



FINANCIAL AUDIT

16 DECEMBER 2021

# Stronger Communities 2021

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 add credibility to financial statements, 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 examine whether an entity is carrying out its activities effectively and doing so economically and 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.

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 '**Stronger Communities 2021**'.

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

**Margaret Crawford**

Auditor-General for New South Wales  
16 December 2021

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# contents

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## Stronger Communities 2021

Auditor-General's foreword	1
<b>Section one – Stronger Communities</b>	
Report highlights	5
Introduction	6
Financial reporting	8
Audit observations	30
<b>Section two – Appendices</b>	
Appendix one – Misstatements in financial statements submitted for audit	39
Appendix two – Early close procedures	41
Appendix three – Timeliness of financial reporting	43
Appendix four – Financial data	45

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# Auditor-General's foreword

This report analyses the results of our audits of the Stronger Communities cluster agencies for the year ended 30 June 2021.

Our preferred approach is to table the 'Report on State Finances' in Parliament before any other cluster report. This is because the 'Report on State Finances' focuses on the audit results and observations relating to the Total State Sector Accounts, in effect a consolidation of all government agencies. This year the 'Report on State Finances' has been delayed due to significant accounting issues being considered in the Total State Sector Accounts and which may impact the Treasury and Transport clusters.

As there are no outstanding matters relating to audits in the Stronger Communities cluster impacting the Total State Sector Accounts we have decided to break with normal practice and table this cluster report ahead of the 'Report on State Finances'.

# **Section one**

## **Stronger Communities**

This report analyses the results of our audits of the Stronger Communities agencies for the year ended 30 June 2021.

# Report highlights

## What the report is about

The results of the Stronger Communities cluster agencies' financial statement audits for the year ended 30 June 2021.

## What we found

Unqualified audit opinions were issued for all 30 June 2021 financial statements of cluster agencies.

Eleven of the 15 cluster agencies required to submit 2020–21 early close financial statements and other mandatory procedures did not meet the statutory deadline. Five agencies did not perform all mandatory procedures.

The implementation of AASB 1059 'Service Concession Arrangements: Grantors' had a significant impact on the Department of Communities and Justice's (the Department) 2020–21 financial statements. The Department applied a modified retrospective approach upon initial adoption at 1 July 2020 and recognised service concession assets and liabilities of \$1.0 billion and \$1.2 billion respectively (relating

to three correctional centres with private sector operators).

The Department was, this year for the first time, able to reliably measure Incurred But Not Reported (IBNR) claims relating to its Victims Support Scheme. The Department recorded a liability of \$200 million at 30 June 2021. Liabilities for Child Sexual Assault IBNR claim continue to be not recorded on the basis they are unable to be reliably measured.

The number of monetary misstatements identified during the audit of the financial statements for the cluster increased from 61 in 2019–20 to 72 in 2020–21.

## What the key issues were

The number of issues reported to management decreased from 191 in 2019–20 to 172 in 2020–21. However, 45 per cent were repeat issues related to information technology, governance and oversight controls.

Seven high risk issues were identified in 2020–21, an increase of five compared to last

year. High risk issues related to deficiencies in IT access controls at Sydney Cricket and Sports Ground Trust; a lack of a formal agreement between the Office of Sport and Planning Ministerial Corporation over the management of a sporting venue; asset revaluations at both Fire and Rescue NSW and the Trustees of the Anzac Memorial Building; and three issues related to revenue recognition control deficiencies at New South Wales Aboriginal Land Council and two of its subsidiaries.

## What we recommended

Cluster agencies should ensure all applicable mandatory early close procedures are completed and the outcomes provided to the audit team in accordance with the deadlines set by NSW Treasury.

We recommend cluster agencies action recommendations to address internal control weaknesses promptly. Focus should be given to addressing high risk and repeat issues.

## Fast facts

The Stronger Communities cluster, consisting 28 agencies, aims to deliver community services that support a safe and just New South Wales.

\$14.0b

property, plant and equipment as at 30 June 2021

100%

unqualified audit opinions were issued for all 30 June 2021 financial statements

72

monetary misstatements were reported in 2020–21

\$20.9b

total expenditure incurred in 2020–21

7

high risk management letter findings were identified

45%

of reported issues were repeat issues

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# 1. Introduction

This report provides parliament and other users of the Stronger Communities cluster's financial statements with the results of our audits, our observations, analysis, conclusions and recommendations in the following areas:

- financial reporting
- audit observations.

## 1.1 Snapshot of the cluster

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### Stronger Communities Cluster

Aims to deliver community services that support a safe and just New South Wales.

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#### State Outcomes



##### Active and inclusive communities

Delivering programs and support services that aim to improve wellbeing, increase physical activity and community participation, and promote community harmony and social cohesion, particularly for participants in the National Disability Insurance Scheme (NDIS).



##### Children and families thrive

Ensuring the safety and wellbeing of vulnerable children, young people and families, and protecting them from the risk of harm, abuse and neglect.



##### Efficient and effective legal system

Resolving matters through legal services, the administration of courts and tribunals, and client-facing justice services to victims and vulnerable people.



##### People have a safe and affordable place to live

Assisting people who are unable to access or maintain appropriate housing, including homelessness services.



##### Prepared for disasters and emergencies

Delivering emergency management to enhance response and recovery efforts and build community resilience.



##### Reduce reoffending

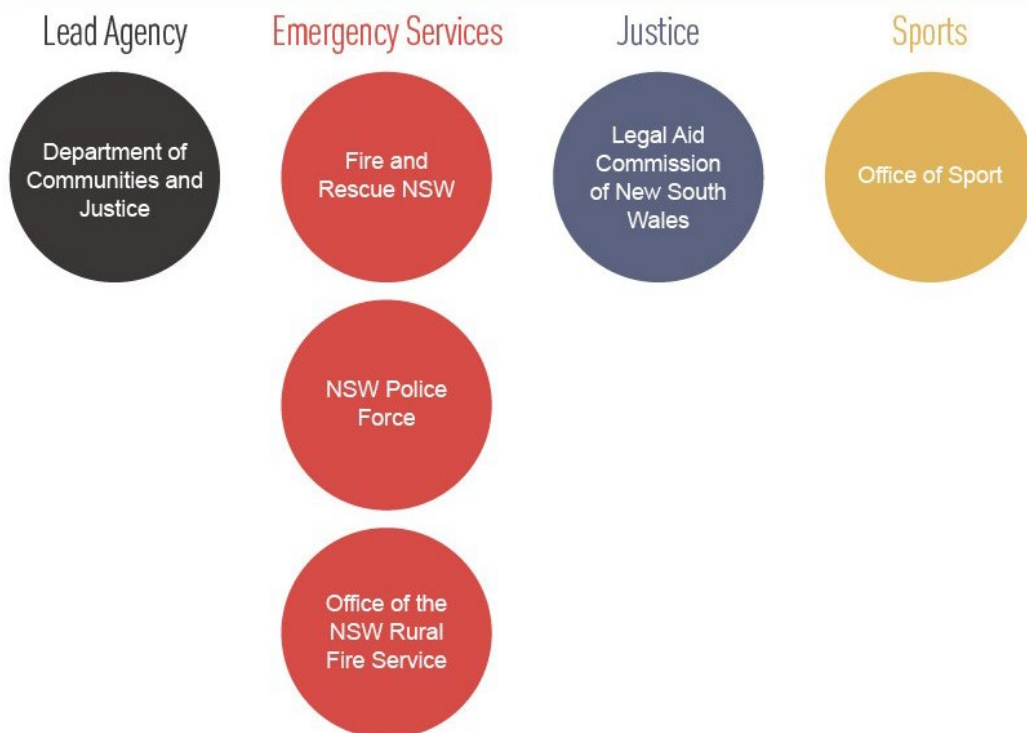
Operating the State's corrections system, including support for, and management of, adult and youth offenders in correctional centres and the community.



##### Safer communities

Preventing, detecting and investigating crime, maintaining social order and community safety, promoting road safety, and supporting emergency management.

## Key Agencies



Source: NSW Budget Papers 2021–22.

## 1.2 Changes to the cluster

Parliament assented the *Sporting Venues Authorities Amendment (Venues NSW) Act 2020* (the SVAA Act) on 27 October 2020. The SVAA Act repealed the *Sydney Cricket and Sports Ground Act 1978* to dissolve the Sydney Cricket and Sports Ground Trust (the Trust) and transferred its net assets of \$484 million to Venues NSW on 1 December 2020.

The employees of the Trust were also transferred to Venues NSW Staff Agency established under the *Administrative Arrangements (Administrative Changes - Venues NSW Staff Agency) Order 2020*.

The Audit Office issued an unqualified audit opinion on the Trust's financial statements for the period ended 1 March to 30 November 2020 on 22 March 2021.

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## 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 Stronger Communities cluster (the cluster) for 2021.

