
New South Wales Auditor-General's Report

Financial Audit

Volume Five 2015

Premier and Cabinet



The role of the Auditor-General

The roles and responsibilities of the Auditor-General, and hence the Audit Office, are set out in the *Public Finance and Audit Act 1983*.

Our major responsibility is to conduct financial or 'attest' audits of State public sector agencies' financial statements. We also audit the Total State Sector Accounts, a consolidation of all agencies' accounts.

Financial audits are designed to add credibility to financial statements, enhancing their value to end-users. Also, the existence of such audits provides a constant stimulus to agencies to ensure sound financial management.

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

We also conduct performance audits. These examine whether an agency is carrying out its activities effectively and doing so economically and efficiently and in compliance with relevant laws. Audits may cover all or parts of an agency's operations, or consider particular issues across a number of agencies.

Performance audits are reported separately, with all other audits included in one of the regular volumes of the Auditor-General's Reports to Parliament – Financial Audits.

audit.nsw.gov.au



© Copyright reserved by the Audit Office of New South Wales. All rights reserved. No part of this publication may be reproduced without prior consent of the Audit Office of New South Wales.

The Audit Office does not accept responsibility for loss or damage suffered by any person acting on or refraining from action as a result of any of this material.



GPO Box 12
Sydney NSW 2001

The Legislative Assembly
Parliament House
Sydney NSW 2000

The Legislative Council
Parliament House
Sydney NSW 2000

Pursuant to the *Public Finance and Audit Act 1983*,
I present Volume Five of my 2015 report.

A handwritten signature in black ink, reading 'A. T. Whitfield'.

A T Whitfield PSM

Acting Auditor-General
17 November 2015

Contents

Section One – Premier and Cabinet	3
Executive Summary	4
Introduction	9
Financial Performance and Reporting	11
Financial Controls	21
Governance	26
Service Delivery	31
Section Two – Appendices	39
Appendix One – Financial Information	40
Appendix Two – Performance Against Budget	41
Appendix Three – Financial Analysis	43
Appendix Four – Agency Transfers on 1 July 2015 Analysis	44
Appendix Five – Cluster Information	45
Appendix Six – Agencies not previously commented on, by Minister	46

Section One

Premier and Cabinet



Executive Summary

This report analyses the results of the financial statement audits of the Premier and Cabinet cluster agencies for 2014-15. The table below summarises key observations.

Financial performance and reporting

Financial reporting

Unqualified audit opinions were issued for all agencies, except for one agency that received a reporting extension. The quality and timeliness of financial reporting continues to improve, but early close procedures can improve further.

Financial performance

Cluster agencies need to implement further measures to improve the accuracy of budgets.

Venues NSW should continue to work with Treasury to establish a capital structure and funding arrangements that support its financial sustainability.

Financial controls

Internal controls

The audits of cluster agencies did not identify any high risk internal control issues.

Asset management plans

Agencies planning significant investment in infrastructure need to establish asset management plans.

Information technology

Information security processes should be strengthened to reduce the risk of unauthorised access, security attacks, data integrity issues, data privacy breaches and identity theft.

Governance

NSW Public Sector Governance Framework

Updating the NSW Public Sector Governance Framework is needed to improve clarity over cluster governance arrangements.

Governance frameworks

Issues were identified with agencies compliance and fraud frameworks. The Audit Office Governance Lighthouse checklist can help agencies improve governance.

Risk management

Significant risks at the agency level are not elevated and monitored at the cluster level.

Service delivery

State Plan accountability and clarity

There has been no public reporting on progress against NSW 2021 goals since June 2014.

Targets and measures in 'NSW: Making it Happen' lack clarity and a monitoring process.

Service level agreements

Agencies need more timely and effective agreements with shared service providers and more assurance over the effectiveness of their processes.

Contract management

Agencies should ensure they have a centralised contract register and it is reviewed and updated on a timely basis.

