



FINANCIAL AUDIT

19 DECEMBER 2023

Treasury 2023

NEW SOUTH WALES AUDITOR-GENERAL'S REPORT



THE ROLE OF THE AUDITOR-GENERAL

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

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

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

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

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

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

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

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

Margaret Crawford PSM

Auditor-General for New South Wales
19 December 2023



RECONCILIATION COMMITMENT STATEMENT

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

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

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

contents

Treasury 2023

Section one – Treasury 2023

Introduction	1
Financial reporting	3
Audit observations	21

Section two – Appendices

Appendix one – Misstatements in financial statements submitted for audit	27
Appendix two – Early close procedures	31
Appendix three – Timeliness of financial reporting	33
Appendix four – Financial data	36
Appendix five – Acquittals and other opinions	41

Section one

Treasury 2023

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

1. Introduction

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

- financial reporting
- audit observations.

1.1 Snapshot of the portfolio of agencies

Treasury

Key agencies

Principal Department



Agencies



Source: NSW Budget Papers 2023–24.

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

Key objectives of the Treasury portfolio: Support the government's achievement of sustainable economic and financial position, and the transition to net zero and a clean energy future.

State outcomes	Description
A strong, resilient and diverse economy	Driving whole-of-state economic strategy, that supports a competitive business environment, drives productivity, increases real incomes, fosters employment opportunities, and makes it easy to do business in New South Wales while securing an affordable, reliable and sustainable energy future.
A sustainable fiscal environment enabling delivery of outcomes	Managing whole-of-state financial asset and liability activities while maintaining the State's triple-A credit rating, and working towards full funding of the State's Defined Benefits Superannuation liability by 2040.
Stewardship of the public sector performance and financial system	Steward and support sector performance to deliver outcomes for citizens, ensure transparency and accountability and the effective use of public funds.

Source: NSW Budget Papers 2022–23.

1.2 Changes to the portfolio of agencies

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

The Administrative Arrangements (Minns Ministry—Administration of Acts) Order 2023, effective 5 April 2023, transferred the administration of the *Infrastructure NSW Act 2011* from the Minister for Transport to the Treasurer. Infrastructure NSW is in the Treasury portfolio effective 5 April 2023.

This report is focused on agencies in the Treasury portfolio as at 30 June 2023.

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 Treasury portfolio of agencies (the portfolio) for 2023.





Section highlights

- Unqualified audit opinions were issued on all Treasury portfolio agencies' 2022–23 financial statements.
- Two qualified audit opinions were issued on special purpose financial reports, relating to whether payments from the Electricity Retained Interest Corporation - Ausgrid (ERIC-A) Fund and the Electricity Retained Interest Corporation - Endeavour (ERIC-E) Fund, complied with the relevant legislation.
- The total number of errors (both corrected and uncorrected) in the financial statements increased from 29 in 2021–22 to 39 in 2022–23.
Reported corrected misstatements increased from 15 in 2021–22 to 25 with a gross value of \$7.1 billion in 2022–23. Reported uncorrected misstatements increased from 13 in 2021–22 to 14 in 2022–23, with a gross value of \$277.6 million in 2022–23.

2.1 Portfolio financial information 2023

Agency	Total assets \$m 	Total liabilities \$m 	Total income* \$m 	Total expenses** \$m 
Principal department				
NSW Treasury	738	230	1,369	1,265
Other portfolio agencies listed in Appendix A of Treasurer's Direction TD21-02				
Alpha Distribution Ministerial Holding Corporation	194	9	19	17
Electricity Assets Ministerial Holding Corporation	128	50	4	12
Electricity Retained Interest Corporation - Ausgrid	7,600	--	141	51
Electricity Retained Interest Corporation - Endeavour Energy	2,807	--	87	164
Electricity Transmission Ministerial Holding Corporation	204	106	11	6

Agency	Total assets \$m 	Total liabilities \$m 	Total income* \$m 	Total expenses** \$m 
Energy Corporation of New South Wales	150	108	135	115
Epsilon Distribution Ministerial Holding Corporation	44	6	5	3
Infrastructure NSW	1,723	960	394	337
Insurance and Care NSW	367	354	1,098	1,098
Liability Management Ministerial Corporation	335	--	37	--
Lifetime Care and Support Authority of New South Wales	9,661	8,593	1,524	1,103
Long Service Corporation	2,290	1,648	322	187
New South Wales Treasury Corporation ***	148,584	148,331	304	175
NSW Self Insurance Corporation	19,104	18,806	5,156	5,176
Port Botany Lessor Ministerial Holding Corporation #	243	--	52	36
Port Kembla Lessor Ministerial Holding Corporation #	27	--	8	7
Port of Newcastle Lessor Ministerial Holding Corporation #	38	3	5	5
Workers Compensation (Dust Diseases) Authority	1,957	1,957	135	134
Other portfolio agencies not listed in Appendix A of Treasurer's Direction TD21-02				
Energy Industries Superannuation Scheme Pool A	--	--	262	25
Energy Industries Superannuation Scheme Pool B	--	--	136	159
Energy Investment Fund	--	--	396	--
ERIC Alpha Holdings Pty Ltd	7,600	--	140	50
ERIC Epsilon Holdings Pty Ltd	2,807	-	86	163
Generator Property Management Corporation	80	20	49	22
SAS Trustee Corporation Pooled Fund	42,418	61,160	3,783	5,234
NSW Generations (Debt Retirement) Fund	16,142	--	98	3,339
Restart NSW Fund	8,251	--	201	1,581

Agency	Total assets \$m 	Total liabilities \$m 	Total income* \$m 	Total expenses** \$m 
Workers Compensation Nominal Insurer	20,285	22,070	5,318	5,857
Immaterial agencies	3,409	1,856	1,160	731

* Includes other gains.

** Includes other losses and taxes, if applicable.

*** This excludes funds within the TCorp Investment Management (IM) Funds of \$75 billion, which are managed by TCorp as the trustee of the IM Funds.

In October 2021, the Secretary of Treasury under appropriate delegation powers approved a proposal to restructure Port Botany Lessor Pty Limited, Port Kembla Lessor Pty Limited and Port of Newcastle Pty Limited (Port Lessor Companies) from their Proprietary Company status to a Ministerial Holding Corporation. This change took effect on 1 July 2022 and the assets, rights and liabilities of the Port Lessor Companies were transferred to the respective Port Lessor Ministerial Holding Corporations on this date.

Source: Agencies' audited 2022–23 financial statements.

2.2 Quality of financial reporting

Audit opinions

Unqualified audit opinions were issued on all Treasury portfolio agencies' financial statements

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

Four 'emphasis of matter' paragraphs were included in the Independent Auditor's Reports

An emphasis of matter paragraph, which does not modify the audit opinion, was included in each of the following Independent Auditor's Reports:

- TCorp IM Cash Fund
- Energy Industries Superannuation Scheme Pool A (EISS Pool A)
- Energy Industries Superannuation Scheme Pool B (EISS Pool B)
- Energy Investment Fund.

Each emphasis of matter related to disclosure in these financial reports that these entities were prepared on a non-going concern basis as they are expected to be wound up within the next twelve months.

Unqualified audit opinions were issued on 22 of the 24 other engagements prepared by portfolio agencies (ie. non-general purpose financial reporting engagements), and two were issued with qualified audit opinions

Portfolio agencies prepared information for 24 engagements other than general purpose financial statements during 2022–23. These included:

- 6 audits of special purpose financial reports of NSW Treasury administered funds
- audits of TCorp's description of controls with respect to their design and operating effectiveness over managed asset portfolios and investment management services, and of Commonwealth Guarantee Fee Forms
- an audit on the NSW Fire Brigades Superannuation Pty Ltd's compliance with requirements of the Australian Financial Services (AFS) Licence
- audits of seven superannuation entities' Australian Prudential Regulation Authority (APRA) forms and regulatory compliance requirements.

Qualified audit opinions were issued on the following administered funds:

- Electricity Retained Interest Corporation - Ausgrid (ERIC-A) Fund
- Electricity Retained Interest Corporation - Endeavour (ERIC-E) Fund.

Qualified audit opinions were issued as payments from these funds did not comply with the relevant legislation. The audits found instances where payments were made from the funds that were outside the scope of the approved expenditure. This is further discussed in Chapter 3 '[Audit observations](#)'.

Refer to [Appendix five](#) for further details about other engagements.

Identified monetary misstatements

The number of monetary misstatements identified during the audits of portfolio agencies' financial statements increased from 29 in 2021–22 to 39 in 2022–23. A monetary misstatement is an error in amount recognised in the financial statements initially submitted for audit. In our view, misstatements should be corrected. They are reported to management for this purpose. Management has determined not to correct some errors because they are not material, either individually or in aggregate. These are reported in this report as 'uncorrected misstatements'.

Reported corrected misstatements increased from 16 in 2021–22 to 25 with a gross value of \$7.1 billion in 2022–23. Reported uncorrected misstatements increased from 13 in 2021–22 to 14 with a gross value of \$277.6 million in 2022–23.

