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# Report highlights

## What the report is about

Result of the Planning and Environment cluster agencies' financial statements audits for the year ended 30 June 2022.

## What we found

Unmodified audit opinions were issued for all completed 30 June 2022 financial statements audits of cluster agencies. Seven audits are ongoing.

Disclaimed audit opinions were issued for the 2010–11 to 2015–16 financial statements of the Water Administration Ministerial Corporation (WAMC), as management was unable to certify that the financial statements exhibit a true and fair view of WAMC's financial position and financial performance.

Qualified audit opinions were issued for WAMC's 2016–17 and 2017–18 financial statements due to insufficient evidence to support the completeness and valuation of water meters infrastructure assets, the impairment of water meters, and the completeness of buildings at Nimmie Caira.

Unqualified audit opinions were issued for WAMC's 2018–19 and 2019–20 financial statements.

The Department of Planning and Environment (the department) assessed 45 Category 2 Statutory Land Managers (SLMs) did not meet the reporting exemption criteria and therefore were required to prepare 2021–22 financial statements. None of these 45 Category 2 SLMs prepared and submitted their 30 June 2022 financial statements by the statutory reporting deadline.

All 119 Commons Trusts have never submitted their financial statements for audit as required by the *Government Sector Finance Act 2018* (GSF Act).

NSW Treasury has confirmed that the Catholic Metropolitan Cemeteries Trust (CMCT) is a controlled entity of the State. To date, CMCT has not met its obligations to prepare financial statements under the GSF Act and it has not submitted financial statements to the Auditor-General for audit.

## What the key issues were

Since 2017, the Audit Office has recommended the department address the different practices across the local government sector in accounting for rural firefighting equipment. Despite repeated recommendations, the department did little to resolve this issue. At the time of writing, 32 of 118 completed council audits received qualified audit opinions on their 30 June 2022 financial statements.

There continues to be significant deficiencies in Crown land records. The department uses the Crown Land Information Database (CLID) to record key information relating to Crown land in New South Wales that is managed and controlled by the department and land managers. The CLID system was not designed to facilitate financial reporting, and the department is required to conduct extensive adjustments and reconciliations to produce accurate information for the financial statements.

The department implemented the CrownTracker system as a replacement for CLID. The project was finalised in June 2022, but it has not achieved the intended outcomes.

Nine high-risk issues were identified across the cluster related to the findings outlined above and weaknesses in IT general controls, financial reporting, governance processes and internal controls.

Recommendations were made to address these deficiencies.

## Fast facts

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

There are 49 agencies, 597 Category 2 Statutory Land Managers and 119 Commons Trusts in the cluster.

\$117b

property, plant and equipment as at 30 June 2022

100%

unqualified audit opinions issued on completed agencies' 30 June 2022 financial statements

59

monetary misstatements reported in 2021–22

\$12.2b

total expenditure incurred in 2021–22

9

high-risk findings identified, including one relating to the Water Administration Ministerial Corporation's 2011–2020 financial statements audits

34%

of reported issues were repeat issues