Financial performance and reporting

The quality of financial reporting in the cluster has generally improved

Unqualified audit opinions were issued for 21 cluster agencies on the 2014-15 financial statements. The Internal Audit Bureau's audit opinion has been delayed because it is in the process of winding up its operations by June 2016. The number of reported misstatements fell significantly from 101 in 2011-12 to 31 in 2014-15.

While reported misstatements are falling, corrected misstatements above \$1.0 million increased in 2014-15

Six misstatements individually greater than \$1.0 million were identified and corrected during the 2014-15 audits. Three misstatements individually exceeded \$5.0 million. There was only one misstatement greater than \$1.0 million in 2013-14. Large errors have a greater potential to affect the reliability of the financial statements.

Early close and year end financial statements submitted on time and audits completed by statutory deadlines

The Audit Office completed the audit of cluster agencies' financial statements and issued 21 audit opinions within statutory deadlines, which were earlier than in prior years. Early close procedures mandated by Treasury contributed to this result, but opportunities for improvements to early close procedures still exist in some agencies.

Agencies can improve the accuracy of their budgets

A comparison of the cluster agencies' results to budget highlighted the need for further improvement to budgeting processes. Nearly all agencies had variances of greater than five per cent between actual results and original budgets for major financial statement line items.

Recommendation (repeat issue)

Premier and Cabinet cluster agencies need to implement further measures to improve the accuracy of budgets.

Some cluster agencies reported deficits and had liquidity issues

Some agencies had current ratios of less than one at 30 June 2015, indicating low liquidity levels, and some recorded significant deficits for 2014-15. These agencies with the exception of Venues NSW, were able to demonstrate they had sufficient funding to meet obligations in 2015-16.

Venues NSW provided information to the Auditor-General supporting its ability to meet its short term obligation over the next 15 months.

Recommendation

Venues NSW should continue to work with Treasury to establish a capital structure and funding arrangements that support its financial sustainability.

Financial controls

No high risk internal control weaknesses

Seventy seven internal control issues were reported to agency management in 2014-15 and ten of these were repeat issues. The issues primarily relate to governance, asset management, excess annual leave and service level agreements.

Some infrastructure agencies do not have asset management plans in place

Some cluster agencies have plans for significant investment in infrastructure over the next few years, but do not have supporting asset management plans.

Recommendation

Agencies planning significant investment in infrastructure need to develop asset management plans.

Information technology issues are emerging

Nineteen information technology issues were identified at cluster agencies compared to one in the prior year. The issues were identified in new agencies to the cluster or were due to the implementation of new financial systems.

The Office of Sport did not have a Disaster Recovery Plan in place at 30 June 2015 to recover its financial systems in the event of a disaster.

Recommendation

Information security processes should be strengthened to reduce the risk of unauthorised access, security attacks, data integrity issues, data privacy breaches and identity theft.

Recommendation

The Office of Sport should have a documented Disaster Recovery Plan to restore its financial systems in the event of a disaster.

Governance

The NSW Public Sector Governance Framework is yet to be updated

The Department of Premier and Cabinet is responsible for the NSW Public Sector Governance Framework. It is yet to update the Framework to address legislative and policy changes since February 2013. An updated Framework should provide clarity over cluster governance arrangements.

Recommendation (repeat issue)

The Department of Premier and Cabinet should revise the NSW Public Sector Governance Framework to incorporate legislative and policy changes since February 2013.

Governance can be improved at cluster agencies

Numerous governance issues were identified in 2014-15, particularly in the area of compliance and fraud frameworks. The Audit Office recently published its updated 'Best Practice Guide Governance Lighthouse - Strategic Early Warning System'. Agencies can use the principles in this guide to identify areas of governance that need attention.

Some cluster agencies did not have a compliance management framework in place that included a comprehensive compliance register. Effective compliance management helps prevent agencies from breaching laws and regulations.

Recommendation

All agencies should maintain a compliance register, monitor compliance and report breaches to the audit and risk committee.