### Section highlights

- Unqualified audit opinions were issued for all 30 June 2021 financial statements of cluster agencies including the acquittal and compliance audits for the Legal Aid Commission of New South Wales and Crown Solicitor's Office.
- An 'Other Matter' paragraph was included within the Multicultural NSW and Office of the Ageing and Disability Commissioner's Independent Auditor's Report. While the paragraph did not modify the audit opinion, it noted the agencies did not have a signed instrument of delegation from their responsible Minister(s) to incur expenditure for the 2020–21 financial year and therefore were non-compliant with section 5.5 of the *Government Sector Finance Act 2018*.
- 11 of the 15 cluster agencies required to submit 2020–21 early close financial statements and all other mandatory procedures did not meet the statutory deadlines. The agencies cited changes in key staff, delays in finalising actuarial and valuation work and the timing of Audit and Risk Committee meetings as the main reasons for not meeting the deadlines. Five agencies did not complete all mandatory procedures.
- The Department of Communities and Justice (the Department) was, for the first time, able to reliably measure and record a liability of \$200 million at 30 June 2021 for Incurred But Not Reported (IBNR) claims relating to its Victims Support Scheme. Child Sexual Assault IBNR claim liabilities continue to be not recorded on the basis they are still unable to be reliably measured.
- The International Financial Reporting Standards Interpretations Committee released an agenda decision on 'Configuration or customisation costs in a cloud computing arrangement' (the IFRIC agenda decision). The Department treated the financial impacts of the IFRIC agenda decision as a change in accounting policy and retrospectively recorded prepaid assets and expenses of \$52.3 million and \$90.5 million respectively relating to intangible assets they had previously capitalised.
- The implementation of AASB 1059 'Service Concession Arrangements: Grantors' had a significant impact on the Department's 2020–21 financial statements. The Department applied a modified retrospective approach upon initial adoption at 1 July 2020 and recognised service concession assets and liabilities of \$1.0 billion and \$1.2 billion respectively in relation to three correctional centres with private sector operators.

## 2.1 Cluster financial information 2021

Agency	Total assets \$m 	Total liabilities \$m 	Total income* \$m 	Total expenses** \$m 
<b>Principal department</b>				
Department of Communities and Justice	10,134	3,119	13,592	13,646
<b>Other cluster agencies listed in Appendix A of Treasury Direction TD21-02</b>				
Crown Solicitor's Office	110	63	71	71
Fire and Rescue NSW	1,350	531	854	863
Home Purchase Assistance Fund	165	0.3	0.3	8
Judicial Commission of New South Wales	5	5	7	7
Legal Aid Commission of New South Wales	137	116	393	405
Multicultural NSW	6	6	37	38
New South Wales Crime Commission	10	10	26	26
NSW Police Force	2,967	1,754	4,031	4,218
NSW Trustee and Guardian	201	45	97	90
Office of Sport	312	31	381	363
Office of the Children's Guardian	14	8	47	51
Office of the Director of Public Prosecutions	49	59	167	169
Office of the NSW Rural Fire Service	590	141	651	472
Office of the NSW State Emergency Service	206	59	157	144
Venues NSW	1,554	572	132	197

\* Include other gains.

\*\* Include other losses.

Source: Agencies audited 2020–21 financial statements.

## 2.2 Quality of financial reporting

### Audit opinions

#### Unqualified audit opinions were issued on all 30 June 2021 financial statements

Unqualified audit opinions were issued on all cluster agencies' 30 June 2021 financial statements. Sufficient and appropriate audit evidence was obtained to conclude the financial statements were free of material misstatement.

## 'Other Matter' paragraphs were included in the Independent Auditor's Report of two agencies

'Other Matter' paragraphs are included in an Independent Auditor's Report. These matters do not qualify the Independent Auditor's Report, but they do highlight matters that are, in our judgement, relevant to users' understanding of the audit.

The Independent Auditor's Report of the following agencies included an 'Other Matter' paragraph:

- Multicultural NSW
- Office of the Ageing and Disability Commissioner.

Both agencies did not have a signed instrument of delegation from their responsible Minister(s) to incur expenditure for the 2020–21 financial year and therefore were non-compliant with section 5.5 of the *Government Sector Finance Act 2018*.

## Unqualified audit or assurance reports were issued on acquittal and compliance audits

The following acquittal and compliance audits were completed during 2020–21 and unqualified audit or assurance reports were issued:

- Legal Aid Commission of New South Wales (the Commission) - conducted over the Commission's Financial Acquittal Report for the year ended 30 June 2021:
  - relating to Australian Government Grant Funding for legal advice supporting the Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability program
  - to determine whether amounts reported as expended were in accordance with the Standard Grant Agreement between the Commission and the Australian Government (represented by the Attorney-General's Department)
- Crown Solicitor's Office (CSO) - conducted to determine if CSO's Trust Account complies with clause 14 of the *Legal Profession Uniform Law Application Regulation 2015* for the year ended 31 March 2021.

## The number of identified monetary misstatements increased in 2020–21

The number of monetary misstatements identified during the audit of the financial statements for the cluster increased from 61 in 2019–20 to 72 in 2020–21. A monetary misstatement is an error in amount recognised in the financial statements initially submitted for audit.

Reported corrected misstatements remained the same at 50 with a gross value of \$117 million in 2020–21. Reported uncorrected misstatements increased from 11 in 2019–20 to 22 with a gross value of \$115 million in 2020–21. \$94.4 million of this related to services received under the Defence Assistance to Civil Communities (DACC) Agreement by the NSW Police Force.

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

Year ended 30 June	2021		2020	
	✓	!	✓	!
Less than \$50,000	12	5	15	1
\$50,000 to \$249,999	12	7	11	4
\$250,000 to \$999,999	14	5	6	2
\$1 million to \$4,999,999	8	3	13	2
\$5 million and greater	4	2	5	2
<b>Total number of misstatements</b>	<b>50</b>	<b>22</b>	<b>50</b>	<b>11</b>
<b>Key</b>	✓	!		
	<b>Corrected misstatements</b>	<b>Uncorrected misstatements</b>		

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.

Four corrected misstatements had a gross value of greater than \$5.0 million and related to:

- a retrospective adjustment identified by management to assets and expenses within the Department of Communities and Justice's (the Department) financial statements totalling \$48.1 million and \$90.5 million respectively, relating to previously capitalised cloud computing costs. The accounting treatment of these costs was the subject of a decision by the International Financial Reporting Standards Interpretations Committee. Refer to section 2.4 for further details
- an understatement of \$21.9 million identified by management in the Department's right-of-use assets and lease liabilities at 30 June 2020 due to the exclusion of 15 leases with start dates prior to 1 July 2020
- an understatement of accrued salaries, wages and on-costs and an overstatement of accruals totalling \$13.5 million because Fire and Rescue NSW (FRNSW) misclassified salaries and wages accruals. This did not affect FRNSW's net result for the year ended 30 June 2021
- a net understatement of fire appliances totalling \$5.3 million due to errors identified in FRNSW's comprehensive revaluation. This was predominantly due to incorrect useful lives applied to fire appliance components totalling \$9.9 million, which was offset by incorrect gross fair values applied by the valuer of \$4.6 million.

Two uncorrected misstatements had a gross value of greater than \$5.0 million and related to an:

- understatement of revenue and expenses totalling \$94.4 million by the NSW Police Force, which did not account for the fair value of services the Commonwealth Department of Defence provided free of charge under a Defence Assistance to Civil Communities (DACC) Agreement. Refer to section 2.4 for further details
- overstatement of \$6.0 million in the Department's make good asset due to the treatment of a reduction in make good provision as an expense.

### New financial reporting provisions became effective from 1 July 2021

The financial reporting provisions in Division 7.2 of the *Government Sector Finance Act 2018* (GSF Act) commenced on 1 July 2021. Agencies prepared their annual GSF financial statements for the 2020–21 financial year under Division 7.2 of the GSF Act.

### Five agencies were exempted from financial reporting in 2020–21

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 2020–21, the following cluster 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
Special purpose staff agencies		
Legal Aid Commission of New South Wales (Staff Agency)	Part 3A, Division 2, Section 9F of the GSF Regulation	GSF Regulation prescribes that 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 five staff agencies satisfy this requirement and therefore are exempted from preparing financial statements in 2020–21.
New South Wales Crime Commission (Staff Agency)		
Multicultural NSW (Staff Agency)		
New South Wales Institute of Sport (Staff Agency)		
Venues NSW (Staff Agency)		

In 2019–20, the reporting exemption under Schedule 2 of the Public Finance and Audit Regulation 2015 applied to all the above agencies except Venues NSW (Staff Agency), which was only established on 1 December 2020.

### **Two agencies reported retrospective corrections of prior period errors**

Two agencies reported corrections of material prior period errors. These errors were corrected retrospectively by restating the comparative balances in the 30 June 2021 financial statements.

Previously the Office of the Director of Public Prosecutions (ODPP) recognised an obligation in its financial statements for appropriated monies drawn down, but not used by the end of the financial year. In 2020–21, NSW Treasury reviewed the accounting for lapsed appropriations, concluding the previous treatment had misapplied the legal concept of lapsed appropriations and therefore a liability should not have been recognised. This resulted in a restatement of the 2019–20 comparative figures in ODPP's financial statements, being a reduction in other current liabilities and a corresponding increase of appropriation revenue by \$4.4 million.

In 2018–19, The Trustees of the Anzac Memorial Building (TAMB) completed the construction of Stage 2 of the Memorial Building. Costs incurred during the construction were capitalised as plant and equipment for the year ended 30 June 2020. During management's physical inspection in 2020–21, TAMB was unable to relate some of the costs to identifiable assets. This led to the restatement of the balance of plant and equipment at 30 June 2020 from \$2.3 million to \$1.5 million. Refer to chapter three for further details.

## **2.3 Timeliness of financial reporting**

### **Early close procedures**

#### **Most agencies did not submit one or more mandatory procedures on time**




NSW Treasury prescribes certain mandatory early close procedures to improve the quality and timeliness of agency year-end financial statements. In March 2021, NSW Treasury reissued Treasurer's Direction TD19-02 'Mandatory Early Close as at 31 March each year' (TD19-02) and released TPP21-01 'Agency Direction for the 2020–21 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 26 April 2021.

Only four of the 15 required agencies met the statutory deadlines for submitting their 2020–21 early close financial statements and all other mandatory procedures. The following agencies delayed their submission of one or more of the 16 mandatory procedures:

- Department of Communities and Justice
- Fire and Rescue NSW
- Judicial Commission of New South Wales
- Legal Aid Commission of New South Wales
- Multicultural NSW
- NSW Police Force
- Office of Sport
- Office of the Children's Guardian
- Office of the NSW Rural Fire Service
- Office of the NSW State Emergency Service
- Venues NSW.