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

Year ended 30 June	2023		2022	
	✓	!	✓	!
Less than \$50,000	--	1	4	1
\$50,000 to \$249,999	3	1	2	3
\$250,000 to \$999,999	7	--	3	2
\$1 million to \$4,999,999	5	8	1	3
\$5 million and greater	10	4	6	4
Total number of misstatements	25	14	16	13
Key	✓	!		
	Corrected misstatements	Uncorrected misstatements		

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

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

Of the 25 corrected monetary misstatements, ten had a gross value of greater than \$5 million and related to the following:

Agency	Description of corrected misstatements > \$5 million
NSW Treasury	NSW Treasury understated its administered assets by \$6.3 billion as it did not recognise the State's equity investment in government-controlled entities in the Public Non-Financial Corporation (PNFC) and Public Financial Corporation (PFC) sectors as an administered equity investment. There was also an associated error of \$114.5 billion corrected for the previous years. For further details refer to Section 2.4 ' Key Accounting Issues '.
NSW Treasury	NSW Treasury overstated its accrual for the State's coal pricing cap obligations by \$31.4 million.
NSW Treasury	NSW Treasury corrected the classification of \$6.1 million from accounts receivable, to accounts payable.
NSW Treasury	NSW Treasury incorrectly recognised \$5 million of grant revenue prior to any cash being received.
Electricity Retained Interest Corporation – Endeavour Energy and ERIC Epsilon Holdings Pty Ltd	ERIC Epsilon Holdings Pty Ltd overstated its assets by \$170 million as it did not recognise an impairment adjustment resulting from the valuation of these assets. The error was also then corrected in Electricity Retained Interest Corporation – Endeavour Energy, which consolidates ERIC Epsilon Holdings Pty Ltd.
Insurance and Care NSW Workers Compensation Nominal Insurer	During the year, icare entered into contracts with claim service providers to administer claims on its behalf. For one contract, the estimated remuneration payable by icare to the provider was overstated by \$14 million. As icare recovers this contract fee from the Workers Compensation Nominal Insurer, icare's service fee income was also overstated by \$14 million. Underwriting and other expenses within the Workers Compensation Nominal Insurer's financial statements were also overstated by \$14 million for this misstatement.
Workers Compensation Nominal Insurer	Premium income was overstated by \$125 million in the Workers Compensation Nominal Insurer's (the Nominal Insurer) financial statements due to an error in a model which icare used to estimate premium income. Management corrected the misstatement in the Nominal Insurer's 2022–23 financial statements. Refer to the ' Audit Observations ' chapter for further details.
SAS Trustee Corporation – Pooled Fund	\$281 million investments were incorrectly classified as receivables.

Of the 14 uncorrected monetary misstatements, four had a gross value of greater than \$5 million, which comprise the following:

Agency	Description of uncorrected misstatements > \$5 million
NSW Treasury	NSW Treasury overstated the Judges Pension Scheme (JPS) liability by \$9 million due to historical salaries being incorrectly rolled forward for the 2022–23 provision calculation.
NSW Treasury	NSW Treasury understated the Commonwealth Redress Scheme liability by \$7.2 million relating to administration costs to settle the obligations arising under this Scheme which had not been included in the liability.
SAS Trustee Corporation – Pooled Fund	Understatement of defined benefit member liabilities measured under AASB 1056 'Superannuation Entities' by \$200 million. This was due to an update of valuation assumptions including short-term inflation and salary increase rate provided by NSW Treasury post reporting period.
Workers Compensation Nominal Insurer	NSW Treasury Corporation provided updated valuations of the Nominal Insurer's investments in Investment Management Funds (IM Funds) after year end resulting in a \$37.9 million adjustment. The IM Funds included exposures to level 3 investments, the valuations of which were not finalised until after the financial statements were submitted to the Audit Office.

In the instances highlighted above, the portfolio agencies concluded that the effects of not correcting the misstatements were immaterial, individually and in aggregate to their financial statements as a whole.

Sixty-five agencies were exempted from financial reporting in 2022–23

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

Agencies	GSF Regulation reference	Basis for reporting exemption
Small agencies		
Buroba Pty Ltd Valley Commerce Pty Ltd Ministerial Holding Corporation State Rail Authority Residual Holding Corporation Port Asset Ministerial Holding Corporation Port Botany Lessor Pty Ltd Port Kembla Lessor Pty Ltd Port of Newcastle Lessor Pty Ltd	Part 3A, Division 2, Clause 9D of the GSF Regulation	GSF Regulation prescribes a GSF agency meeting all the following requirements not to be a reporting GSF agency: <ul style="list-style-type: none"> the assets, liabilities, income, expense, commitments and contingent liabilities of the agency are each less than \$5 million the total cash or cash equivalent held by the agency is less than \$2.5 million at least 95% of the agency's income is derived from money paid out of the Consolidated Fund or money provided by other GSF agencies the agency does not administer legislation for a minister by or under which members of the public are regulated.

Agencies	GSF Regulation reference	Basis for reporting exemption
Retained State interests		
Thirty-two controlled entities of the Electricity Retained Interest Corporation - Ausgrid	Part 3A, Division 2, Clause 9G of the GSF Regulation	GSF Regulation prescribes a GSF agency meeting all the following requirements not to be a reporting GSF agency:
Twenty-four controlled entities of the Electricity Retained Interest Corporation – Endeavour Energy		<ul style="list-style-type: none"> the sole purpose of the agency is to hold and manage retained State interests arising from a particular relevant transaction, and all of its activities relate to that purpose the agency's financial position and financial performance are consolidated within the financial statements of another GSF agency both agencies have the same accountable authority.
Special purpose staff agencies		
SAS Trustee Corporation Staff Agency	Part 3A, Division 2, Clause 9F of the GSF Regulation	GSF Regulation prescribes a GSF agency that comprises solely of persons who are employed to enable another particular GSF agency to exercise its function not to be a reporting GSF agency.

Matters around the effectiveness of the exemptions framework will be included in our State Finances 2023 NSW Auditor-General's Report to Parliament.

Six Special Deposits Accounts (SDAs) were exempt from financial reporting in 2022–23

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

On 29 November 2023, NSW Treasury issued Treasurer's Direction TD 23-24 'SDA Account financial reports' which specifies the mandatory requirements for preparation of financial reports for SDAs in accordance with section 7.8(2) of the *Government Sector Finance Act 2018* (GSF Act).

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

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

The following SDAs were exempt from financial reporting under TD 23-24 as they were administered (per AASB 1050 'Administered Items') by NSW Treasury, and thus disclosed as an administered item, in NSW Treasury's financial statements:

- Snowy Hydro Legacy Fund established under the *Snowy Hydro Legacy Fund Act 2018*
- Policyholders Protection Fund established as a SDA under the *Insurance Protection Tax Act 2001*
- Electricity Network Residual Liabilities Fund
- Crown Long Service Leave Pool SDA
- Structure Finance Activities SDA
- Confiscated Proceeds Account SDA.

While the following entities are exempt from financial reporting under TD 23-24, they are still required by their establishing legislation to prepare financial reports and have these audited by the Auditor-General:

- Restart NSW Fund
- Social and Affordable Housing NSW Fund
- Electricity Retained Interest Corporation – Ausgrid Fund
- Electricity Retained Interest Corporation – Endeavour Fund
- NSW Generations (Debt Retirement) Fund
- NSW Generations (Community Services and Facilities) Fund.

Appendix five Acquittals and other opinions contains the details of the audits performed.

2.3 Timeliness of financial reporting

Early close procedures


Early close mandatory procedures were submitted on time

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

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

Energy Corporation of New South Wales needs to improve their completion of early close procedures

Energy Corporation of New South Wales did not complete all mandatory early close procedures:

Portfolio agencies	Not completed	Description of incomplete early close procedures
		
Other agencies listed in Appendix A of TD19-02		
Energy Corporation of New South Wales	2	<p>Confirmation of inter and intra (cluster) agency transactions and balances</p> <p>Management did not confirm all the inter and intra (cluster) agency transactions and balances for income and expense items.</p> <p>Finalise assessment of all revenue contracts</p> <p>Management did not complete their assessment of all significant revenue contracts.</p>

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

Year-end financial reporting

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

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

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

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

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

Financial statements were submitted on time for all portfolio agencies

Portfolio agencies met the reporting deadlines for submitting their 2022–23 year-end financial statements. The *Government Sector Audit Act 1983* does not specify the statutory deadline for issuing the audit reports. At the date of this report, the audits of all portfolio agencies' financial statements have been completed.

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

2.4 Key accounting issues

NSW Treasury related matters

Investments administered on behalf of the General Government Sector

NSW Treasury has previously contributed amounts to entities within the Public Non-Financial Corporation (PNFC) and Public Financial Corporation (PFC) sectors. These contributions were made on behalf of the General Government Sector (GGS).

In 2022–23, NSW Treasury reassessed the accounting requirements when administering transactions on behalf of the GGS, and concluded they were administering investments on behalf of the State. Previously, Treasury recognised these as either administered 'distributions to owners' directly in equity or administered capital grant expenditure. No administered investment asset was disclosed by Treasury for these contribution payments provided to government owned entities.

This resulted in the following adjustments to the financial statements:

- \$85.8 billion increase to administered investments at 1 July 2021, to reflect the State's investment in the PNFC sectors and PFC sectors
- \$28.7 billion increase to administered assets and administered revenue at 30 June 2022, to reflect the increased value of the State's investment in the PFC and PNFC sectors.

Insurance related matters

The NSW Self Insurance Corporation's liability for abuse claims

At 30 June 2023, NSW Self Insurance Corporation (SiCorp) reported \$2.3 billion in liabilities relating to abuse claims for unreported and reported claims – a \$533 million or 31% increase from last year (2021–22: \$1.7 billion).

Amendments to the *Civil Liability Act 2002* removed restrictions to accessing compensation when the abuse occurred while a child was an offender in custody. Prior to these amendments, SiCorp received approximately 200 claims per annum related to abuse that occurred in a Juvenile Justice setting. In the twelve months to 31 March 2023 this increased to 776 claims.

The number of abuse claims in an education setting has also been increasing. In previous years, the number of education claims averaged less than 100 per year. In the twelve months to 31 March 2023, this increased to 483 claims.

The measurement of this liability for financial reporting purposes involves significant uncertainty and judgement, including estimating unreported claims that will emerge in the future. This means that the range of reasonable estimates for this liability is wider than usual.