Some cluster agencies did not have adequate fraud and corruption policies in place during 2014-15.

Recommendation

Agencies should use the Audit Office Fraud Control Improvement Kit to develop and enhance their Fraud and Corruption policies and practices.

Opportunities exist to improve risk management

There is no oversight of risk management at the cluster level. Risk management is performed at the agency level and significant risks are not elevated to the lead cluster agency.

Recommendation

In reviewing the NSW Public Sector Governance Framework, the Department of Premier and Cabinet should consider how risk management at an agency level is reported and monitored at the cluster level.

Service Delivery

Performance against the State's goals and targets lacks accountability and clarity

The Department of Premier and Cabinet did not report progress against the goals and targets in the NSW Government's previous ten year State plan NSW 2021 in 2014-15.

The targets and measures for the new State Priorities are outlined in 'NSW: Making it Happen'. They lack clarity and a process for monitoring and reporting against the priorities is still being developed by the Department of Premier and Cabinet.

Agreements with shared service providers need to improve

Some service level agreements with shared service providers do not include appropriate performance benchmarks nor have they been signed on a timely basis. Some agencies are not obtaining assurance that the internal controls at service providers are appropriately designed and operating effectively.

Recommendation (repeat issue)

Agencies should finalise and sign their service agreements with their shared service providers before the agreement commences. The agreement should include key performance targets and measures.

Recommendation

Agencies should obtain assurance over the design and operating effectiveness of internal controls at their shared service providers.

Recommendation

The Office of Sport, in its capacity as a service provider, should consider providing agencies with assurance over the operating effectiveness of its internal controls.

The effectiveness of contract management at agencies varied significantly

The 2014-15 audits identified that the effectiveness of contract management at some agencies varied significantly. A rigorous contract management framework is vital to ensure all parties meet their contractual obligations, relationships are well managed, value for money is achieved and deliverables meet the required standards and agreed timeframes.

Some agencies do not have centralised contract registers while others do not review and update their registers regularly.

Recommendation

Agencies should have a centralised contract register that is reviewed and updated on a regular and timely basis.

Recommendation

Agencies should perform independent internal monitoring of significant contracts to check compliance with contract management frameworks and identify weaknesses.