The delays were mainly due to changes in key staff, delays experienced by the agencies' actuary or valuation specialist and the timing of Audit and Risk Committee meetings.

The table below summarises the agencies' completion of the 16 mandatory early close procedures, noting some procedures are not relevant to all agencies. The 16 procedures are listed at Appendix two.

Agency	Completed 	Not completed 	Not applicable *** 
<b>Principal department</b>			
Department of Communities and Justice	15	--	1
<b>Other cluster agencies listed in Appendix A of Treasury Direction TD19-02</b>			
Crown Solicitor's Office	10	--	6
Fire and Rescue NSW	12	1	3
Home Purchase Assistance Fund *	--	--	--
Judicial Commission of New South Wales	12	--	4
Legal Aid Commission of New South Wales	13	--	3
Multicultural NSW	11	1	4
New South Wales Crime Commission	13	--	3
NSW Police Force	13	--	3
NSW Trustee and Guardian	14	--	2
Office of Sport	9	3	4
Office of the Children's Guardian	11	--	5
Office of the Director of Public Prosecutions	12	--	4
Office of the NSW Rural Fire Service	11	--	5
Office of the NSW State Emergency Service	11	1	4
Sydney Cricket and Sports Ground Trust **	--	--	--
Venues NSW	12	1	3

\* Agency was not required to perform early close procedures for the 30 June 2021 financial year.

\*\* Agency was dissolved on 1 December 2020 and therefore exempt from early close procedures.

\*\*\* Certain mandatory early close procedures are not applicable to agencies. For instance, if an agency did not have changes in accounting policy or a correction of material prior period error, those procedures would be considered as not applicable to the agency.

Source: Reports on early close procedures 2021 issued by the Audit Office of New South Wales.

## Agencies need to improve their completion of early close procedures

While ten of the 15 cluster agencies completed all applicable mandatory early close procedures, the following agencies did not perform all required procedures.

Cluster agencies	Description of incomplete early close procedures
Fire and Rescue NSW (FRNSW)	<b>Revaluation of property, plant and equipment</b> Management engaged a valuer to comprehensively revalue FRNSW's fire appliances at 31 December 2020. Management required additional time to analyse the valuer's report as the valuation movement did not align with their expectations.
Multicultural NSW (MNSW)	<b>Delegations</b> MNSW did not have a signed instrument of delegation from their responsible Ministers to incur expenditure for the 2020–21 financial year.
Office of Sport	<b>Inter and intra (cluster) agency transactions and balances</b> Management did not confirm all inter agency balances until 30 June 2021.  <b>Finalise right-of-use assets and lease liability balances</b> Management's review of leases did not include one agreement containing leases of land.  <b>Monthly management reports</b> Management did not prepare a variance analysis for actuals versus year-to-date actuals for the previous year.
Office of the NSW State Emergency Service	<b>Reconciliation of key account balances</b> Management's reconciliation for three key account balances were not prepared and/or independently reviewed.
Venues NSW	<b>Inter and intra (cluster) agency transactions and balances</b> Management did not confirm all inter agency balances until 30 June 2021.

Source: Reports on early close procedures 2021 issued by the Audit Office of New South Wales.

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

- finalise the right-of-use assets and lease liabilities or perform an impairment assessment of right-of-use assets
- complete the revaluation or fair value assessment of property, plant and equipment
- confirm all inter and intra (cluster) agency balances and transactions
- incorporate the impact of TC 21-03 'Accounting for Long Service Leave and Annual Leave' into the provision for employee liabilities
- appropriately prepare and review reconciliations for key account balances.

## Recommendation

**Cluster agencies should ensure all applicable mandatory early close procedures are completed and the outcomes provided to the audit team in accordance with the deadlines set by NSW Treasury.**

## Year-end financial reporting

### NSW Treasury extended financial reporting deadlines

Due to the COVID-19 pandemic, NSW Treasury extended the year-end financial reporting deadline for agencies listed in Appendix A of Treasury Direction TD21-02 'Mandatory Annual Returns to Treasury' (TD21-02) to 2 August 2021.

During May and June 2021, NSW Treasury issued a suite of Treasurer's Directions, Treasury Circular and policy papers for 2020–21 financial reporting requirements and timetables:

- Treasurer's Direction TD21-02 and Treasury Policy Paper TPP21-04 'Agency Direction for the 2020–21 Mandatory Annual Returns to Treasury' require agencies listed in the Appendix A of TD21-02 to submit their 2020–21 financial statements to both NSW Treasury and the Audit Office by 26 July 2021.
- Treasury Circular TC21-04 '2020–21 Mandatory Annual Returns to Treasury for non-GSF agencies' requires NSW public sector agencies not listed in Appendix A of TD21-02 to submit their draft 2020–21 financial statements to NSW Treasury by 26 July 2021.
- 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 within six weeks after the year end.

The following agencies obtained NSW Treasury's approval to delay submission of their 30 June 2021 financial statements:

Cluster agencies	Revised deadline	Reason
Department of Communities and Justice	9 August 2021*	To assess the impact of the International Financial Reporting Standards Interpretations Committee's agenda decision (IFRIC agenda decision) on 'Configuration or customisation costs in a cloud computing arrangement'.

\* The revised deadline related to areas impacted by the IFRIC agenda decision (balances, accounting policy note and note disclosures relating to intangible assets). The deadline for the remainder of the Department's financial statements remained 26 July 2021.

### Financial statements were submitted on time

All agencies met the revised or approved reporting deadlines for submitting their 2020–21 financial statements.

The Department of Communities and Justice provided draft financial statements on 26 July 2021 and obtained approval from NSW Treasury to provide revised accounts on 9 August 2021. The extension related to the areas impacted by the IFRIC agenda decision, which included the balances, accounting policy note and note disclosures relating to intangible assets.

On 1 July 2021, the *Public Finance and Audit Act 1983* (PF&A Act) was renamed the *Government Sector Audit Act 1983* (GSA Act). While the PF&A Act required the Auditor-General to audit agencies' financial statements within ten weeks of their receipt, the GSA Act does not specify the statutory deadline for issuing the audit reports.

The table in Appendix three shows the timeliness of the year-end financial reporting for cluster agencies.

## 2.4 Key accounting issues

### Asset accounting

In 2020–21, agencies within the Stronger Communities cluster reported property, plant and equipment of \$14.0 billion (\$12.6 billion in 2019–20). \$8.7 billion (\$8.2 billion in 2019–20) of the total property, plant and equipment within the cluster relates to the Department.

Land and buildings, measured at fair value in accordance with Australian Accounting Standards and NSW Treasury financial reporting requirements, make up over 88 per cent of the cluster's assets.

The Department last performed comprehensive revaluations of their land and buildings in 2017–18. Comprehensive revaluations are performed by the Department every three years, with an assessment of key inputs performed at the end of each intervening year to ensure the carrying values continue to reflect the fair value of the assets.

#### **The Department comprehensively revalued most of its land and building assets this year**

In 2020–21, the Department received approval from NSW Treasury to depart from the requirements of TPP 14-01 'Accounting Policy: Valuation of Physical Non-Current Assets at Fair Value'. The extension was granted because of COVID-19 restrictions at its more sensitive facilities preventing valuers from performing physical asset inspections. This resulted in the Department:

- deferring the comprehensive revaluation of its Correctional and Juvenile Justice facilities to 2021–22
- completing the comprehensive revaluation of its group homes at year-end instead of early close.

The buildings revalued by the Department in 2020–21 included court houses, community centres, residential buildings and group homes. The valuers adopted a current replacement cost approach to estimate the fair value of about 85 per cent of these assets because their specialised nature means they are rarely, if ever sold and market prices are not available. The Department revalued its other buildings using a market approach, where market transactions and observable prices were available. The Department recognised a revaluation increment of \$497 million, taking the fair value of its buildings at 30 June 2021 to \$1.9 billion. The increase in the fair value of buildings reflected changes in construction costs and improved information on the quality and type of assets.

A market approach, which considered relevant restrictions, was used to revalue the Department's land in 2020–21, resulting in an increment of 1.1 per cent or \$12.5 million.

#### **The NSW Government has determined that certain rural fire-fighting equipment is not controlled by the State**

The State's view is that they do not control certain rural fire-fighting equipment and therefore they are not recognised in the financial statements of the NSW Rural Fire Service (the Service).

Specific rural fire-fighting equipment is vested in councils under the *Rural Fires Act 1997*. This includes buildings, vehicles and other equipment used in connection with the prevention or suppression of fire. Service agreements between each local council and the NSW Government (through the Service) govern the way the Service can access these assets to support fire mitigation and safety works in a council area.

The following factors suggest that councils control rural fire-fighting equipment:

- councils have responsibilities for fire mitigation and safety works in their area
- assets are statutorily vested in councils giving them legal ownership and title
- a council allows the Service the use and occupancy of these assets within its council area through a service agreement
- councils are responsible for maintenance and insurance of the assets, although insurance of the vested vehicles is managed by the Service.

The [Report on Local Government 2020](#) recommended that the Office of Local Government, within the Department of Planning, Industry and Environment, communicate the State's view that rural fire-fighting equipment is controlled by councils in the local government sector and therefore this equipment should be properly recorded in their financial statements.

## Other key accounting issues

### Estimation of Victims Support Scheme claims liabilities

The Victims Services division within the Department provides support, information, referrals, counselling and financial support to victims of violent crimes and witnesses to violent crimes in NSW. The VS Connect System (the System) is the case management system used by the Department to manage these services. The Department uses information in the System for financial reporting purposes. The Department engages an actuary to use the information in the System to estimate its liability for Victims Support Scheme (VSS) claims.