Superannuation related matters

Financial statements for the Energy Investment Fund and the Energy Industries Superannuation Scheme Pool A and Pool B were prepared on a liquidation basis

The Energy Industries Superannuation Scheme Pty Limited, as trustee for Energy Industries Superannuation Scheme Pool A and Pool B, approved the transfer of all assets, liabilities, obligations and membership to the Construction and Building Unions Superannuation Fund (Cbus Super) effective from 11 May 2023. This transfer included the jointly held investments in the Energy Investment Fund. Cbus Super then redeemed all of its investment in the Energy Investment Fund on 20 June 2023.

Pool A and Pool B were wound up on 11 May 2023 and deregistered after submitting relevant information to the Australian Prudential Regulation Authority. The Energy Investment Fund was wound up on 20 June 2023. Accordingly, the financial statements for Pool A, Pool B and the Energy Investment Fund were prepared on a liquidation basis.


'Emphasis of Matter' paragraphs were included in the Independent Auditor's Reports for the financial statements to draw users' attention to management's disclosures that the financial statements prepared on a liquidation basis.

2.5 Key financial statement risks

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


NSW Treasury

NSW Treasury leads the economic, jobs and investment conversation across New South Wales. From its position at the centre of government, NSW Treasury drives the economic development strategy to guide the State's growth for the benefit of the people who live, work and study in New South Wales.

	Key financial statement risk	Audit response
 <p>Significant Accounting Estimates (\$53 billion)</p>	<p>NSW Treasury administers the following financially significant accounting estimates:</p> <ul style="list-style-type: none"> unfunded superannuation liabilities (2022–23: \$41.6 billion) employee provisions primarily for long service leave (2022–23: \$10.1 billion) provision for Commonwealth Redress Scheme (2022–23: \$335 million) States share of universities' superannuation liabilities (2022–23: \$988 million). <p>Our audit risk rating is higher due to the financial significance of these accounting estimates and the measurement of these requiring the use of significant judgements and assumptions (including actuarial valuations).</p>	<p>The audit procedures included:</p> <ul style="list-style-type: none"> obtaining an understanding of the processes and key controls in place supporting the defined benefit superannuation liability and long service leave liability calculations evaluating the qualifications, competence and objectivity of actuarial experts with the assistance of an actuarial specialist: <ul style="list-style-type: none"> reviewed the appropriateness of the valuation methods and models used by management and management's actuary to calculate the value of the liabilities assessed the reasonableness of management's judgements, key assumptions and reported values considered the requirements of applicable Australian Accounting Standards (including those relating to financial statement disclosures), and industry practice.

Infrastructure NSW

Infrastructure New South Wales (INSW) was established in July 2011 as a statutory authority under the *Infrastructure NSW Act 2011*. It provides independent advice to help the government identify, prioritise project delivery, and oversee delivery of critical public infrastructure across New South Wales

	Key financial statement risk	Audit response
 <p>Property, plant and equipment \$817 million</p>	<p>Infrastructure NSW's property, plant and equipment consists of land, infrastructure, plant and equipment and leasehold improvements, which are measured at fair value based on their current replacement cost. Our audit risk rating for property, plant and equipment is higher because these assets are proportionately significant to the financial statements of Infrastructure NSW, and are subject to management judgements and estimates when determining their fair values. These judgements and estimates often require the assistance of a qualified valuer upon revaluation.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • testing the accuracy and completeness of the asset register • reviewing the appropriateness of the valuation approach • ensuring assumptions and judgments applied are reasonable • reviewing the accuracy of calculations that support the revaluation movements recorded in the financial statements • reviewing the presentation of the financial statements in accordance with the Australian Accounting Standards.


New South Wales Treasury Corporation (the corporation)

The corporation provides financial services for the NSW Government, public authorities and other public bodies of New South Wales.

	Key financial statement risk	Audit response
 <p>Valuation of Financial Instruments – comprising financial assets \$144 billion and financial liabilities \$148 billion</p>	<p>Our audit risk rating is higher due to the:</p> <ul style="list-style-type: none"> • significance of financial assets and financial liabilities in the balance sheet • impact small changes in inputs and assumptions can have on the fair values of financial assets and financial liabilities • significant judgements used to value offshore foreign currency borrowings where there is limited trading activity, and client loans are directly funded by these borrowings (Level 3 financial instruments). 	<p>Our audit procedures involved reviewing the valuation models applied to different categories of financial instruments and comparing key valuation inputs against independent market data (including the key inputs and assumptions management used for Level 3 financial instruments).</p> <p>We tested the effectiveness of key operational and information technology controls supporting the valuation of financial instruments and reperformed fair value calculations for a selection of financial instruments.</p> <p>We obtained external confirmations from counterparties at 30 June 2023, confirming the existence and completeness of amounts reported on balance sheet and evaluated the adequacy of financial statement disclosures against the requirements of applicable Australian Accounting Standards.</p>


Insurance and Care NSW (icare)

icare provides services including staff and facilities for NSW Government managed insurance and compensation schemes. It also monitors the performance of the insurance or compensation schemes in respect of which it provides services.

	Key financial statement risk	Audit response
 <p>Service fee revenue of \$1.1 billion</p>	<p>Our audit risk rating is higher because costs are incurred by icare as the service entity of the statutory schemes it administers which are then subsequently recovered from the schemes through service fees.</p> <p>Expenses are recognised by icare and then allocated to cost centres based on fixed percentages approved by cost centre owners. Some cost centres are fully allocated to a scheme if the goods or services directly relate to a scheme, or are based on an allocation model if related to multiple or all schemes.</p>	<p>The audit procedures included:</p> <ul style="list-style-type: none"> • tested the design and implementation of key controls including the management's approval of cost centre percentages applied • recalculated the cost allocated to each scheme • assessed the reasonableness of reported values and costs allocated to each scheme • considered the requirements of applicable Australian Accounting Standards.

NSW Self Insurance Corporation (SiCorp)


SiCorp has responsibility for the direction, control and management of a range of funds including the NSW Treasury Managed Fund.

	Key financial statement risk	Audit response
 <p>Valuation of claims liability of \$17.3 billion</p>	<p>Our audit risk rating is higher because:</p> <ul style="list-style-type: none"> • the provision for outstanding claims is material to the financial statements • management with the assistance of specialist actuaries make significant judgements and assumptions as part of the valuation process, including the timing and value of expected future claims payments and related costs of settlement. 	<p>The audit procedures included:</p> <ul style="list-style-type: none"> • with the assistance of an actuarial specialist: <ul style="list-style-type: none"> – evaluated the competence, capabilities and objectivity of the Corporation's actuaries – gained an understanding of the work of the Corporation's actuaries and evaluated the appropriateness of their work, including their models – assessed the valuation methods and approach used by the Corporation's actuaries against the requirements of accounting standards and consistency with industry practice and the underlying claims exposure – assessed the assumption setting process, including data on the Corporation's statutory obligations to policyholders/beneficiaries and claims payment information used as inputs into the valuation models. – assessed the data used by the Corporations' actuaries to derive the economic assumptions particularly inflation.

	Key financial statement risk	Audit response
 <p>Outsourced claims activities</p>		<ul style="list-style-type: none"> – assessed the results of experience investigations carried out by the Corporation's actuaries to determine how they inform the assumptions adopted, with specific emphasis on the trends in incidence and claim cost for psychological claims, child abuse claims, medical indemnity claims, medical discharge claims for New South Wales Police Force employees, incurred but not reported claims for events losses, and changes to the building cycle – performed an overall assessment of the valuation methodology, key assumptions and models used to derive the valuation of the outstanding claims liabilities • evaluated the judgement applied in recognising reinsurance recoveries • assessed the adequacy of the related financial statement disclosures against the requirements of applicable Australian Accounting Standards.
	<p>Our audit risk rating is higher because:</p> <ul style="list-style-type: none"> • external claims managers are responsible for processing material transactions relating to claims and policyholder data which is used to value outstanding claims liabilities • an effective control environment is important in ensuring the completeness and accuracy of claims data. 	<p>The audit procedures included:</p> <ul style="list-style-type: none"> • tested the reconciliation of annual claim manager returns to the Corporation's financial reporting systems at 30 June 2023 • performed additional audit procedures required by Australian Auditing Standard ASA 402 'Auditing Considerations Relating to an Entity Using a Service Organisation', which included obtaining an understanding of relevant claim processes, testing key controls and reconciliations, and performing sample testing on key claim fields back to supporting evidence.


Lifetime Care and Support Authority of New South Wales (the authority)

The authority monitors the operation of the scheme which pays for treatment, rehabilitation and care for people severely injured in a motor accident in New South Wales.

	Key financial statement risk	Audit response
 <p>Valuation of outstanding claims liability of \$8.5 billion</p>	<p>Our audit risk rating is higher because:</p> <ul style="list-style-type: none"> the provision for outstanding claims for the Lifetime Care and Support scheme is material to the financial statements management with the assistance of specialist actuaries make significant judgements and assumptions as part of the valuation process, including the timing and value of expected future claims payments. 	<p>The audit procedures included:</p> <ul style="list-style-type: none"> with the assistance of an actuarial specialist: <ul style="list-style-type: none"> reviewed the appropriateness of the methods and valuation models used by management and management's actuary to calculate the value of the outstanding claims liability assessed the reasonableness of management's judgements, key assumptions and reported values considered the requirements of applicable Australian Accounting Standards (including those relating to financial statement disclosures), and industry practice.