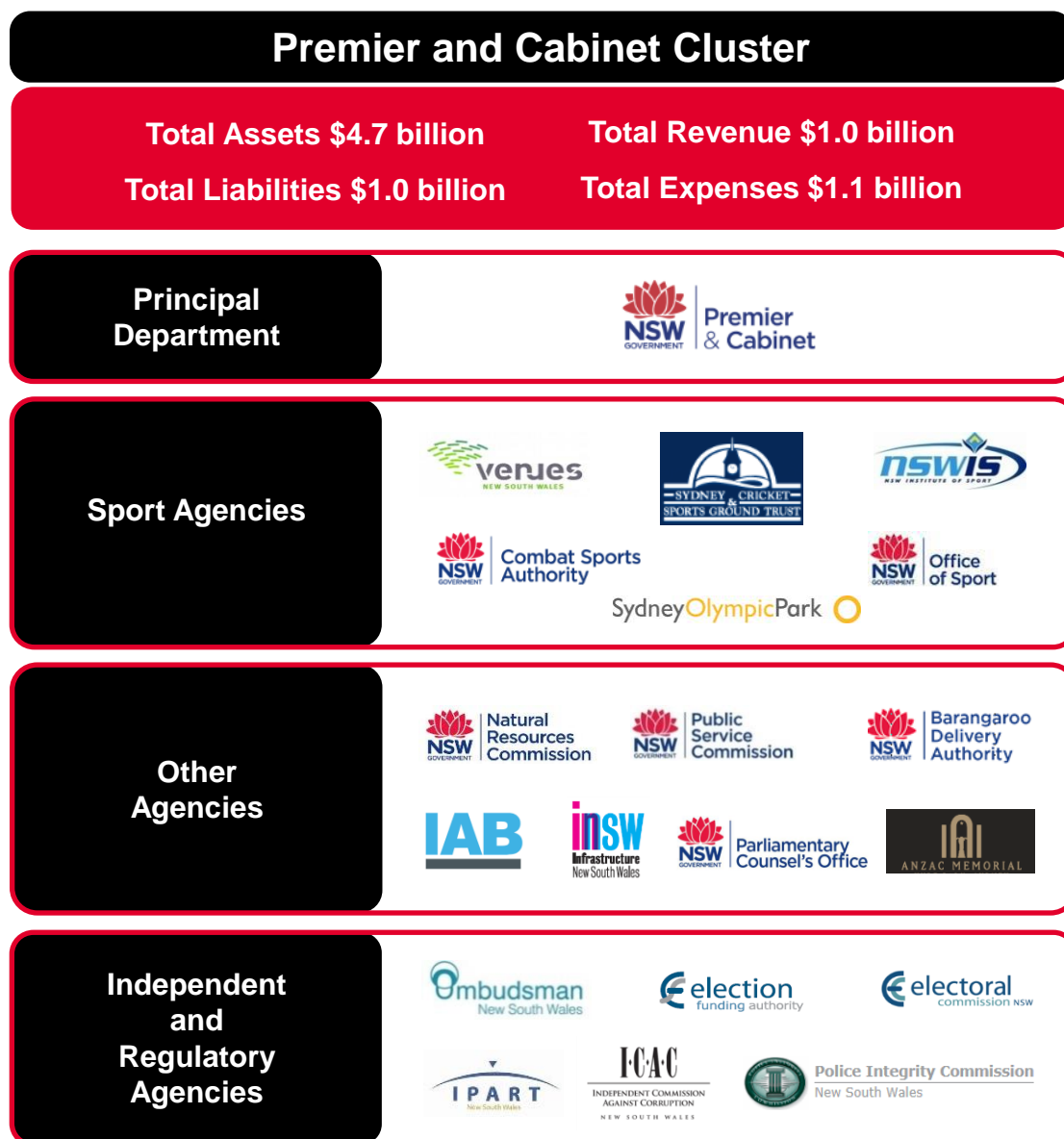
Introduction

Introduction

This report provides Parliament and other users of the Premier and Cabinet cluster agencies' financial statements with an analysis of the results and key observations in the following areas:

- Financial Performance and Reporting
- Financial Controls
- Governance
- Service Delivery.

Snapshot of the Cluster



The Department of Premier and Cabinet (the Department), led by the Premier, is the lead agency in the cluster.









Changes to the Cluster from 1 July 2015

The cluster was impacted by the Administrative Arrangements (Administrative Changes – Public Service Agencies) Order (No 2) 2015 which was effective from 1 July 2015. Most parts, functions and employees of the former Department of Trade and Investment, Regional Infrastructure and Services (DTIRIS) were transferred to the newly formed Department of Industry, Skills and Regional Development. The Trade and Investment branch of DTIRIS transferred to the Department of Premier and Cabinet.

A complete list of all changes is provided in Appendix Four. These changes have no impact on the financial information for 2014-15 presented in this report.

Status of 2014 Recommendations

Last year's Auditor-General's Report to Parliament on the Premier and Cabinet cluster included five recommendations for cluster agencies to improve financial management and internal controls. The current status of each recommendation is shown below.