Last year's Stronger Communities [Auditor-General's Report to Parliament](#) recommended the Department resolve the data quality issues in the System before 31 March 2021. The recommendation was made because in November 2018, when the former Department of Justice had implemented the System, there were issues with the completeness and accuracy of the data it migrated from the legacy CARES system.

The Department and their actuary continued to address the data issues in 2020–21. We engaged an independent actuary to peer review the valuation performed by the Department's actuary. This included a review of the quality of the data in the System, which underpins the valuation. Our independent actuary noted the previous years' data quality issues had been largely resolved.

VSS claim liabilities are a combination of lodged but not yet paid claims and Incurred But Not Reported (IBNR) claims. The Department recognised a provision relating to the lodged but not yet paid claims of \$202 million at 30 June 2021 (30 June 2020: \$193 million). IBNR claims relate to acts of violence which have already occurred, but the victim has not yet come forward to lodge a claim and seek assistance from the VSS.

In previous years, the Department did not record a liability for IBNR VSS claims. This was on the basis the IBNR claims could not be reliably measured, due to limited empirical evidence needed to determine a central estimate. The Department accordingly disclosed an IBNR contingent liability that lay within a reasonably plausible range of \$333 million to \$564 million in 2019–20.

The Department recorded, for the first time, IBNR liabilities totalling \$200 million at 30 June 2021, related to domestic violence, sexual assault (adult), assault, robbery, homicide and other offences. However, IBNR liabilities for Child Sexual Assault (CSA) were not recorded on the basis these claims remain unable to be reliably measured, due to:

- no legislative time limitations to access counselling, recognition payments, justice-related and other out-of-pocket expenses
- uncertainty in year-on-year claims' growth rates
- uncertainty of the number of years growth will persist.

The Department's actuary indicated the CSA IBNR liability could reasonably lie within a range of \$493 million to \$997 million at 30 June 2021 but was unable to provide a central estimate.

Consistent with the Department's approach in prior years, where a central estimate has not been provided by the valuer, a contingent liability has been disclosed in the financial statements on the basis that the inability to reliably measure the CSA IBNR claims prevents recognition of a provision.

The Department and its actuary will need to continually reassess this position as the VSS matures and the experience for CSA claims begins to stabilise.

The VSS provides payments in respect of CSA, for abuse that occurred in domestic and institutional settings. Other compensation schemes relating to institutional settings exist, including the:

- National Redress Scheme
- NSW Treasury Managed Fund (TMF) and Pre-Managed Fund Reserve (PMF) arrangements.

The following table compares the various compensation schemes and highlights the interactions between them:

	<b>NSW Victims Support Scheme (VSS)</b>	<b>The National Redress Scheme (Redress)*</b>	<b>NSW Treasury Managed Fund (TMF) and Pre-Managed Fund Reserve (PMF)*</b>
Responsible entity	Administered by the Department of Communities and Justice.	The NSW Government is a member of the Commonwealth's National Redress Scheme. Payments to the scheme are administered by NSW Treasury.	Administered by the NSW Self Insurance Corporation (SICorp).
Nature of scheme	Provides counselling, recognition payments and financial assistance for victims of violent crime in NSW.	The Scheme helps people who have experienced institutional child sexual abuse gain access to counselling, a direct personal response and a Redress payment. The Scheme started on 1 July 2018 and will run for ten years.	Civil litigation claims from institutional child sexual assault. Government-run institutions (including schools, youth justice centres, residential homes and foster homes).
Recognition payment size	Small ~ \$10,000.	Moderate: payments range from \$10,000 to \$150,000.	Large ~ \$250,000 (including legal fees).
Compensation available	Small recognition payment.	Recognition payment.	Many aspects, including economic loss, pain and suffering.
Counselling provided	Yes.	Yes - provided via VSS.	Included within lump sum settlement.
Barriers to claim	Very low.	Very low.	High – adversarial process.
Admin and legal costs	Very low.	Very low.	Significantly higher than other schemes. Legal fees are unregulated.
Sharing of liability with other parties, e.g. private institutions	No.	Yes.	Yes.
Valuation uncertainty	Very high.	High.	High.

	<b>NSW Victims Support Scheme (VSS)</b>	<b>The National Redress Scheme (Redress)*</b>	<b>NSW Treasury Managed Fund (TMF) and Pre-Managed Fund Reserve (PMF)*</b>
Valuation issues	IBNR claims for CSA are unknown and very large in the context of the overall VSS scheme. The CSA claim numbers are still climbing steeply many years after the year of incident.	Interactions between the Redress and TMF/PMF, where claims may be lodged in both schemes as claimants test the environments.  TMF/PMF does experience a proportion of zero settlement claims as claimants choose to take the Redress settlement, but do not notify TMF/PMF.  For TMF/PMF there is uncertainty in the estimate of the IBNR since there is limited information about the number of children who experienced institutional child sexual abuse and the impact of the National Redress Scheme on the civil claim experience is difficult to predict.	

\* The 'Treasury 2021' Auditor-General's Report to Parliament will include further details on these compensation schemes.

Individuals may make claims against more than one, or even all three of the above arrangements.

Noting that current Commonwealth and state legislative settings control interactions between the various schemes, the Department should continue to monitor claims trends which may over time better inform the assessment of its VSS liability.

### **The Department changed its accounting policy for costs in cloud-based arrangements**

In 2020–21, the International Financial Reporting Standards Interpretations Committee released an agenda decision on 'Configuration or customisation costs in a cloud computing arrangement' (the IFRIC agenda decision).

The IFRIC agenda decision considers how a customer accounts for configuration and customisation (CC) costs of cloud computing arrangements where an intangible asset is not recognised. It clarifies that the vendor, not the customer, controls the cloud application software to which the customer has access. As such, any CC costs incurred by the customer do not create an asset separate from the cloud application software.

The Department reviewed three major cloud computing arrangements, which included Software as a Service (SaaS) delivery models. A risk-based approach was adopted due to the complexity and size of the Department's underlying agreements. Prior to the IFRIC agenda decision, the Department recorded intangible assets relating to these three arrangements.

The Department determined that for two of the three arrangements:

- the SaaS platform arrangements with two service providers are service contracts as it does not control, nor have an exclusive use of the related platform
- CC services performed by either the platform service provider or third-party service provider on behalf of the Department do not give rise to an intangible asset as these services are not separately identifiable from the platform and are controlled by the Department. The CC costs previously capitalised in relation to these arrangements will be expensed
- subscription costs to access the underlying cloud application software will continue to be expensed
- irrespective of the extent of the Department's own resources used to instruct the service providers in the design of cloud computing arrangements, the Department cannot take possession of the CC and doesn't have exclusive rights to the developed intellectual property among others.

The Department controls the code development for a portion of one of the three arrangements. As a result, related CC costs incurred by the Department's staff will continue to be capitalised for this arrangement.

The Department treated the IFRIC agenda decision as a change in accounting policy and applied a retrospective approach on adoption at 1 July 2019 by:

- reclassifying \$52.3 million of intangible assets to prepaid assets
- recognising an expense (through accumulated funds) of \$90.5 million relating to previously capitalised intangible assets.

The IFRIC agenda decision also resulted in the following cluster agencies derecognising \$5.9 million of CC costs previously recognised as intangible assets:

- Office of Sport (the Office)
- Office of the Ageing and Disability Commissioner (ADC)
- Office of the Director of Public Prosecutions (ODPP).

The Office and ODPP recorded the adjustment in the current year as it was immaterial. ADC applied a retrospective approach and restated the balances previously presented at 30 June 2020.

### Commonwealth assistance to State emergencies

Over the last two years, the State requested assistance from the Commonwealth Government to help support the response to Natural Disasters and the COVID-19 pandemic. Under agreements negotiated between the State and the Commonwealth, services were provided free of charge to the NSW Police Force (NSWPF) and the NSW Rural Fire Service (the Service), both of which are within the cluster. The services included:

- bushfire response and recovery assistance to the Service
- supporting NSWPF quarantine, reception and repatriation efforts at Sydney airport, hotels and borders.

Agencies receiving Commonwealth services did not initially have adequate processes in place to identify and assess the value of all assistance received. As a result, the accounting implications had not previously been considered by agencies.

The accounting implications depend on the Defence Assistance to the Civil Community (DACC) category that the request was made.

Category	Cost recovery by the agency?	Financial statement impact
1 and 2	No	Presumption that the services received would not have otherwise been purchased.  Agency should disclose the significant judgement made and the nature of services received.
3, 4, 5 and 6	Yes, but may be waived	The fair value of services received should be disclosed in the financial statements in accordance with AASB 1058 'Income of Not-for-Profit Entities'.

The NSWPF received assistance under DACC Category 6. The Service received assistance under DACC Category 1 and 2. The NSWPF received services to the value of \$94.4 million that were not recognised within the 2020–21 financial statements. The impact if recognised would have been to gross the revenue and expense lines for the services received and does not impact the financial statement net result. The NSWPF determined that the amounts were not material and did not record the related revenue and expenses within its 2020–21 financial statements.

## Implementation of new accounting standard

### Agencies implemented AASB 1059 'Service Concession Arrangements: Grantors' in 2020–21

The implementation of AASB 1059 had a significant impact on the Department's 2020–21 financial statements. Other cluster agencies were not materially impacted.

The Department identified three arrangements with private sector entities, which are captured within the scope of AASB 1059:

- Parklea Correctional Centre (Parklea)
- Junee Correctional Centre (Junee)
- Clarence Correctional Centre (Clarence).