Workers Compensation Nominal Insurer (Nominal Insurer)

The Nominal Insurer operates as a licensed workers compensation insurer. The Nominal Insurer is not, and does not, represent New South Wales (the State) or any authority of the State. The scheme is not consolidated as part of the NSW Total State Sector Accounts. The Workers Compensation Act 1987 requires the Auditor-General to inspect and audit the accounts and records of financial transactions of, or relating to, the Nominal Insurer.

	Key financial statement risk	Audit response
 <p>Valuation of claims liability of \$19.6 billion</p>	<p>Our audit risk is higher because:</p> <ul style="list-style-type: none"> the valuation involves significant judgement in determining the timing and value of expected future payments for claims incurred and related costs to settle the claims the Scheme engages actuarial specialists to model and develop assumptions to estimate the outstanding claims liability the level of judgement means that the valuation may change significantly and unexpectedly due to changes in assumptions. 	<p>The audit procedures included:</p> <ul style="list-style-type: none"> with the assistance of an actuarial specialist: <ul style="list-style-type: none"> reviewed the appropriateness of the methods and valuation models used by management and management's actuary to calculate the value of the outstanding claims liability assessed the reasonableness of judgements, key assumptions and reported values reviewed the results of the experience investigations carried out by the Scheme's actuary, to determine how they inform the key assumptions adopted, with specific emphasis on the trends in incidence and cost for psychological related claims assessed the adequacy of the related financial statement disclosures against the requirements of applicable Australian Accounting Standards.

	Key financial statement risk	Audit response
 <p>Valuation of investments of \$3.3 billion classified under level 3 of the fair value hierarchy</p>	<p>Our audit risk rating is higher because:</p> <ul style="list-style-type: none"> Level 3 investments require an additional level of judgement using non-observable market data and complex models which increase the subjectivity of the valuation small changes in assumptions may significantly alter the valuation outcome. 	<p>The audit procedures included:</p> <ul style="list-style-type: none"> reviewed the relevant investment models (including their mathematical accuracy) and assumptions including, where appropriate, discount rates and terminal values for unit trust investments, reviewed a sample of valuation statements and considered the capabilities and objectivity of the investment manager providing the valuation, as well as the pricing frequency and liquidity of trust units assessed the adequacy of the related financial statement disclosures against the requirements of applicable Australian Accounting Standards.
 <p>Operation of information technology (IT) systems and controls</p>	<p>Our audit risk rating is higher because the volume of transactions processed by the IT systems relies on effective IT controls for successful financial reporting.</p>	<p>The audit procedures included:</p> <ul style="list-style-type: none"> with the assistance of information technology audit specialists: <ul style="list-style-type: none"> assessed critical IT controls in these systems, including access controls, data change controls and the business/accounting rules embedded in these systems reviewed system and organisation control reports from the third party's auditor on the design and operating effectiveness of controls, where technology services are provided by a third party performed additional procedures on information sourced from IT systems where control design or effectiveness exceptions were identified.
 <p>Outsourced claims activities</p>	<p>Our audit risk rating is higher because:</p> <ul style="list-style-type: none"> external claims managers are responsible for a substantial component of the end-to-end claims management and payment process an effective control environment is important in ensuring the completeness and accuracy of claims data used to value the outstanding claims liability. 	<p>The audit procedures included:</p> <ul style="list-style-type: none"> tested the key reconciliations performed by the claims managers, agreeing amounts back to the Nominal Insurer's financial systems for 30 June 2023 and the claim database used by the scheme's actuary performed additional audit procedures required by Australian Auditing Standard ASA 402 'Auditing Considerations Relating to an Entity Using a Service Organisation', which included obtaining an understanding of relevant claim processes, testing key controls and reconciliations, and performing sample testing on key claim fields back to supporting evidence.

SAS Trustee Corporation Pooled Fund (the fund)

The fund is the NSW Government's largest defined benefit superannuation fund with over 85,000 members and \$38.7 billion in assets at 30 June 2023.

	Key financial statement risk	Audit response
 <p>Valuation of unlisted investment assets of \$16.2 billion</p>	<p>Our audit risk rating is higher because:</p> <ul style="list-style-type: none"> the high level of judgement and estimation involved in the valuation approach, including determination of future cash flows, discount rates and other assumptions, with limited comparable market information available complexities in applying the requirements of AASB 13 'Fair Value Measurement' financial significance of the assets valued which are a key driver of the fund's net asset value and total return. 	<p>Key audit procedures included the following:</p> <ul style="list-style-type: none"> obtained an understanding of the Fund's processes, policies and methodologies, including the use of industry specific measures for valuing unlisted investments obtained independent valuation reports and compared assumptions applied to ranges for comparable infrastructure and property investments tested the mathematical accuracy of the valuation models and consistency with the Fund's documented methodology and assumptions engaged valuation specialists, for those investments with higher risk characteristics, to: <ul style="list-style-type: none"> assess the reasonableness of management's judgements and valuation inputs against industry information/indices of comparable market transactions determine whether the methodologies used to value the investments were consistent with methods commonly used by market participants for those types of investments assess the competence, qualifications and objectivity of the external valuation experts used by the Trustee obtained valuation statements provided by external investment managers in respect of unit trusts and hedge funds, and assessed the reliability of the information received obtained independent assurance reports prepared for the existence and valuation of certain unitised investments assessed the adequacy of the financial statement disclosures against the requirements of applicable Australian Accounting Standards.



**Valuation of
defined benefit
member
liabilities of
\$60.6 billion**

Key financial statement risk

Our audit risk rating is higher due to:

- the high level of judgement and estimation involved in the valuation approach, including determination of discount rates, Consumer Price Index, salary inflation, mortality and other assumptions
- the financial significance of the member liabilities, which impact the estimate of required future contributions and investment returns to fund future outflows
- the sensitivity of the defined benefit liabilities balance to small changes in any of the valuation inputs.

Audit response

With the assistance of audit actuarial specialists, key audit procedures included the following:

- assessed the effectiveness of key controls and processes over the:
 - accuracy and completeness of member data used in the valuation model
 - mathematical accuracy of the valuation model
- assessed the reasonableness of the methodology, assumptions and judgement used by the Fund's independent actuary in valuing the defined benefit liabilities, including comparison against accepted industry benchmarks and practices, and accounting standards
- evaluated the competence of the Fund's actuary by confirming they are appropriately qualified, experienced and registered with the Institute of Actuaries
- assessed the adequacy of the financial statement disclosures against the requirements of applicable Australian Accounting Standards.

3. Audit observations

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

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

Section highlights

- Five high-risk issues were reported in 2022–23. Three were new findings on contract management, accounting treatments for workers compensation renewal premium adjustments and the management and oversight of a Special Deposit Account.
- A further 35 moderate risk findings were reported in 2022–23, of which ten were repeat findings.
- Some agencies have again spent monies without an authorised delegation.
- The quality of information provided for audit purposes needs to improve.

3.1 Findings reported to management

Twenty per cent of audit findings are repeat issues

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

In 2022–23, there were 69 findings raised across the portfolio (61 in 2021–22). Twenty per cent of all issues were repeat issues (30% in 2021–22).

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.













2022–23 audits identified five high-risk findings




High-risk findings, including repeat findings, were reported at the following portfolio agencies.


Agency	Description
Repeat findings from prior years	
NSW Treasury	<p>Lack of quality review of submissions for audit</p> <p>NSW Treasury's financial statements and supporting evidence submitted for audit included deficiencies that indicate a need to improve quality review processes. This high-risk issue is included in 'Financial reporting' below.</p>
NSW Treasury	<p>Monitoring and approval of administration costs incurred by Service NSW</p> <p>Service NSW administered a range of economic stimulus and disaster recovery support programs, and some of the project agreements required the Secretary of NSW Treasury to sign-off the finalised costings and funding sources. NSW Treasury again failed to action this during the year, and Service NSW withdrew funds from the administered bank accounts for its administration costs, without any approval from the Secretary of NSW Treasury. This high-risk issue is included in 'Internal control deficiencies or improvements' below.</p>
2022–23 new findings	
NSW Treasury	<p>Non-compliance with Restart NSW Fund (Restart) responsible manager requirements</p> <p>Monies were paid from Restart to the Department of Education to fund a school renewal project. Of this amount, \$20 million was a duplicate claim made by DoE in error in August 2021. Treasury only became aware of the duplicate claim when DoE advised of this in March 2023 when the project was terminated.</p> <p>Section 4.16(1) of the <i>Government Sector Finance Act 2018</i> (GSF Act) requires the Responsible Manager for an SDA account to keep records and other information that explain whether payments into and out of the Fund have been made in accordance with the Act, and allow for the preparation and audit of financial reports. This includes information about SDA monies being held by other agencies.</p> <p>The responsible manager is unable to acquit their obligations under the Act when there is inadequate oversight and records of payments out of the Fund.</p> <p>This high-risk issue is included in 'Non-compliance with key legislation and/or central agency policies' below.</p>
Generator Property Management Pty Ltd	<p>Contract management</p> <p>There was insufficient evidence of contracts and agreements for items listed in the company's contract register. While management provided some documentation to support their contractual rights and obligations, there was inadequate supporting information on the agreed scope of works which increases the risk that management will be unable to hold suppliers accountable to specific performance measures and obligations. This high-risk issue is included in 'Governance and oversight' below.</p>
icare	<p>Premium income overstated by \$125 million</p> <p>Premium income was overstated by \$125 million in the Workers Compensation Nominal Insurer's (the Nominal Insurer) financial statements due to an error in a model which icare used to estimate premium income. Management corrected the misstatement in the Nominal Insurer's 2022–23 financial statements.</p> <p>This matter has been included as a high-risk finding, as the exception was a corrected material misstatement that was not detected by icare's internal controls.</p>


