

State agencies 2025

This report provides an overview of the key findings and recommendations from our audits of the 40 largest NSW state sector agencies for the financial year ended 30 June 2025. It also focuses on the government's management of contingent workers, software assets, and climate reporting as these areas are critical for government efficiency, accountability, and transparency.

Key findings

Unqualified audit opinions were issued for all 30 June 2025 general purpose financial statement audits – with one exception.

A qualified audit opinion was again issued on the Wentworth Park Sporting Complex Land Manager's financial statements because of insufficient evidence to support the recognition of a \$6.5 million non-interest bearing loan.

There were 57 uncorrected misstatements totaling \$397 million this year, compared with 88 uncorrected misstatements totaling \$232 million in 2023–24.

Deficiencies were found in the completeness and accuracy of asset data

Asset registers were not consistently reconciled with asset management systems, leading to unexplained differences in source data records and unexplained reconciling items.

There are continuing deficiencies in the completeness and accuracy of Crown Land asset records.

Weaknesses in payroll controls led to staff overpayments

One agency continued paying 481 terminated employees, despite some terminations dating back to 2018. In one case, an employee was overpaid more than \$295,000, over three years, after resigning in 2021. The agency is taking reasonable steps to recover these overpayments.

Ineffective oversight in the acquittal of grant programs

One agency had deficiencies in the financial acquittal of a grant program, increasing the risk of mismanagement as funds were allocated to third parties without effective oversight.

Contingent workers are being engaged for extended periods of time

Of the 15 agencies assessed, 227 contingent workers have held roles for more than five years, with one contract lasting over a decade.

There were 17 contingent workers paid more than \$550,000 each, placing them in a salary range equivalent to, or above, Band 4 senior executive level. While justification for these salaries may be reasonable due to specialist skills, detailed assessment and market evaluation should be performed.

The Single Digital Patient Record (SDPR) project business case was inaccurate

The initial business case did not include all relevant project costs, and estimated operational costs lacked sufficient or reliable evidence.

The State has implemented first-year climate-related financial disclosure reporting

In 2024–25, 27 state agencies prepared climate-related financial disclosures. Unmodified assurance reports were issued for the three engagements completed as part of the climate disclosure assurance pilot.

Recommendations

Six recommendations were made to state agencies and NSW Treasury to implement (see page 7 for full details).

Fast facts

\$397m

uncorrected errors

1

qualified opinion

3

high risk findings

3

climate assurance reports issued

227

contingent workers in 15 agencies engaged for more than 5 years

12

days earlier, on average, hard close pilot agencies signed financial statements