Accounting for these arrangements, commonly known as 'public private partnerships' was, in the absence of a specific Australian Accounting Standard prescribing the accounting for arrangements, guided by TPP06-08 'Accounting for Privately Financed Projects'. The Department has historically recorded the property, plant and equipment relating to Parklea and Junee as these were existing arrangements.

Clarence is a multifunctional correctional facility located near Grafton NSW. It is Australia's largest facility, eventually holding up to 1,700 inmates.

The facility was procured through the New Grafton Correctional Centre Public Partnership. This public-private partnership resulted in a project deed with Northern Pathways (the Operator), a consortium comprising John Laing, John Holland and Serco. Under the project deed, the Operator is to design, build, finance, operate and maintain Clarence. In return, the State (through the Department) will make service payments to the Operator.

The Clarence arrangement was not previously recorded in the Department's financial statements as the 20-year operating phase commenced on 1 July 2020.

The Department adopted the modified retrospective approach permitted under AASB 1059 and recognised and measured the service concession assets and related liabilities at the date of initial application of 1 July 2019, with any net adjustments to the amounts of assets and liabilities recognised in accumulated funds at that date. At 1 July 2020, the Department:

- reclassified property, plant and equipment related to Junee and Parklea of \$262 million to service concession assets
- recognised an increase in service concession assets and liabilities related to Clarence of \$757 million and \$1.2 billion respectively.

It is important that agencies have appropriate systems, processes and resources to implement the new accounting standard. It was found the Department has made the necessary modifications to systems and processes to implement AASB 1059 in 2020–21. It also included appropriate disclosures in its 30 June 2021 financial statements.



AASB 1059 became effective for all NSW public sector agencies for the 2020–21 financial year. It applies to arrangements which may involve a private sector operator designing, constructing or upgrading assets used to provide public services, and operating and maintaining those assets for a specified period of time. In return, the private sector operator is compensated by the public sector entity (the grantor). AASB 1059 may result in agencies recognising more service concession assets and liabilities in their financial statements.

## 2.5 Key financial statement risks

The tables below detail our specific audit coverage and response over key areas of financial statements risks that had the potential to impact the financial statements of cluster agencies.

### Department of Communities and Justice

The Department of Communities and Justice (the Department) was formed on 1 July 2019 following NSW Government Machinery of Government changes that brought together the former Department of Justice and Department of Family and Community Services. The Department aims to achieve safe, just, inclusive and resilient communities.

	Key financial statement risk	Audit response
 <p>Property, plant and equipment - \$8.7 billion *</p>	<p>The Department's property, plant and equipment consists of land and specialised and unique assets such as court houses, community centres and correctional facilities which are measured at fair value.</p> <p>Our audit risk rating for property, plant and equipment is higher because the assets are specialised and unique in nature, significant to the Department's financial statements and 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 testing the accuracy and completeness of the asset register; reviewing the appropriateness of the valuation methods, assumptions and judgements applied and assessing the adequacy of the financial statement disclosures against the requirements of applicable Australian Accounting Standards.</p>
 <p>Costs in cloud computing arrangements - \$17.9 million **</p>	<p>The Department adopted the International Financial Reporting Standards Interpretations Committee's agenda decision on 'Configuration or customisation costs in a cloud computing arrangement'. On 1 July 2019 the Department:</p> <ul style="list-style-type: none"> <li>reclassified \$52.3 million of intangible assets to prepaid assets</li> <li>recognised an expense (through accumulated funds) of \$90.5 million relating to previously capitalised intangible assets.</li> </ul> <p>Our audit risk rating for costs in cloud computing arrangements is higher because of the financial significance of intangible assets to the Department's financial statements, significant complexity and judgement involved in interpreting the Department's cloud computing agreements and extent of information within the agreements relevant to the complete and accurate calculation and reporting of configuration or customisation costs.</p>	<p>Our audit procedures included evaluating the Department's assessment of its cloud computing arrangements, including the reasonableness of key assumptions; reviewing the terms of the third-party vendor agreements; testing the mathematical accuracy of the adjustments and assessing the adequacy of the financial statement disclosures against the requirements of applicable Australian Accounting Standards.</p>



	Key financial statement risk	Audit response
 <p><b>Service concession assets</b> - \$1.4 billion *</p>	<p>The Department adopted AASB 1059 'Service Concession Arrangements: Grantors' (AASB 1059) from 1 July 2020. On 1 July 2020 the Department:</p> <ul style="list-style-type: none"> <li>reclassified property, plant and equipment related to the Junee and Parklea Correctional Centres of \$262 million to service concession assets</li> <li>recognised an increase in service concession assets and liabilities related to Clarence Correctional Centre of \$757 million and \$1.2 billion respectively.</li> </ul> <p>Our audit risk rating for the service concession arrangements is higher because the related balances are financially significant to the Department's financial statements, assessment of information contained in the agreements requires significant management judgment and the model used in measuring the service concession liability is complex and contained significant assumptions.</p>	<p>Our audit procedures included reviewing the assessment of arrangements with the private sector operators and the appropriateness of their classification as service concession arrangements; reviewing the reasonableness of key assumptions used; testing the mathematical accuracy of the service concession assets and liabilities calculations; reviewing adjustments and assessing the adequacy of the financial statement disclosures against the requirements of applicable Australian Accounting Standards.</p>
 <p><b>Victims Support Scheme claims liabilities</b> - \$402 million *</p> <p><b>Contingent liability relating to child sexual assault IBNR claims</b> - \$493 to \$997 million *</p>	<p>The liability for Victim Support Scheme (VSS) claims relates to lodged but not yet paid claims and incurred but not reported (IBNR) claims. A contingent liability is disclosed in the Department's financial statements for child sexual assault IBNR claims because a provision cannot be reliably measured.</p> <p>Our audit risk rating for VSS claims liabilities is higher because of their financial significance to the Department's financial statements, significant management judgements used in estimating and reliably measuring the liabilities and a minor change in assumptions can result in a material change in the liability and net result. Management also engaged an independent actuary to determine the Department's outstanding claims liability.</p>	<p>Our audit procedures included evaluating the design and implementation of relevant controls; assessing the competence, capability and objectivity of management's independent actuary; evaluating the nature and extent of management's oversight and review of the estimates.</p> <p>With the assistance of our own independent expert we assessed the reasonableness of the valuation methodology and key actuarial assumptions and judgements, including the accuracy and completeness of data and appropriateness of management's conclusions.</p> <p>We assessed the adequacy of the financial statement disclosures against the requirements of applicable Australian Accounting Standards.</p>

\* As at 30 June 2021.

\*\* Year ended 30 June 2021.

## Fire and Rescue NSW


Fire and Rescue NSW (FRNSW) is one of the world's largest urban fire and rescue services. It aims to enhance community safety, quality of life, and confidence by minimising the impact of hazards and emergency incidents on the people, property, environment and economy of NSW.

	Key financial statement risk	Audit response
 <p>Property, plant and equipment - \$997 million *</p>	<p>FRNSW's property, plant and equipment includes land, residential properties and specialised assets such as fire stations, and firefighting equipment which are measured at fair value.</p> <p>Our audit risk rating for property, plant and equipment is higher because the assets are specialised and unique in nature, significant to FRNSW's financial statements and subject to management judgements and estimates when determining their fair values. These judgements and estimates require the assistance of a qualified valuer.</p>	<p>Our audit procedures included testing the accuracy and completeness of the asset register; reviewing the appropriateness of the valuation methods, assumptions and judgements applied and assessing the adequacy of the financial statement disclosures against the requirements of applicable Australian Accounting Standards.</p>
 <p>Death and Disability Scheme liability - \$237 million *</p>	<p>FRNSW records death and disability benefits liability under The Crown Employees (NSW Fire Brigades Firefighting Staff Death and Disability) Superannuation Fund.</p> <p>Our audit risk rating for the liability is higher because of its financial significance to FRNSW's financial statements. It involves significant management judgements in estimating and reliably measuring the liability. A minor change in assumptions can result in a material change in the liability and net result. Management also engaged an independent actuary to determine FRNSW's liability.</p>	<p>Our audit procedures included assessing the competence, capability and objectivity of management's independent actuary.</p> <p>With the assistance of our own independent expert, we assessed the reasonableness of the methodology and key actuarial assumptions and judgements and performed testing to ensure the accuracy and completeness of data used by the actuary.</p> <p>We assessed the adequacy of the financial statement disclosures against the requirements of applicable Australian Accounting Standards.</p>

\* As at 30 June 2021.


## Legal Aid Commission of New South Wales

Legal Aid Commission of New South Wales (the Commission) provides legal services to socially and economically disadvantaged people across NSW. It is the largest legal aid commission in Australia and employs over 1,300 staff.