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


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


Risk rating	Issue
Information technology	
 High: 0 new, 0 repeat  Moderate: 2 new, 2 repeat  Low: 7 new, 0 repeat	<p>The financial audits identified deficiencies in information technology processes and controls that support the integrity of financial data used to prepare agencies' financial statements. This included issues associated with:</p> <ul style="list-style-type: none"> • user access management, including untimely deactivation of terminated user accounts and reviews of access levels • outdated policies and standards • documentation and reporting of cyber security incidents.
Internal control deficiencies or improvements	
 High: 0 new, 1 repeat  Moderate: 6 new, 4 repeat  Low: 7 new, 1 repeat	<p>One repeat high-risk issue was identified relating to the monitoring and approval of administrated costs incurred by Service NSW. This is discussed at Section 3.1 above.</p> <p>The financial audits identified other internal control deficiencies across key business processes, including:</p> <ul style="list-style-type: none"> • untimely review of reconciliations • ineffective oversight of transactions processed by agencies' service providers • ineffective bank user access review processes.
Financial reporting	
 High: 1 new, 1 repeat  Moderate: 7 new, 1 repeat  Low: 9 new, 1 repeat	<p>Two high-risk issues were identified relating to the need to improve the quality of information provided for audit purposes and incorrect estimates of premium income. These were discussed at Section 3.1 above.</p> <p>The financial audits identified the need for agencies to strengthen financial reporting, including:</p> <ul style="list-style-type: none"> • accounting for grant revenue • support and justification for significant judgements made • timely capitalisation and fair valuation of infrastructure assets.
Governance and oversight	
 High: 1 new, 0 repeat  Moderate: 8 new, 0 repeat  Low: 3 new, 0 repeat	<p>A high-risk issue was identified relating to a lack of formal contracts with suppliers. This was discussed in the table above.</p> <p>The financial audits identified the need for agencies to improve governance and oversight processes, including:</p> <ul style="list-style-type: none"> • guidance around the application of accounting standards • insufficient application of procurement requirements when engaging professional services • non-disclosure of information in key management personnel disclosures.

Risk rating	Issue
Non-compliance with key legislation and/or central agency policies	
 High: 1 new, 0 repeat	A high-risk issue was identified relating to non-compliance with the requirements of responsible manager requirements for a Special Deposits Account (SDA). This was discussed in the table above.
 Moderate: 3 new, 2 repeat	
 Low: 0 new, 1 repeat	The financial audits identified the need for agencies to improve compliance with key legislation and central agency policies, including: <ul style="list-style-type: none"> • having the appropriate delegations to incur expenditure • untimely reporting and disclosure of newly created agencies • the disclosure of contracts entered into.

 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 has increased

Thirty-five moderate risk findings were reported in 2022–23 (31 in 2021–22). Of these, ten were repeat findings, and 25 were new issues. These included findings around internal control deficiencies, improvements to financial reporting, procurement, and conflicts of interest processes.

Recommendation

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

NSW Treasury related matters

There was lack of guidance provided on new paid parental leave obligations to agencies

On 27 September 2022 the former Department of Premier and Cabinet issued a determination that provided for a change to the paid parental leave scheme (the scheme) for all NSW government employees with children born on or after 1 October 2022. This change expanded on previous parental leave entitlements and provided greater access to paid parental leave to eligible public sector employees.

Previously, paid parental leave was only available for the primary carer (14 weeks) after 40 weeks of continuous service and needed to be taken upfront after the birth of the child, whilst the support carer was entitled to two weeks. In these circumstances, a provision was never recognised as it was non-accumulating as the entitlement could not be carried forward to future periods. Under the new provisions, parents can take the full 14 weeks (with some employees eligible to receive an additional two weeks) and can do so across a two-year period subject to meeting eligibility criteria.

AASB 119 'Employee Benefits' refers to the recognition of accumulating non-vesting obligations that increases their entitlement to paid absences in future time periods. This provides an obligation to the employers to provide for any unused parental leave.

The new parental leave policy impacted agencies across all portfolios and the recording of this liability across the sector would have been assisted by timely guidance to the sector on the financial reporting impacts. This caused late accounting assessments across all portfolios to assess whether the impact was material.

Recommendation

NSW Treasury should ensure any changes to employee entitlements are assessed for their potential financial statements impact under the relevant Australian Accounting Standards. Timely guidance should be provided to the sector.

Over \$300 million of unsuccessful bid costs have been capitalised by Transport for NSW and Sydney Metro

At 30 June 2023, Transport for NSW and Sydney Metro have capitalised unsuccessful bid cost contributions totalling \$158 million and \$175 million respectively in their assets under construction. These costs represent payments made to unsuccessful bidders, reimbursing them for expenses incurred during the tender phase of a project – up to the appointment of the preferred bidder. These reimbursed costs include, but are not limited to:

- design
- technical modelling
- legal advice
- specialist reports required to develop a conforming bid.

The partial reimbursement of costs incurred by unsuccessful bidders is consistent with the NSW Treasury's Bid Cost Contributions Policy, which sets out the arrangements for when and how it will make a financial contribution to unsuccessful bidders to partially reduce the cost of bidding for construction and infrastructure projects in New South Wales. While the policy provides clarity on the reimbursement of unsuccessful bidders' costs, it does not contemplate how these costs should be recognised in agency's financial statements, including whether they should be capitalised or expensed.

Recommendation

NSW Treasury should develop an accounting policy for the bid cost contributions, to ensure consistent application across the NSW government agencies.

Non-compliance with legislation

During 2022–23, the Audit Office identified non-compliance with the *Electricity Retained Interest Corporations Act 2015*. Payments totalling \$439 were made from the Electricity Retained Interest Corporation Fund - Endeavour (ERIC-E Fund) and \$1,436 were made from the Electricity Retained Interest Corporation Fund - Ausgrid (ERIC-A Fund) that did not comply with section 34 of the Act. Section 34 of the Act specifies what payments can be made from the Fund.

Insurance related matters

Insurance and Care NSW (icare)

The Audit Office is currently performing a performance audit, which will assess the effectiveness and economy of icare's management of workers compensation claims. It will also assess the effectiveness of SIRA's oversight of workers compensation insurance.

The report is expected to be tabled in the first half of 2024.

Section two

Appendices

Appendix one – Misstatements in financial statements submitted for audit

	2022–23			2021–22		
	Uncorrected	Corrected	Total	Uncorrected	Corrected	Total
Portfolio lead entity						
NSW Treasury	4	4	8	2	1	3
Treasury portfolio (other)						
Alpha Distribution Ministerial Holding Corporation	--	1	1	--	--	--
Electricity Assets Ministerial Holding Corporation	--	--	--	--	--	--
Electricity Retained Interest Corporation - Ausgrid	--	--	--	--	1	1
Electricity Retained Interest Corporation Fund - Ausgrid	--	--	--	--	--	--
Electricity Retained Interest Corporation - Endeavour Energy	--	1	1	--	1	1
Electricity Retained Interest Corporation Fund - Endeavour Energy	--	--	--	--	--	--
Thirty-two controlled entities of the Electricity Retained Interest Corporation – Ausgrid ^	--	--	--	--	--	--
Twenty-four controlled entities of the Electricity Retained Interest Corporation – Endeavour Energy ^	--	--	--	--	--	--
Energy Corporation of New South Wales	1	2	3	--	4	4
Electricity Transmission Ministerial Holding Corporation	--	1	1	1	1	2
Epsilon Distribution Ministerial Holding Corporation	--	3	3	--	--	--

	2022–23			2021–22		
	Uncorrected	Corrected	Total	Uncorrected	Corrected	Total
ERIC Alpha Holdings Pty Ltd	--	--	--	--	1	1
ERIC Epsilon Holdings Pty Ltd	--	1	1	--	1	1
Generator Property Management Pty Ltd	--	--	--	--	4	4
ICNSW Australian Equities Fund ^	--	--	--	--	--	--
ICNSW International Equities Hedged Fund ^	--	--	--	--	--	--
ICNSW International Equities Fund (Unhedged) ^	--	--	--	--	--	--
Infrastructure NSW	--	7	7	1	1	2
Liability Management Ministerial Corporation	--	--	--	--	--	--
Long Service Corporation	--	--	--	1	1	2
Ministerial Holding Corporation ^	--	--	--	--	--	--
New South Wales Treasury Corporation *	--	--	--	--	--	--
NSW Generations (Community Services and Facilities) Fund	--	--	--	--	--	--
NSW Generations (Debt Retirement) Fund	--	--	--	--	--	--
Port Botany Lessor Pty Limited #	--	--	--	--	--	--
Port Botany Lessor Ministerial Holding Corporation	--	--	--	--	--	--
Port Kembla Lessor Pty Limited #	--	--	--	--	--	--
Port Kembla Lessor Ministerial Holding Corporation	--	--	--	--	--	--
Port of Newcastle Lessor Pty Limited #	--	--	--	--	--	--
Port of Newcastle Lessor Ministerial Holding Corporation	1	--	1	--	--	--
Ports Assets Ministerial Holding Corporation ^	--	--	--	--	--	--

