 | 39 | 14 | 25 | 21 |
| NSW Crown Holiday Parks Land Manager | 435 | 397 | 38 | 32 | 74 | 64 | 73 | 62 |
| Rookwood General Cemeteries Reserve Land Manager | 259 | 235 | 6 | 6 | 49 | 12 | 24 | 20 |
| Rookwood Necropolis Land Manager | 28 | 28 | -- | -- | 3 | 3 | 1 | 1 |
| Southern Metropolitan Cemeteries Land Manager | 219 | 205 | 9 | 10 | 35 | 19 | 25 | 25 |
| Wentworth Park Sporting Complex Land Manager^ | ^ | 68 | ^ | 7 | ^ | 1 | ^ | 4 |
| Environment and heritage | | | | | | | | |
| Biamanga National Park Board of Management^ | ^ | 3 | ^ | -- | ^ | 1 | ^ | -- |
| Biodiversity Conservation Trust | 504 | 366 | 166 | 103 | 127 | 129 | 52 | 63 |
| Corporation Sole 'Minister Administering the Heritage Act 1977'^ | # | # | # | # | # | # | # | # |
| Environment Protection Authority*** | 86 | 89 | 58 | 53 | 250 | 280 | 261 | 282 |
| Environmental Trust | 7 | 10 | 2 | 3 | 65 | 50 | 67 | 49 |
| Gulaga National Park Board of Management^ | ^ | 1 | ^ | -- | ^ | -- | ^ | -- |

| | Total assets | | Total liabilities | | Total revenue* | | Total expense** | |
|--|--------------|-------------|-------------------|-------------|----------------|-------------|-----------------|-------------|
| | 2023 \$m | 2022 \$m | 2023 \$m | 2022 \$m | 2023 \$m | 2022 \$m | 2023 \$m | 2022 \$m |
| Jenolan Caves Reserve Trust | 59 | 53 | 4 | 3 | 14 | 18 | 13 | 11 |
| Lord Howe Island Board | 125 | 116 | 15 | 14 | 19 | 14 | 17 | 15 |
| Mt Grenfell Site Historic Board of Management | ^ | N/A | ^ | N/A | ^ | N/A | ^ | N/A |
| Mutawintji Board of Management^ | ^ | 3 | ^ | -- | ^ | 1 | ^ | -- |
| Taronga Conservation Society Australia | 971 | 862 | 118 | 120 | 225 | 179 | 148 | 120 |
| Worimi Conservation Lands Board of Management^ | ^ | 13 | ^ | -- | ^ | 3 | ^ | 1 |
| Homes | | | | | | | | |
| Aboriginal Housing Office | 3,314 | 2,856 | 40 | 27 | 184 | 268 | 163 | 165 |
| NSW Land and Housing Corporation | 65,045 | 63,132 | 807 | 748 | 1,444 | 1,238 | 1,567 | 1,479 |
| Teacher Housing Authority of New South Wales | 373 | 228 | 11 | 7 | 146 | 26 | 28 | 26 |
| Planning | | | | | | | | |
| Planning Ministerial Corporation | 2,103 | 2,017 | 267 | 241 | 77 | 62 | 47 | 36 |
| Property and development | | | | | | | | |
| Hunter and Central Coast Development Corporation | 209 | 218 | 34 | 37 | 21 | 26 | 31 | 29 |
| Independent Planning Commission*** | 3 | 3 | 1 | 1 | 7 | 7 | 7 | 6 |
| Landcom | 892 | 876 | 221 | 225 | 286 | 164 | 226 | 143 |
| Property NSW | 4,795 | 5,809 | 4,214 | 5,013 | 781 | 429 | 898 | 960 |
| Sydney Olympic Park Authority | 3,408 | 3,292 | 38 | 27 | 112 | 137 | 201 | 174 |
| Waste Assets Management Corporation | 87 | 81 | 54 | 55 | 30 | 13 | 23 | 3 |

| | Total assets | | Total liabilities | | Total revenue* | | Total expense** | |
|--|--------------|-------------|-------------------|-------------|----------------|-------------|-----------------|-------------|
| | 2023 \$m | 2022 \$m | 2023 \$m | 2022 \$m | 2023 \$m | 2022 \$m | 2023 \$m | 2022 \$m |
| Unknown Cluster Group | | | | | | | | |
| Greater Cities Commission | 7 | 3 | 4 | 5 | 51 | 28 | 46 | 27 |
| Western Parkland City Authority | 457 | 355 | 16 | 15 | 158 | 360 | 58 | 62 |
| NSW Reconstruction Authority | 1,922 | na | 1,707 | na | 1,406 | na | 1,844 | na |
| Water | | | | | | | | |
| Cobar Water Board | 86 | 81 | 2 | -- | 4 | 7 | 5 | 7 |
| Dams Safety NSW | 1 | 1 | 1 | -- | 4 | 4 | 4 | 4 |
| Hunter Water Corporation | 3,747 | 3,385 | 2,235 | 2,045 | 392 | 370 | 351 | 329 |
| Natural Resources Access Regulator | 5 | 7 | 5 | 4 | 30 | 28 | 32 | 27 |
| Sydney Water Corporation | 25,716 | 23,871 | 17,200 | 15,852 | 2,946 | 2,764 | 2,632 | 2,439 |
| Water NSW*** | 3,744 | 3,493 | 2,677 | 2,558 | 440 | 433 | 438 | 434 |
| WaterNSW Infrastructure Pty Ltd | 450 | 423 | 329 | 318 | 24 | 26 | 21 | 22 |
| Water Administration Ministerial Corporation | 880 | 832 | -- | -- | 75 | 64 | 72 | 65 |

* Includes other gains.

** Includes other losses and taxes, if applicable.

*** Figures disclosed are for the consolidated entity.

The 2020–21 audit of the Corporation Sole 'Minister Administering the Heritage Act 1977' is ongoing, and the 2021–22 and 2022–23 audits have not commenced.

^ Audits for these agencies are ongoing.

N/A Exempted from financial reporting.

na NSW Reconstruction Authority was a newly created entity from 16 December 2022, and there are no prior year financial statements.

Source: Agencies' audited 2022–23 financial statements.

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