	Key financial statement risk	Audit response
 <p>Lease management and accounting - \$66.8 million of right-of-use assets * \$68.8 million of lease liabilities *</p>	<p>Property NSW (PNSW) manages the Commission's leased real estate property portfolio. Under the arrangement, PNSW provides leasing information back to the Commission to report in its financial statements.</p> <p>Our risk rating for lease management and accounting is higher because lease related balances are financially significant to the Commission's financial statements and involve significant management judgement and estimation. The Commission also places a degree of reliance on the control environment, completeness and accuracy of services provided by PNSW insofar as it relates to the leases managed on its behalf.</p>	<p>Our audit procedures included obtaining an understanding of the Commission's oversight procedures over information supplied by PNSW; reviewing the completeness, validity and accuracy of the data used in lease calculations; reviewing the reasonableness of methodologies, management judgements and assumptions and assessing the adequacy of the financial statement disclosures against the requirements of applicable Australian Accounting Standards.</p>
 <p>Sales of good and services receivable - \$12.5 million * Accrued estimated legal expenses - \$12.4 million *</p>	<p>The Commission accrues the estimated net cost of work in progress by external legal practitioners who have yet to submit claims and the value of secured and unsecured legal debtors.</p> <p>Our audit risk rating for the accrued estimated legal expenses and receivable is higher because of their financial significance to Commission's financial statements and they involve significant management judgements and assumptions in estimating and reliably measuring the liability and the recoverability of debts. Management also engaged an independent actuary to determine the Commission's liability and receivable.</p>	<p>Our audit procedures included assessing the competence, capability and objectivity of management's independent actuary.</p> <p>With the assistance of our own independent expert we assessed the reasonableness of the valuation methodology and key actuarial assumptions and judgements including compliance with the relevant actuarial and accounting standards.</p> <p>We assessed the adequacy of the financial statement disclosures against the requirements of applicable Australian Accounting Standards.</p>

## NSW Police Force


The NSW Police Force (NSWPF) operates under the *Police Act 1990* and the *Police Regulation 2015*. It aims to provide a safer NSW and work with the community to reduce violence, crime and fear.

	Key financial statement risk	Audit response
 <p>Property, plant and equipment - \$1.9 billion *</p>	<p>NSWPF has a diverse property portfolio that is measured at fair value. They include land, police residences, aircraft, vessels and police stations. It also had a large capital works program in 2020–21 totalling \$113 million.</p> <p>Our audit risk rating for property, plant and equipment is higher because large capital works programs create heightened financial reporting risks, the assets are specialised and unique in nature, the assets are significant to NSWPF's financial statements and subject to management judgements and estimates when determining their fair values. These judgements and estimates require the assistance of a qualified valuer.</p>	<p>In reviewing fair value measurement, our audit procedures included testing the accuracy and completeness of the asset register; reviewing the appropriateness of the valuation methods, assumptions and judgements applied and assessing the adequacy of the financial statement disclosures against the requirements of applicable Australian Accounting Standards.</p> <p>In reviewing capital expenditure, our procedures included reviewing NSWPF's dissection of costs between expenses and assets; examining the timeliness of asset additions; reviewing the componentisation of project costs; reviewing the capitalisation of overhead costs and ensuring replaced assets are removed and the unspent contractual amount is disclosed as a capital commitment.</p>
 <p>Death and disability scheme liability - \$15.4 million *</p>	<p>NSWPF recognises a liability related to benefits provided to injured officers in the case of incapacity or death under the Police Blue Ribbon Insurance Scheme.</p> <p>Our audit risk rating for the liability is higher because it involves significant estimates.</p> <p>Management also engaged an independent actuary to determine the scheme liability.</p>	<p>Our audit procedures included assessing the competence, capability and objectivity of management's independent actuary; assessing the reasonableness of the calculation and assumptions applied by the actuary and assessing the adequacy of the financial statement disclosures against the requirements of applicable Australian Accounting Standards.</p>

\* As at 30 June 2021.

## NSW Trustee and Guardian



NSW Trustee and Guardian helps support and protect some of the most vulnerable members of the NSW community. It provides independent and impartial financial management, guardianship and trustee services that support customers and help them manage their health, lifestyle and financial affairs.

	Key financial statement risk	Audit response
 <p>Property, plant and equipment - \$50.6 million *</p>	<p>NSW Trustee and Guardian's property, plant and equipment mainly consists of land and buildings, which are measured at fair value.</p> <p>Our audit risk rating for property, plant and equipment is higher because the assets are significant to NSW Trustee and Guardian's financial statements and 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 testing the accuracy and completeness of the asset register; reviewing the appropriateness of the valuation methods, assumptions and judgements applied and assessing the adequacy of the financial statement disclosures against the requirements of applicable Australian Accounting Standards.</p>

\* As at 30 June 2021.

## Office of Sport

The Office of Sport (the Office) is the lead NSW Government agency for sport and active recreation. It aims to increase the levels of physical activity of the people of NSW by providing the leadership, policies, programs, funding and infrastructure necessary to enable higher rates of participation in sport and active recreation.


	Key financial statement risk	Audit response
 <p>Property, plant and equipment - \$184 million *</p>	<p>The Office's property, plant and equipment consists of land and specialised buildings which are measured at fair value.</p> <p>Our audit risk rating for property, plant and equipment is higher because the assets are specialised and unique in nature, significant to the Office's financial statements and subject to management judgements and estimates when determining their fair values. These judgements and estimates require the assistance of a qualified valuer.</p>	<p>Our audit procedures included testing the accuracy and completeness of the asset register; reviewing the appropriateness of the valuation methods, assumptions and judgements and assessing the adequacy of the financial statement disclosures against the requirements of applicable Australian Accounting Standards.</p>
 <p>Grant expenditure - \$256 million **</p>	<p>The Office provides sporting grants to various parties.</p> <p>Our audit risk for grant expenditure is higher because there could be a significant waste of taxpayer funds if grants are not managed appropriately and grants are significant to the Office's financial statements.</p>	<p>Our audit procedures included reviewing the Office's administration of a sample of grant programs to ensure there are appropriate governance arrangements, processes and controls and testing grant payments were approved in accordance with the delegations and the <i>Government Sector Finance Act 2018</i>.</p>

\* As at 30 June 2021.

\*\* Year ended 30 June 2021.


## NSW Rural Fire Service

The NSW Rural Fire Service (the Service) provides a volunteer-based community fire and emergency service. It aims to protect the community and environment and minimise the impact of fire and other emergencies by providing training, community education, prevention and operational capability.

	Key financial statement risk	Audit response
 <p>Rural fire-fighting equipment</p>	<p>The Service does not record rural fire-fighting equipment in its financial statements.</p> <p>Our audit risk rating for rural fire-fighting equipment is higher because of the complexity of the legislation and agreements governing the control over the assets.</p>	<p>Our audit procedures included consulting with the Service, NSW Treasury and other relevant stakeholders to understand the different perspectives and assessing whether the Service or councils control the rural fire-fighting equipment.</p>

## NSW State Emergency Service

The NSW State Emergency Service (SES) is an emergency and rescue service dedicated to assisting the community. It is a volunteer-based organisation that provides emergency assistance to the people of NSW. While most its major responsibilities are for flood and storm emergencies, the Service also delivers the majority of general rescue effort in the rural parts of NSW.

	Key financial statement risk	Audit response
 <p>Inventory - \$3.3 million *</p>	<p>SES' inventory is stored in 240 locations across NSW.</p> <p>Our audit risk rating for inventory is higher because in 2019–20, the SES only undertook inventory count process at 115 locations due to COVID-19 restrictions.</p>	<p>Our audit procedures included confirming the SES performed an annual physical inventory stock count at all locations in 2020–21; observing stocktake processes and controls at a sample of locations and reperforming stock counts for a sample of inventory.</p>

\* As at 30 June 2021.

## Venues NSW

Venues NSW is a statutory authority established under the *Sporting Venues Authorities Amendment (Venues NSW) Act 2020*. It owns, coordinates and promotes a portfolio of publicly owned sports and entertainment venues in NSW. It raises revenue through commercial activities such as hiring venues to sports and entertainment organisations, event ticketing, hospitality and catering sales and through advertising, leasing, membership naming rights and sponsorship arrangements.

	Key financial statement risk	Audit response
 <p>Property, plant and equipment - \$1.2 billion *</p>	<p>Buildings such as the McDonald Jones Stadium, Newcastle Entertainment Centre and Showground, Win Sports and Entertainment Centre make up most of Venue NSW's property, plant and equipment. They are mostly specialised buildings and are measured at fair value.</p> <p>Our audit risk rating for property, plant and equipment is higher because the assets are specialised and unique in nature, significant to Venue NSW's financial statements and 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 testing the accuracy and completeness of the asset register; reviewing the appropriateness of the valuation methods, assumptions and judgements applied and assessing the adequacy of the financial statement disclosures against the requirements of applicable Australian Accounting Standards.</p>
 <p>Dissolution of Sydney Cricket and Sport's Ground Trust - \$484 million **</p>	<p><i>The Sporting Venues Authorities Amendment (Venues NSW) Act 2020</i> (the SVAA Act) repealed the <i>Sydney Cricket and Sports Ground Act 1978</i> to dissolve the Sydney Cricket and Sports Ground Trust (the Trust).</p> <p>On 1 December 2020, Venues NSW recognised net assets of \$484 million of the Trust as a restructure of administrative arrangements under TPP09-03 'Contributions by Owners made to Wholly-Owned Public Sector Entities'.</p> <p>Our audit risk rating for the dissolution of the Trust is higher because it creates heightened financial reporting risks, the net assets are significant to the financial statements of Venues NSW and if not appropriately managed, the transition may impact Venues NSW's ability to deliver services and deliver on the government's priorities going forward.</p>	<p>Our audit procedures included understanding the impact of the legislative changes; assessing transactions involved in the equity transfer to ensure compliance with the requirements of TPP09-03; reviewing the internal control environment; assessing the reasonableness of the fair value of assets and liabilities being transferred from the Trust to Venues NSW and assessing the adequacy of the financial statement disclosures against the requirements of applicable Australian Accounting Standards.</p>

\* As at 30 June 2021.

\*\* Period ended 30 November 2020.

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## 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 Stronger Communities cluster.

### Section highlights

- The number of issues reported to management has decreased from 191 in 2019–20 to 172 in 2020–21, and 45 per cent were repeat issues. Many repeat issues related to information technology, governance and oversight controls.
- Seven high risk issues were identified in 2020–21, an increase of five compared to last year.
- The two high risk issues identified in 2019–20 relating to New South Wales Institute of Sport were resolved.