	2022-23			2021-22		
	Uncorrected	Corrected	Total	Uncorrected	Corrected	Total
Restart NSW Fund	--	--	--	--	--	--
Roads Retained Interest Pty Ltd	--	--	--	--	--	--
Snowy Hydro Legacy Fund ^	--	--	--	--	--	--
Social and Affordable Housing NSW Fund	--	--	--	--	--	--
Social and Affordable Housing NSW Fund Investment Trust	--	--	--	--	--	--
State Rail Authority Residual Holding Corporation ^	--	--	--	--	--	--
Treasury portfolio (insurance and compensation) excluding Nominal Insurer						
Building Insurers' Guarantee Corporation ^	--	--	--	--	--	--
Home Building Compensation Fund	--	--	--	--	--	--
Insurance and Care NSW	2	1	3	--	--	--
Lifetime Care and Support Authority of New South Wales	1	--	1	--	--	--
NSW Self Insurance Corporation	1	--	1	1	--	1
Sporting Injuries Compensation Authority	--	--	--	--	--	--
Workers Compensation (Dust Diseases) Authority	--	--	--	--	--	--
Treasury portfolio (superannuation)						
Buroba Pty Ltd ^	--	--	--	--	--	--
Crown Employees (NSW Fire Brigades Firefighting Staff Death and Disability) Superannuation Fund	--	--	--	--	--	--
EIF Pty Limited	--	--	--	--	--	--
Energy Industries Superannuation Scheme Pool A	--	--	--	--	--	--
Energy Industries Superannuation Scheme Pool B	--	--	--	--	--	--

	2022–23			2021–22		
	Uncorrected	Corrected	Total	Uncorrected	Corrected	Total
Energy Industries Superannuation Scheme Pty Limited	--	--	--	--	--	--
Energy Investment Fund	--	--	--	--	--	--
LGSS Pty Limited	--	1	1	1	--	1
Macquarie University Professorial Superannuation Scheme	1	--	1	--	--	--
NSW Fire Brigades Superannuation Pty Ltd	--	--	--	--	--	--
Parliamentary Contributory Superannuation Fund	1	--	1	--	--	--
Trustees of the Parliamentary Contributory Superannuation Fund	--	--	--	--	--	--
SAS Trustee Corporation - Pooled Fund	1	1	2	--	--	--
SAS Trustee Corporation	--	--	--	4	--	4
SAS Trustee Corporation Staff Agency ^	--	--	--	--	--	--
University of Sydney Professorial Superannuation System	--	--	--	--	--	--
Valley Commerce Pty Ltd ^	--	--	--	--	--	--
Treasury portfolio (Workers Compensation Nominal Insurer)						
Workers Compensation Nominal Insurer	1	2	3	2	--	2
Total	14	25	39	13	16	29

^ Agency is exempt from financial reporting.

* This excludes funds within the TCorp Investment Management (IM) Funds of \$75 billion, which are managed by TCorp as the trustee of the IM Funds. There were no corrected or uncorrected misstatements reported for the IM Funds.

In October 2021, the Secretary of Treasury, under appropriate delegation powers, approved a proposal to restructure Port Botany Lessor Pty Limited, Port Kembla Lessor Pty Limited and Port of Newcastle Pty Limited (Port Lessor Companies) from their Proprietary Company status to a Ministerial Holding Corporation. This change took effect on 1 July 2022 and the assets, rights and liabilities of the Port Lessor Companies were transferred to the respective Port Lessor Ministerial Holding Corporations on this date.

Source: Engagement Closing Reports issued to portfolio agencies.

Appendix two – Early close procedures

No.	Procedure	Description
1	Revaluation of material non-financial assets	Complete (as required) the comprehensive revaluation of property, plant and equipment and other non-financial asset valuations by early close.
2	Fair value assessment of non-financial assets	Document the annual assessment of the fair value of non-financial assets, including property, plant and equipment. This should consider 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	Update employee annual leave provisions	Reconcile and calculate annual leave provisions. The balances calculated for the early close 31 March financial statements must be rolled forward with adjustments for monthly accruals and actual payments as part of the 30 June financial statements.
4	Inter and intra (cluster/portfolio) agency transactions and balances	Agree and confirm all inter and intra (cluster/portfolio) 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	Reconcile March 2023 month-end Prime submission to the proforma financial statements	Reconcile the March 2023 month-end Prime submission to the proforma financial statements and provide explanations for variances above \$5 million.
8	Changes in accounting policy	Review and agree changes in accounting policy with the principal cluster/portfolio agency.
9	Proforma financial statements and supporting information	Complete proforma financial statements and provide supporting information in relation to the notes to the financial statements.
10	Finalise right-of-use assets and lease liability balances	Ensure that all lease arrangements are accurate and complete.
11	Finalise assessment of all revenue contracts	Ensure revenue is accurate and complete and has been correctly accounted for under AASB 15 'Revenue from Contracts with Customers' or AASB 1058 'Income of Not-for-Profit Entities'.
12	Correction of material prior period errors	Confirm there are no changes to the 2021–22 closing balances. Proposed changes are accompanied by journals, explanations and proposed disclosures.
13	Monthly management reports	Perform variance analysis with meaningful explanations for actuals versus budget, and year-to-date actuals for the previous year.
14	Accounting treatment for restructures and discontinued/abolished agencies	Identify and document the accounting treatment for changes to agency structures resulting from legislative or other changes.

No.	Procedure	Description
15	Delegations	Ensure all material transactions are supported by appropriate delegations.
16	Prior year Management Letter and Engagement Closing Report issues	Agreed action plans are in place to address prior year Management Letter and Engagement Closing Report issues. Explanations are provided for any unresolved issues(s).
17	Complete Commonwealth Funding Agreement – Revenue Assessment Form for Commonwealth Funding Agreements	Complete and return the 'Commonwealth Funding Agreement – Revenue Assessment Form for Commonwealth Funding Agreements' for all new and amended Commonwealth Funding Agreements entered or amended during the 2022–23 financial year.

Appendix three – Timeliness of financial reporting

Portfolio agencies	2022–23 Financial statements submission	Date audit report was issued
Portfolio lead entity		
NSW Treasury	–	28 November 2023
Treasury portfolio (other)		
Alpha Distribution Ministerial Holding Corporation	✓	31 October 2023
Electricity Assets Ministerial Holding Corporation	✓	31 October 2023
Electricity Retained Interest Corporation – Ausgrid	✓	29 September 2023
Electricity Retained Interest Corporation – Ausgrid Fund	✓	29 September 2023
Electricity Retained Interest Corporation – Endeavour Energy	✓	10 October 2023
Electricity Retained Interest Corporation – Endeavour Fund	✓	29 September 2023
Electricity Transmission Ministerial Holding Corporation	✓	31 October 2023
Energy Corporation of New South Wales	✓	31 October 2023
Epsilon Distribution Ministerial Holding Corporation	✓	31 October 2023
ERIC Alpha Holdings Pty Ltd	✓	29 September 2023
ERIC Epsilon Holdings Pty Ltd	✓	10 October 2023
Generator Property Management Pty Ltd	✓	26 September 2023
ICNSW Australian Equities Fund ^	--	--
ICNSW International Equities Hedged Fund ^	--	--
ICNSW International Equities Fund (Unhedged) ^	--	--
Infrastructure NSW	✓	9 October 2023
Liability Management Ministerial Corporation	✓	31 October 2023
Long Service Corporation	✓	29 September 2023
Ministerial Holding Corporation ^	--	--
New South Wales Treasury Corporation *	✓	29 August 2023
NSW Generations (Community Services and Facilities) Fund	✓	29 September 2023
NSW Generations (Debt Retirement) Fund	✓	29 September 2023
Port Botany Lessor Pty Limited #	--	--
Port Botany Lessor Ministerial Holding Corporation	✓	28 September 2023

Portfolio agencies	2022–23 Financial statements submission	Date audit report was issued
Port Kembla Lessor Pty Limited #	--	--
Port Kembla Lessor Ministerial Holding Corporation	✓	28 September 2023
Port of Newcastle Lessor Pty Limited #	--	--
Port of Newcastle Lessor Ministerial Holding Corporation	✓	28 September 2023
Ports Assets Ministerial Holding Corporation ^	--	--
Restart NSW Fund	✓	31 October 2023
Snowy Hydro Legacy Fund ^	--	--
Social and Affordable Housing NSW Fund	✓	29 September 2023
State Rail Authority Residual Holding Corporation ^	--	--
Thirty-two controlled entities of the Electricity Retained Interest Corporation – Ausgrid ^	--	--
Twenty-four controlled entities of the Electricity Retained Interest Corporation – Endeavour Energy ^	--	--
Treasury portfolio (Insurance and Compensation) excluding Nominal Insurer		
Building Insurers' Guarantee Corporation ^	--	--
Home Building Compensation Fund	✓	29 September 2023
Insurance and Care NSW	✓	29 September 2023
Lifetime Care and Support Authority of New South Wales	✓	29 September 2023
NSW Self Insurance Corporation	✓	29 September 2023
Sporting Injuries Compensation Authority	✓	29 September 2023
Workers Compensation (Dust Diseases) Authority	✓	29 September 2023
Treasury portfolio (superannuation)		
Buroba Pty Ltd ^	--	--
Crown Employees (NSW Fire Brigades Firefighting Staff Death and Disability) Superannuation Fund	✓	26 September 2023
EIF Pty Limited	✓	4 August 2023
Energy Industries Superannuation Scheme Pool A	✓	4 August 2023
Energy Industries Superannuation Scheme Pool B	✓	4 August 2023
Energy Industries Superannuation Scheme Pty Limited	✓	4 August 2023
Energy Investment Fund	✓	4 August 2023
LGSS Pty Limited	✓	21 September 2023
Macquarie University Professorial Superannuation Scheme	✓	26 September 2023

Portfolio agencies	2022–23 Financial statements submission	Date audit report was issued
NSW Fire Brigades Superannuation Pty Limited	✓	26 September 2023
Parliamentary Contributory Superannuation Fund	✓	12 October 2023
Trustees of the Parliamentary Contributory Superannuation Fund	✓	12 October 2023
SAS Trustee Corporation - Pooled Fund	✓	20 September 2023
SAS Trustee Corporation	✓	15 September 2023
SAS Trustee Corporation Staff Agency ^	--	--
University of Sydney Professorial Superannuation System	✓	28 March 2023
Valley Commerce Pty Ltd ^	--	--
Treasury portfolio (Workers Compensation Nominal Insurer)		
Workers Compensation Nominal Insurer	✓	29 September 2023

^ Agency did not prepare financial statements.