Recommendation	Current Status
Cluster agencies should:	
 finalise and sign their service partnership agreements with ServiceFirst before 1 July of the year to which the agreement relates.	Issues have been identified in the service partnership agreements between cluster agencies and their service providers. Details are provided in the chapter on Service Delivery.
 implement further measures to improve the accuracy of budgets.	Further issues have been identified with the accuracy of budgets. Details are provided in the chapter on Financial Performance and Reporting.
 perform a self-assessment against the key elements of the Audit Office's Better Practice Contract Management Framework.	Many cluster agencies performed a self-assessment and further issues were identified with contract management. Details are provided in the chapter on Service Delivery.
The Department of Premier and Cabinet should:	
 update the NSW Public Sector Governance Framework following release of the <i>Government Sector Employment Act 2013</i> .	The Department has not updated the Framework. This is discussed further in the chapter on Governance.
 provide additional clarity and guidance on which agencies are mandated by the requirement of 'C2014-09 Governance Framework for Major Transactions'.	The Department has not provided any guidance.
<div> <div>2014 recommendation status</div> <div>  Fully addressed  Partially addressed  Not addressed </div> </div>	

Financial Performance and Reporting

Financial performance and reporting are important elements of good governance. Accurate and timely reporting enables the public to receive reliable information about the financial performance of agencies. Additionally, the government requires accurate and timely financial performance information to enable effective decision making.

This chapter outlines audit findings about financial performance and reporting of agencies in the Premier and Cabinet cluster for 2014-15. The table below summarises our key observations and conclusions or recommendations.

Financial reporting	
Observation	Conclusion or recommendation
Ongoing improvements in the quality and timeliness of financial reporting helped to reduce the number of misstatements.	The Audit Office issued unqualified audit opinions for 21 out of 22 agencies in the cluster. One agency received a reporting extension. Misstatements decreased from 101 in 2011-12 to 31 in 2014-15.
While the number of misstatements has fallen, the number above \$1.0 million has increased. All identified misstatements greater than \$250,000 were corrected.	It is important for agencies to investigate why misstatements are not being identified before or during the preparation of the financial statements. They could seek to introduce measures to mitigate the risk of them re-occurring.
Agencies substantially complied with early close procedures and new accounting standards.	Early close procedures facilitated the effective resolution of issues early in the audit process. Agencies can improve their early close procedures further.
Financial performance	
Observation	Conclusion or recommendation
Significant variances were found between actual financial performance and budget estimates for some cluster agencies.	Recommendation (repeat issue): Premier and Cabinet cluster agencies need to implement further measures to improve the accuracy of budgets.
Some agencies had current ratios of less than one indicating low liquidity levels. Some also recorded significant deficits for 2014-15. Venues NSW, a largely self-funded agency, recorded significant deficits over the past two years.	Most agencies receive regular revenue allocations from Treasury or the Department and have sufficient 2015-16 allocations to address liquidity issues and deficits. Recommendation: Venues NSW should continue to work with Treasury to establish a capital structure and funding arrangements that support its financial sustainability.

Quality of Financial Reporting

Unqualified audit opinions were issued for all completed audits

Unqualified audit opinions were issued on cluster agencies' financial statements for the year ended 30 June 2015. This means that sufficient evidence was obtained to conclude that the financial statements are free from material misstatement. The Internal Audit Bureau of New South Wales (IAB) received an extension until 31 December 2015 to finalise its 2014-15 financial statements and submit its annual report to Parliament. This extension was granted because the IAB is in the process of winding up its operations by June 2016.

The only significant matter reported in the current year was a going concern issue at the IAB. This is an improvement on the four significant matters reported in the prior year. Significant matters are reported to the portfolio Minister, Treasurer and agency head in a Statutory Audit Report.

While total misstatements fell, large misstatements increased

Misstatements in cluster agencies' financial statements have fallen from 101 in 2011-12 to 31 in 2014-15. This reflects the improved quality of financial reporting since Treasury introduced Early Close Procedures in 2011-12.

Six misstatements individually greater than \$1.0 million were identified in agencies' 2014-15 financial statements. Three of these individually exceeded \$5.0 million. There was only one misstatement greater than \$1.0 million in the previous year and four in the year before that. Large errors have a greater potential to affect the reliability of the financial statements and impact decision made by the users of the financial statements.