### Findings reported to management

#### The overall number of findings has decreased, but the level of repeat issues increased

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. The Audit Office does this through management letters, which include observations, related implications, recommendations and risk ratings.

In 2020–21, there were 172 findings raised across the cluster (191 in 2019–20). 45 per cent of all issues were repeat issues (32 per cent in 2019–20).

Repeat issues largely related to weaknesses in controls over information technology (IT), governance and oversight.

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.

## 2020–21 audits identified seven high risk findings

High risk findings were reported at the following cluster agencies. Two high risk findings reported in 2019–20 were resolved.

Agency	Description
<b>2020–21 findings</b>	
Sydney Cricket and Sports Ground Trust (new finding) *	<p>The audit of Sydney Cricket and Sports Ground Trust's IT access controls identified:</p> <ul style="list-style-type: none"> <li>activity (audit) logs of privileged access within iPOS (purchasing system) and Microsoft Dynamics (sales system) are not maintained and periodically reviewed by an independent officer</li> <li>the review of privileged activity logs of booking system Event Business Management Software (EBMS) is not formally documented</li> <li>8 generic super user accounts are being shared across four IT systems including iPOS, Microsoft Dynamics, EBMS and SUN (accounting system).</li> </ul> <p>The matter has been included as a high risk finding in the management letter as there is an increased risk of:</p> <ul style="list-style-type: none"> <li>unauthorised transactions and changes to financial data</li> <li>unauthorised users gaining access to financial systems</li> <li>data breaches or financial loss.</li> </ul>
Fire and Rescue NSW (new finding)	<p>Fire and Rescue NSW (FRNSW) completed a comprehensive revaluation of its fire appliances in 2020–21. The audit of the revaluation found there was inadequate analysis and quality control by management over the valuation process prior to the outcomes being included in the financial statements.</p> <p>FRNSW had 57 fleet assets that have not been revalued due to problems with data supplied by the valuer. The written down value:</p> <ul style="list-style-type: none"> <li>did not agree to the valuer's calculations for 28 assets</li> <li>was provided by the valuer for 29 assets, but there were no supporting calculations.</li> </ul> <p>These assets have been left at their previous book values of \$3.0 million. The accounting standards require the entire class of assets to be revalued when a revaluation is performed.</p> <p>The review also found:</p> <ul style="list-style-type: none"> <li>inconsistent valuation of vehicles of the same make, model, age and specifications</li> <li>errors had been made when the previous valuation was uploaded into the fixed asset register</li> <li>the valuer incorrectly included additional equipment in the replacement cost estimate for vehicles that did not have that equipment.</li> </ul> <p>The matter has been included as a high risk finding as it resulted in monetary misstatements and caused delays to the overall timeframes for the audit.</p>

Agency	Description
<b>2020–21 findings</b>	
New South Wales Aboriginal Land Council (NSWALC) (new finding)	<p>The audit of NSWALC's revenue identified there was no formal assessment of relevant contracts for the nature, amount and timing of revenue recognition before preparing the financial statements.</p> <p>This matter has been included as a high risk finding as it contributed to material monetary misstatements and disclosure deficiencies relating to revenue transactions.</p>
NSWALC Employment and Training Limited (new finding)	<p>The audit of NSWALC Employment and Training Limited's revenue found:</p> <ul style="list-style-type: none"> <li>there was no formal assessment of relevant contracts for the nature, amount and timing of revenue recognition before preparing the financial statements</li> <li>the financial statements' preparation did not include updated accounting policies reflecting the requirements of AASB 15 'Revenue from Contracts with Customers' (AASB 15) and AASB 1058 'Income of Not-for-Profit Entities' (AASB 1058).</li> </ul> <p>This matter has been included as a high risk finding as it contributed to material monetary misstatements and disclosure deficiencies relating to revenue transactions.</p>
NSWALC Housing Limited (new finding)	<p>The audit of NSWALC Housing Limited's revenue identified it:</p> <ul style="list-style-type: none"> <li>did not perform formal assessments of relevant contracts for the nature, amount and timing of revenue recognition before preparing the financial statements</li> <li>deferred revenue recognition for funding received from NSWALC (the parent entity). There are no sufficiently specific performance obligations in the funding letter, hence revenue should be recognised on receipt of the funding</li> <li>recognised rental income from managing properties from the Aboriginal Housing Office (AHO) without considering the agreement, which requires remittance of profit to the AHO</li> <li>the financial statements did not include updated accounting policies according to the requirements of AASB 15 and AASB 1058.</li> </ul> <p>This matter has been included as a high risk finding as it contributed to material monetary misstatements and disclosure deficiencies relating to revenue transactions.</p>
Office of Sport (new finding)	<p>The <i>Olympic Co-ordination Authority Dissolution Act 2002</i> transferred the assets, rights and liabilities relating to the Sydney International Regatta Centre (SIRC) to the Planning Ministerial Corporation (the Corporation) effective from 1 July 2002. The Corporation recognised the related land assets but did not recognise any of the built assets at the time of transfer. The total value of the land and built assets at 30 June 2021 was \$13.8 million and \$11.2 million (written down value) respectively.</p> <p>The SIRC has been managed by the Office of Sport (the Office) for many years in accordance with a not yet executed management agreement.</p> <p>It appears there was a clear intention in 2005 that the control of SIRC built assets was to be transferred from the then Department of Planning to the then Department of Tourism, Sport and Recreation (a predecessor of the Office), through the exchange of letters between the relevant Ministers and an Administrative Order (the Order). The Order transferred the SIRC staff from the then Department of Planning to the then Department of Tourism, Sport and Recreation. However, it was silent on whether the relevant built assets were transferred.</p>











Agency	Description
<b>2020–21 findings</b>	
	<p>Currently, the Office recognises the SIRC built assets in the financial statements whilst the Corporation recognises the land assets as the legal owner of the property.</p> <p>This matter has been included as a high risk finding as the lack of a formal management agreement casts doubt over the accounting treatment of SIRC property.</p>
The Trustees of the Anzac Memorial Building (new finding)	<p>The audit of the Trustees of the Anzac Memorial Building's property, plant and equipment identified:</p> <ul style="list-style-type: none"> <li>the fixed assets register for plant and equipment had not previously included sufficient detail about the individual assets to which costs related to reconcile it to the work performed by management's valuation expert</li> <li>the financial statements did not meet the requirement of AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors' to disclose the nature and reason why it corrected a prior period error of \$778,000.</li> </ul> <p>This matter has been included as a high risk finding as it contributed to material monetary misstatements and disclosure deficiencies relating to property, plant and equipment.</p>



\* The finding related to the former Sydney Cricket and Sports Ground Trust (based on the completion audit for the period 1 March 2020 to 30 November 2020). This agency was dissolved and transferred to Venues NSW on 1 December 2020.





## Recommendation (repeat issue)

**We recommend cluster agencies action recommendations to address internal control weaknesses promptly. Focus should be given to addressing high risk and repeat issues.**

The table below describes issues commonly identified across the cluster by category and risk rating.

Risk rating	Issue	
Information technology		
 High: 1 new	<p>The financial audits identified weaknesses in information technology processes and controls that support the integrity of financial data used to prepare agencies' financial statements. Of particular concern are issues with:</p> <ul style="list-style-type: none"><li>• user access administration</li><li>• cyber security including governance arrangements, monitoring of third-party system access and patch management</li><li>• password security and policy parameters</li><li>• development, review and testing of disaster recovery plans.</li></ul>	
 Moderate: 8 new, 22 repeat		
 Low: 5 new, 6 repeat		
Internal control deficiencies or improvements		
 High: 1 new	<p>The financial audits identified internal control weaknesses across the following key business processes:</p> <ul style="list-style-type: none"><li>• expenditure, including the approval of purchase requisitions and review of open purchase orders</li><li>• supplier and employee masterfile maintenance</li><li>• segregation of duties.</li></ul>	
 Moderate: 6 new, 3 repeat		
 Low: 23 new, 7 repeat		
Financial reporting		
 High: 4 new	<p>The financial audits identified weaknesses in financial reporting processes, including:</p> <ul style="list-style-type: none"><li>• fully depreciated assets still in use, indicating the need to perform more frequent assessments of useful lives of assets</li><li>• robustness of property, plant and equipment asset revaluations</li><li>• incomplete or inaccurate recording of balances in the financial statements.</li></ul>	
 Moderate: 9 new, 1 repeat		
 Low: 11 new, 5 repeat		
Governance and oversight		
 High: 1 new	<p>The financial audits identified areas where agencies could strengthen governance and oversight processes, including:</p> <ul style="list-style-type: none"><li>• review and update of policies and procedures</li><li>• formalising existing key business arrangements</li><li>• records management practices.</li></ul>	
 Moderate: 5 new, 11 repeat		
 Low: 12 new, 8 repeat		

Risk rating	Issue
<b>Non-compliance with key legislation and/or central agency policies</b>	
 Moderate: 7 new, 6 repeat	The financial audits identified the need for agencies to improve their compliance with key legislation and/or central agency policies, including:
 Low: 2 new, 8 repeat	<ul style="list-style-type: none"> <li>• management of excessive annual leave balances</li> <li>• existence of and compliance with financial delegations</li> <li>• related party transactions disclosures from key management personnel.</li> </ul>

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

Seventy-eight moderate risk findings were reported in 2020–21, representing a 22 per cent decrease from 2019–20. Of these, 43 were repeat findings, and 35 were new issues.

Moderate risk findings reported in 2020–21 include:

- weaknesses in governance arrangements, including outdated policies and procedures and arrangements that do not align with NSW Government guidelines, such as the NSW Government Procurement Policy Framework and NSW Cyber Security Policy
- weaknesses in user access administration including:
  - user access reviews
  - monitoring of privileged user access and activities
  - password policy configuration
- cyber security improvements including:
  - implementation and update of governance arrangements
  - monitoring of third-party system access
  - patch management improvement
- outdated instruments of financial delegation and non-compliance with established financial delegations
- weaknesses in supplier and employee masterfile maintenance.