* This excludes funds within the TCorp Investment Management (IM) Funds of \$75 billion, which are managed by TCorp as the trustee of the IM Funds. The IM Funds met Treasury's reporting deadline, and the audit reports were issued on 5 October 2023.

In October 2021, the Secretary of Treasury under appropriate delegation powers approved a proposal to restructure Port Botany Lessor Pty Limited, Port Kembla Lessor Pty Limited and Port of Newcastle Pty Limited (Port Lessor Companies) from their Proprietary Company status to a Ministerial Holding Corporation. This change took effect on 1 July 2022 and the assets, rights and liabilities of the Port Lessor Companies were transferred to the respective Port Lessor Ministerial Holding Corporations on this date.



Treasury's 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**	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Portfolio lead entity								
NSW Treasury	738	564	230	159	1,369	761	1,265	828
Treasury portfolio (other)								
Alpha Distribution Ministerial Holding Corporation	194	191	9	10	19	20	17	22
Electricity Assets Ministerial Holding Corporation	128	138	50	52	4	2	12	10
Electricity Retained Interest Corporation – Ausgrid	7,600	5,804	--	--	141	302	51	1
Electricity Retained Interest Corporation – Ausgrid Fund	1	--	--	--	51	1	50	1
Electricity Retained Interest Corporation – Endeavour Energy	2,807	3,054	--	--	87	90	164	25
Electricity Retained Interest Corporation – Endeavour Fund	21	3	--	--	164	25	146	23
Electricity Transmission Ministerial Holding Corporation	204	196	106	108	11	5	6	3
Energy Corporation of New South Wales	150	41	108	20	135	40	115	19
Epsilon Distribution Ministerial Holding Corporation	44	42	6	7	5	5	3	4
ERIC Alpha Holdings Pty Ltd	7,600	5,804	--	--	140	302	50	--
ERIC Epsilon Holdings Pty Ltd	2,807	3,054	--	--	86	89	163	24
Generator Property Management Corporation	80	46	20	19	49	23	22	13
ICNSW Australian Equities Fund ^	--	--	--	--	--	--	--	--

	Total assets		Total liabilities		Total revenue*		Total expense**	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
ICNSW International Equities Hedged Fund ^	--	--	--	--	--	--	--	--
ICNSW International Equities Fund (Unhedged) ^	--	--	--	--	--	--	--	--
Infrastructure NSW	1,723	1,533	960	971	394	840	337	394
Liability Management Ministerial Corporation	335	298	--	--	37	1	--	--
Long Service Corporation	2,290	2,113	1,648	1,606	322	78	187	98
Ministerial Holding Corporation ^	--	--	--	--	--	--	--	--
New South Wales Treasury Corporation ***	148,584	124,546	148,331	124,316	304	256	175	159
NSW Generations (Community Services and Facilities) Fund	536	32	--	--	511	--	8	1
NSW Generations (Debt Retirement) Fund	16,142	18,073	--	--	98	11,021	3,339	7,661
Port Botany Lessor Ministerial Holding Corporation #	243	--	--	--	52	--	36	--
Port Botany Lessor Pty Limited	--	227	--	--	--	47	--	32
Port Kembla Lessor Ministerial Holding Corporation #	27	--	--	--	8	--	7	--
Port Kembla Lessor Pty Limited	--	25	--	--	--	8	--	6
Port of Newcastle Lessor Ministerial Holding Corporation #	38	--	3	--	5	--	5	--
Port of Newcastle Lessor Pty Limited	--	35	--	--	--	7	--	5
Ports Assets Ministerial Holding Corporation ^	--	288	--	--	--	62	--	44
Roads Retained Interest Pty Ltd	--	--	--	--	--	4,677	--	101
Restart NSW Fund	8,251	9,246	--	--	201	201	1,581	2,955
Snowy Hydro Legacy Fund ^	--	--	--	--	--	--	--	--

	Total assets		Total liabilities		Total revenue*		Total expense**	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Social and Affordable Housing NSW Fund	1,589	1,526	--	--	1	--	76	61
State Rail Authority Residual Holding Corporation ^	--	--	--	--	--	--	--	--
32 controlled entities of the Electricity Retained Interest Corporation – Ausgrid ^	--	--	--	--	--	--	--	--
24 controlled entities of the Electricity Retained Interest Corporation – Endeavour Energy ^	--	--	--	--	--	--	--	--
Treasury portfolio (insurance and compensation) excluding Nominal Insurer								
Building Insurers' Guarantee Corporation ^	--	--	--	--	--	--	--	--
Home Building Compensation Fund	849	716	1,411	1,222	270	181	326	152
Insurance and Care NSW	367	335	354	322	1,098	946	1,098	946
Lifetime Care and Support Authority of New South Wales	9,661	8,398	8,593	7,752	1,524	220	1,103	(248)
NSW Self Insurance Corporation	19,104	16,596	18,806	16,278	5,156	3,767	5,176	4,317
Sporting Injuries Compensation Authority	7	6	2	2	1	1	--	1
Workers Compensation (Dust Diseases) Authority	1,957	2,052	1,957	2,052	135	31	134	31
Treasury portfolio (superannuation)								
Buroba Pty Ltd ^	--	--	--	--	--	--	--	--
Crown Employees (NSW Fire Brigades Firefighting Staff Death and Disability) Superannuation Fund	3	4	3	3	1	1	1	1
EIF Pty Limited	--	--	--	--	--	--	--	--
Energy Industries Superannuation Scheme Pool A	--	3,635	--	3,608	262	(287)	25	287

	Total assets		Total liabilities		Total revenue*		Total expense**	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Energy Industries Superannuation Scheme Pool B	--	1,802	--	1,723	136	(142)	159	(26)
Energy Industries Superannuation Scheme Pty Limited	2	20	1	20	38	38	36	38
Energy Investment Fund	--	5,395	--	71	396	(429)	--	--
LGSS Pty Limited	12	14	12	14	46	45	45	45
Macquarie University Professorial Superannuation Scheme	7	8	11	10	--	(1)	2	2
NSW Fire Brigades Superannuation Pty Ltd	--	--	--	--	--	--	--	--
Parliamentary Contributory Superannuation Fund	337	326	383	413	40	(14)	1	24
Trustees of the Parliamentary Contributory Superannuation Fund	--	--	--	--	--	--	--	--
SAS Trustee Corporation	17	14	17	14	39	39	39	39
SAS Trustee Corporation Pooled Fund	42,418	42,088	61,160	59,379	3,783	(100)	5,234	3,948
SAS Trustee Corporation Staff Agency ^	--	--	--	--	--	--	--	--
University of Sydney Professorial Superannuation System	28	32	17	20	(2)	4	--	2
Valley Commerce Pty Ltd ^	--	--	--	--	--	--	--	--

	Total assets		Total liabilities		Total revenue*		Total expense**	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Treasury portfolio (Workers Compensation Nominal Insurer)								
Workers								
Compensation								
Nominal Insurer	20,285	18,544	22,070	19,790	5,318	2,599	5,857	3,592

* Includes other gains.

** Includes other losses and taxes, if applicable.

*** This excludes funds within the TCorp Investment Management (IM) Funds of \$75 billion, which are managed by TCorp as the trustee of the IM Funds.

^ Agency did not prepare financial statements.

In October 2021, the Secretary of Treasury under appropriate delegation powers approved a proposal to restructure Port Botany Lessor Pty Limited, Port Kembla Lessor Pty Limited and Port of Newcastle Pty Limited (Port Lessor Companies) from their Proprietary Company status to a Ministerial Holding Corporation. This change took effect on 1 July 2022 and the assets, rights and liabilities of the Port Lessor Companies were transferred to the respective Port Lessor Ministerial Holding Corporations on this date.

Source: Agencies' audited 2022–23 financial statements.

Appendix five – Acquittals and other opinions

In addition to audits on agencies' general purpose financial statements, the following other audits were completed during 2022–23:

Agency	Nature of engagement
Electricity Retained Interest Corporation – Ausgrid (ERIC-A) Fund	An audit conducted to provide reasonable assurance that the 2022–23 special purpose financial report of the Fund was, in all material respects, fairly stated and that payments made from the Fund were made in accordance with the <i>Electricity Retained Interest Corporations Act 2015</i> .
Electricity Retained Interest Corporation – Endeavour (ERIC-E) Fund	An audit conducted to provide reasonable assurance that the 2022–23 special purpose financial report of the Fund was, in all material respects, fairly stated and that payments made from the Fund were made in accordance with the <i>Electricity Retained Interest Corporations Act 2015</i> .
NSW Generations (Community Services and Facilities) Fund	An audit conducted to provide reasonable assurance that the 2022–23 special purpose financial report of the Fund was, in all material respects, fairly stated and that payments made from the Fund were made in accordance with the <i>NSW Generations Funds Act 2018</i> .
NSW Generations (Debt Retirement) Fund	An audit conducted to provide reasonable assurance that the 2022–23 special purpose financial report of the Fund was, in all material respects, fairly stated and that payments made from the Fund were made in accordance with the <i>NSW Generations Funds Act 2018</i> .
Restart NSW Fund	An audit conducted to provide reasonable assurance that the 2022–23 special purpose financial report of the Fund was, in all material respects, fairly stated and that payments made from the Fund were made in accordance with the <i>Restart NSW Fund Act 2011</i> .
Social and Affordable Housing NSW Fund	An audit conducted to provide reasonable assurance that the 2022–23 special purpose financial report of the Fund was, in all material respects, fairly stated and that payments made from the Fund were made in accordance with the <i>Social and Affordable Housing NSW Fund Act 2016</i> .
New South Wales Treasury Corporation (TCorp)	<p>An audit conducted to provide reasonable assurance over TCorp's description of controls, their design and operating effectiveness over managed asset portfolios</p> <p>An audit conducted to provide reasonable assurance over TCorp's description of controls, their design and operating effectiveness over investment management services.</p> <p>An audit to provide reasonable assurance over TCorp's Commonwealth Guarantee Fee Forms for the period from 1 July 2022 to 30 June 2023, that they had been prepared in accordance with the 'Australian Government Guarantee of State and Territory Borrowing Scheme Rules'.</p>