## **Section two**

### Appendices

# Appendix one – Misstatements in financial statements submitted for audit

	2020–21			2019–20		
	Uncorrected	Corrected	Total	Uncorrected	Corrected	Total
Department of Communities and Justice	1	2	3	3	3	6
Combat Sports Authority of New South Wales	--	--	--	--	4	4
Crown Solicitor's Office	1	--	1	2	1	3
Fire and Rescue NSW	1	2	3	--	1	1
Home Purchase Assistance Fund	--	--	--	--	--	--
John Williams Memorial Charitable Trust	--	--	--	--	--	--
Judicial Commission of New South Wales	--	2	2	--	1	1
Legal Aid Commission of New South Wales	1	--	1	--	4	4
Legal Profession Admission Board	1	1	2	--	1	1
Legal Services Council	--	--	--	--	4	4
Multicultural NSW	1	2	3	--	1	1
New South Wales Aboriginal Land Council (NSWALC)	6	5	11	1	2	3
NSWALC Employment and Training Limited	1	7	8	--	3	3
NSWALC Housing Limited	--	2	2	--	3	3
NSWALC Resources Pty Ltd	--	1	1	--	--	--
NSWALC Properties Pty Ltd	--	1	1	--	--	--
New South Wales Crime Commission	--	--	--	--	1	1
New South Wales Institute of Sport	--	2	2	--	--	--
NSW Police Force	1	--	1	--	--	--

	2020–21			2019–20		
	Uncorrected	Corrected	Total	Uncorrected	Corrected	Total
NSW Trustee and Guardian	2	--	2	--	1	1
Office of Sport	1	2	3	1	7	8
Office of Ageing and Disability Commissioner	--	1	1	1	--	1
Office of the Children's Guardian	--	--	--	1	--	1
Office of the Director of Public Prosecutions	--	1	1	--	1	1
Office of the NSW Rural Fire Service	1	--	1	1	--	1
Office of the NSW State Emergency Service	--	--	--	1	1	2
Sydney Cricket and Sports Ground Trust	--	6	6	--	2	2
The Trustees of the Anzac Memorial Building	3	2	5	--	5	5
Venues NSW	1	11	12	--	4	4
<b>Total misstatements</b>	<b>22</b>	<b>50</b>	<b>72</b>	<b>11</b>	<b>50</b>	<b>61</b>

Source: Engagement Closing Reports issued to cluster agencies.

## Appendix two – Early close procedures

No.	Procedure	Description
1	Proforma financial statements	Complete proforma financial statements and ensure management has endorsed the statements and reviewed the supporting working papers. Reconcile the March 2021 month-end Prime submission to the proforma financial statements and provide explanations for variances exceeding \$5.0 million.
2	Fair value assessment of property, plant and equipment	Perform and document an annual assessment of the fair value of property, plant and equipment (PPE), 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 (PPE) by early close.
4	Inter and intra (cluster) agency transactions and balances	Agree and confirm all inter and intra (cluster) agency balances and transactions with the counterparty agency.
5	Significant management judgements and assumptions	Document all significant management judgements and assumptions made when estimating transactions and balances.
6	Reconciliation of key account balances	Reconcile all key account balances (including annual leave provisions) and clear reconciling items.
7	Changes in accounting policy	Review and agree changes in accounting policy with the Principal Cluster Agency.
8	Finalise right-of-use assets and lease liability balances	Ensure that all lease arrangements are accurate and complete.
9	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'.
10	Correction of material prior period errors	Confirm there are no changes to the 2019–20 closing balances except for adjustments for AASB 1059 'Service Concession Arrangements: Grantor' and TPP06-08 'Accounting for Privately Financed Projects'. Proposed changes are accompanied by journals, explanations and proposed disclosures.
11	Monthly management reports	Perform variance analysis with meaningful explanations for actuals versus budget, and year-to-date actuals for the previous year.
12	Changes to legislation	Identify and document changes to legislation affecting agency structures and/or financial reporting requirements.
13	Delegations	Ensure all material transactions are supported by appropriate delegations.
14	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(s).

No.	Procedure	Description
15	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 2020–21 financial year.
16	New and updated accounting standards	Supporting workpapers evidencing how management has considered the requirements of new and updated accounting standards.

## Appendix three – Timeliness of financial reporting

Cluster agencies	Financial statements submission	Date audit report was issued
Department of Communities and Justice	—	20 October 2021
Combat Sports Authority of New South Wales	✓	22 October 2021
Crown Solicitor's Office	✓	24 September 2021
Fire and Rescue NSW	✓	10 November 2021
Home Purchase Assistance Fund	✓	18 October 2021
John Williams Memorial Charitable Trust	✓	19 October 2021
Judicial Commission of New South Wales	✓	13 October 2021
Legal Aid Commission of New South Wales	✓	30 September 2021
Legal Profession Admission Board	✓	18 October 2021
Legal Services Council	✓	7 October 2021
Multicultural NSW	✓	15 October 2021
New South Wales Aboriginal Land Council	✓	21 October 2021
NSWALC Employment and Training Limited	✓	19 October 2021
NSWALC Housing Limited	✓	1 December 2021
NSWALC Properties Pty Ltd	✓	25 October 2021
NSWALC Resources Pty Ltd	✓	25 October 2021
New South Wales Crime Commission	✓	3 November 2021
New South Wales Institute of Sport	✓	22 September 2021
NSW Police Force	✓	5 October 2021
NSW Trustee and Guardian	✓	18 October 2021
Office of Sport	✓	15 October 2021
Office of the Ageing and Disability Commissioner	✓	20 October 2021
Office of the Children's Guardian	✓	27 September 2021
Office of the Director of Public Prosecutions	✓	7 October 2021
Office of the NSW Rural Fire Service	✓	27 September 2021
Office of the NSW State Emergency Service	✓	30 September 2021

Cluster agencies	Financial statements submission	Date audit report was issued
Sydney Cricket and Sports Ground Trust *	✓	22 March 2021
The Trustees of the Anzac Memorial Building	✓	27 October 2021
Venues NSW	✓	14 October 2021

\* Agency was dissolved on 1 December 2020.

✓ Original reporting deadline, including Treasury's revised reporting deadline was met.

— Treasury's approved extension timeframe was met.

! Treasury's reporting deadline was not met.

## Appendix four – Financial data

	Total assets		Total liabilities		Total revenue*		Total expense**	
	2021	2020	2021	2020	2021	2020	2021	2020
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Cluster lead entity</b>								
Department of Communities and Justice***	10,134	9,636	3,119	3,076	13,592	13,906	13,646	13,761
<b>Separate statutory and independent agencies</b>								
Judicial Commission of New South Wales	5	6	5	6	7	6	7	6
Legal Aid Commission of New South Wales*****	137	144	116	111	393	379	405	372
New South Wales Crime Commission*****	10	12	10	12	26	26	26	29
Office of the Ageing and Disability Commissioner	2	0.2	1	0.05	7	7	6	7
Office of the Children's Guardian	14	19	8	10	47	47	51	47
Office of the Director of Public Prosecutions	49	52	59	60	167	169	169	172
<b>Other agencies</b>								
Combat Sports Authority of New South Wales	--	--	--	--	1	1	1	1
Crown Solicitor's Office	110	117	63	71	71	73	71	70
Fire and Rescue NSW	1,350	1,254	531	538	854	805	863	861
Home Purchase Assistance Fund	165	190	0.3	0.3	0.3	2	8	8
John Williams Memorial Charitable Trust	12	11	--	--	0.1	0.1	0.3	0.3
Legal Profession Admission Board	15	14	3	3	4	3	3	3
Legal Services Council	2	1	0.5	0.5	2	2	2	2
Multicultural NSW*****	6	6	6	5	37	31	38	30
New South Wales Aboriginal Land Council****	732	670	40	34	109	26	55	75
New South Wales Institute of Sport*****	15	8	12	5	21	21	20	21

	Total assets		Total liabilities		Total revenue*		Total expense**	
	2021	2020	2021	2020	2021	2020	2021	2020
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
NSW Police Force	2,967	2,794	1,754	1,445	4,031	3,973	4,218	4,005
NSW Trustee and Guardian	201	187	45	49	97	83	90	90
Office of Sport	312	290	31	29	381	390	363	356
Office of the NSW Rural Fire Service	590	409	141	140	651	989	472	870
Office of the NSW State Emergency Service	206	188	59	54	157	127	144	118
Sydney Cricket and Sports Ground Trust<	737	687	234	227	49	84	53	136
The Trustees of the Anzac Memorial Building	91	97	0.7	5	4	11	6	7
Venues NSW*****	1,554	805	572	271	132	85	197	137

\* Include other gains.

\*\* Include other losses.

\*\*\* Consolidated financial statements. Includes John Williams Memorial Charitable Trust.

\*\*\*\* Consolidated financial statements. Includes NSWALC Resources Pty Ltd, NSWALC Properties Pty Ltd, NSWALC Housing Limited, NSWALC Employment and Training Limited.

\*\*\*\*\* Consolidated financial statements. Includes staff agency.

< Period ended 30 November 2020.

Source: Agencies audited 2020–21 financial statements.

## OUR VISION

Our insights inform and challenge government to improve outcomes for citizens.

## OUR PURPOSE

To help Parliament hold government accountable for its use of public resources.

## OUR VALUES

Pride in purpose  
Curious and open-minded  
Valuing people  
Contagious integrity  
Courage (even when it's uncomfortable)

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