Agency	Nature of engagement
Energy Industries Superannuation Scheme Pool A	<p>A reasonable assurance audit conducted to determine if:</p> <ul style="list-style-type: none"> the relevant APRA reporting forms are prepared in all material respects in accordance with the requirements of the APRA reporting standards, trustee of Pool A has complied in all material respects with the reporting requirements of the APRA reporting standards pertaining to the preparation of the APRA reporting forms trustee's compliance with the following applicable provisions under the <i>Superannuation Industry (Supervision) Act 1993</i> (SIS Act), Superannuation Industry (Supervision) Regulations 1994 (SIS Regulations), APRA reporting standards, <i>Corporations Act 2001</i> (Corporations Act) and Corporations Regulations 2001 (Corporations Regulations) the requirement to maintain an operational risk reserve and trustee capital at the required target amount in accordance with its ORFR strategy.
Energy Industries Superannuation Scheme Pool B	<p>A reasonable assurance audit conducted to determine if:</p> <ul style="list-style-type: none"> the relevant APRA reporting forms are prepared in all material respects in accordance with the requirements of the APRA reporting standards, trustee of Pool B has complied in all material respects with the reporting requirements of the APRA reporting standards pertaining to the preparation of the APRA reporting forms trustee's compliance with the following applicable provisions under the <i>Superannuation Industry (Supervision) Act 1993</i> (SIS Act), Superannuation Industry (Supervision) Regulations 1994 (SIS Regulations), APRA reporting standards, <i>Corporations Act 2001</i> (Corporations Act) and Corporations Regulations 2001 (Corporations Regulations) the requirement to maintain an operational risk reserve and trustee capital at the required target amount in accordance with its ORFR strategy.
Energy Industries Superannuation Scheme Pool A	<p>A limited assurance audit conducted to determine if:</p> <ul style="list-style-type: none"> the trustee's systems, procedures and internal controls are designed to ensure that the trustee has complied with all applicable prudential requirements the trustee's systems, procedures and internal controls provided reliable data to APRA as required under the APRA reporting standards compliance with the Risk Management Framework.
Energy Industries Superannuation Scheme Pool B	<p>A limited assurance audit conducted to determine if:</p> <ul style="list-style-type: none"> the trustee's systems, procedures and internal controls are designed to ensure that the trustee has complied with all applicable prudential requirements the trustee's systems, procedures and internal controls provided reliable data to APRA as required under the APRA reporting standards compliance with the Risk Management Framework.

Agency	Nature of engagement
The Macquarie University Professorial Superannuation Scheme	<p>A reasonable assurance audit conducted to determine if:</p> <ul style="list-style-type: none"> the relevant APRA reporting forms are prepared in all material respects in accordance with the requirements of the APRA reporting standards, trustee of the Scheme has complied in all material respects with the reporting requirements of the APRA reporting standards pertaining to the preparation of the APRA reporting forms trustee's compliance with the following applicable provisions under the <i>Superannuation Industry (Supervision) Act 1993</i> (SIS Act), Superannuation Industry (Supervision) Regulations 1994 (SIS Regulations), APRA reporting standards, <i>Corporations Act 2001</i> (Corporations Act) and Corporations Regulations 2001 (Corporations Regulations) the requirement to maintain an operational risk reserve and trustee capital at the required target amount in accordance with its ORFR strategy.
The Macquarie University Professorial Superannuation Scheme	<p>A limited assurance audit conducted to determine if:</p> <ul style="list-style-type: none"> the trustee's systems, procedures and internal controls are designed to ensure that the trustee has complied with all applicable prudential requirements the trustee's systems, procedures and internal controls provided reliable data to APRA as required under the APRA reporting standards.
The University of Sydney Professorial Superannuation System	<p>A reasonable assurance audit conducted to determine if:</p> <ul style="list-style-type: none"> the relevant APRA reporting forms are prepared in all material respects in accordance with the requirements of the APRA reporting standards, trustee of the System has complied in all material respects with the reporting requirements of the APRA reporting standards pertaining to the preparation of the APRA reporting forms trustee's compliance with the following applicable provisions under the <i>Superannuation Industry (Supervision) Act 1993</i> (SIS Act), Superannuation Industry (Supervision) Regulations 1994 (SIS Regulations), APRA reporting standards, <i>Corporations Act 2001</i> (Corporations Act) and Corporations Regulations 2001 (Corporations Regulations) the requirement to maintain an operational risk reserve and trustee capital at the required target amount in accordance with its ORFR strategy.
The University of Sydney Professorial Superannuation System	<p>A limited assurance audit conducted to determine if:</p> <ul style="list-style-type: none"> the trustee's systems, procedures and internal controls are designed to ensure that the trustee has complied with all applicable prudential requirements the trustee's systems, procedures and internal controls provided reliable data to APRA as required under the APRA reporting standards.
SAS Trustee Corporation Pooled Fund	<p>An Independent Auditor's Reasonable Assurance Report on APRA Reporting Forms for the year ended 30 June 2023. Audit conducted to determine if:</p> <ul style="list-style-type: none"> the relevant APRA reporting forms are prepared in all material respects in accordance with the requirements of the APRA reporting standards, the financial position of the Fund as at 30 June 2023 and its performance for the year then ended or accounting records with regard to other information that was not directly derived from the financial statements the trustee of the Fund has complied in all material respects with the reporting requirements of the APRA reporting standards pertaining to the preparation of the APRA reporting forms.

Agency	Nature of engagement
SAS Trustee Corporation Pooled Fund	An Independent Auditor's Limited Assurance Report on APRA Controls and Compliance for the year ended 30 June 2023. Audit conducted to determine if the trustee's systems, procedures and internal controls provided reliable data to APRA as required under the APRA reporting standards.
Parliamentary Contributory Superannuation Fund	An Independent Auditor's Reasonable Assurance Report on APRA Reporting Forms for the year ended 30 June 2023. Audit conducted to determine if: <ul style="list-style-type: none"> the relevant APRA reporting forms are prepared in all material respects in accordance with the requirements of the APRA reporting standards, the financial position of the Fund as at 30 June 2023 and its performance for the year then ended or accounting records with regard to other information that was not directly derived from the financial statements the trustees of the Fund has complied in all material respects with the reporting requirements of the APRA reporting standards pertaining to the preparation of the APRA reporting forms.
Parliamentary Contributory Superannuation Fund	An Independent Auditor's Limited Assurance Report on APRA Controls and Compliance for the year ended 30 June 2023. Audit conducted to determine if the trustees' systems, procedures and internal controls provided reliable data to APRA as required under the APRA reporting standards.
NSW Fire Brigades Superannuation Pty Ltd	An audit conducted to determine if: <ul style="list-style-type: none"> the financial statements give a true and fair view of the financial performance and financial position of the Licensee and comply with Australian Accounting Standards internal controls operating effectiveness of internal controls used by the Licensee to comply with Divisions 2, 3, 4, 4A, 5 and 6 of Part 7.8 of the <i>Corporations Act 2001</i>, Division 7 of Part 7.8 other than section 991A (the 'specified internal controls') of the <i>Corporations Act 2001</i> the operation and control of each account required by sections 981B and 982B of the <i>Corporations Act 2001</i> to be maintained by the Licensee (the required accounts) that we received all necessary records, information and explanations from the Licensee under regulation 7.8.13 of the Corporations Regulations 2001.
The Crown Employees (NSW Fire Brigades Firefighting Staff, Death and Disability) Superannuation Fund	An Independent Auditor's Reasonable Assurance Report on APRA Reporting Forms and on Compliance for the year ended 30 June 2023. Audit conducted to determine if: <ul style="list-style-type: none"> the relevant APRA reporting forms are prepared in all material respects in accordance with the requirements of the APRA reporting standards, the financial position of the Fund as at 30 June 2023 and its performance for the year then ended or accounting records with regard to other information that was not directly derived from the financial statements the trustee of the Fund has complied in all material respects with the reporting requirements of the APRA reporting standards pertaining to the preparation of the APRA reporting forms trustee's compliance with the applicable provisions under the <i>Superannuation Industry (Supervision) Act 1993</i> (SIS Act), Superannuation Industry (Supervision) Regulations 1994 (SIS Regulations), APRA reporting standards, <i>Corporations Act 2001</i> (Corporations Act) and Corporations Regulations 2001 (Corporations Regulations) the requirement to maintain an operational risk reserve and trustee capital at the required target amount in accordance with its ORFR strategy.

Agency	Nature of engagement
The Crown Employees (NSW Fire Brigades Firefighting Staff, Death and Disability) Superannuation Fund	<p>An Independent Auditor's Limited Assurance Report on APRA Reporting Forms and on Controls and Compliance for the year ended 30 June 2023. Audit conducted to determine if:</p> <ul style="list-style-type: none"> the trustee's systems, procedures and internal controls are designed to ensure that the trustee has complied with all applicable prudential requirements the trustee's systems, procedures and internal controls provided reliable data to APRA as required under the APRA reporting standards compliance with the Risk Management Framework.

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.

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Pride in purpose

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Courage (even when it's uncomfortable)

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