The table below details misstatements detected during the audit process over the past five years. Misstatements were corrected in the financial statements where necessary.

Reported misstatements for the year ended 30 June					
Agency	2015	2014	2013	2012	2011
Principal department					
Department of Premier and Cabinet	--	--	4	16	13
Sport and recreation agencies					
Combat Sports Authority NSW	--	--	2	1	1
New South Wales Institute of Sport*	7	12	5	10	9
Office of Sport	3	N/A	N/A	N/A	N/A
State Sporting Venues Authority	--	1	1	3	N/A
Sydney Cricket and Sports Ground Trust*	4	4	6	3	7
Sydney Olympic Park Authority	--	--	3	7	5
Venues NSW*	4	2	4	11	N/A
Other agencies					
Barangaroo Delivery Authority	3	3	4	4	6
Infrastructure NSW*	--	--	2	1	N/A
Internal Audit Bureau of NSW**	1	--	1	4	5
Natural Resources Commission*	1	--	1	2	2
Parliamentary Counsel's Office	--	2	N/A	N/A	N/A
Public Service Commission	1	--	1	7	N/A
Sesquicentenary of Responsible Government Trust Fund	--	--	--	--	--
Trustees of the ANZAC Memorial Building	2	3	5	20	N/A
Independent and regulatory agencies					
Election Funding Authority of New South Wales	1	--	--	--	--
Independent Commission Against Corruption	3	4	1	2	2
Independent Pricing and Regulatory Tribunal*	--	--	2	2	1
New South Wales Electoral Commission*	--	1	4	3	3
Ombudsman's Office	1	--	2	4	4
Police Integrity Commission*	--	1	1	1	--
Total	31	33	49	101	58

N/A Not applicable.

* excludes misstatements of staff agencies or divisions.

** the 2014-15 audit is ongoing.

Source: Statutory Audit Reports issued by the Audit Office.

A material misstatement in the financial report relates to an amount, classification, presentation or disclosure of an item that could reasonably be expected to influence the economic decisions of users. The decrease in number of misstatements is one indication that the quality of financial reporting is improving.

Larger misstatements were corrected in the 2014-15 financial statements

Of the 31 misstatements identified in 2014-15, 77 per cent were corrected (67 per cent in 2013-14), including all misstatements greater than \$250,000. It is important that material misstatements are corrected so that users of financial statements can rely on them as an accurate representation of an agency's financial performance.

Number of misstatements						
	2015		2014		2013	
	Corrected	Uncorrected	Corrected	Uncorrected	Corrected	Uncorrected
Less than \$50,000	3	3	7	7	9	12
\$50,000 - \$250,000	10	4	10	2	8	4
\$250,000 - \$1,000,000	5	--	4	1	11	1
\$1,000,000 - \$5,000,000	3	--	--	1	2	--
Greater than \$5,000,000	3	--	1	--	2	--
Total number of misstatements	24	7	22	11	32	17

Timeliness of Financial Reporting

Early close procedures contributed to improved quality and timeliness of financial reporting

Overall, there was substantial compliance with early close procedures. Most agencies reconciled key account balances and performed monthly accruals and monthly management reviews, including variance analysis. Most agencies addressed issues raised in the previous year's Audit Office management letters.

The Audit Office completed the audit of cluster agencies' financial statements and issued 21 audit opinions within statutory deadlines.

Agencies can improve their early close procedures further

Some cluster agencies submitted supporting working papers for early close financial statements late and others did not fully assess or formally document the impact of new and updated accounting standards. Some were unable to obtain revaluation reports for the revaluations of property, plant and equipment by the due date or did not conduct an annual impairment review of assets.

Opportunities for improvements include:

- ensuring sufficient documentation supports management's proposed accounting treatments, judgements and assumptions
- resolving all significant accounting issues during the early close process or documenting a clear path towards timely resolution
- ensuring appropriate stakeholders, including Treasury, are kept informed of issues in the process of being resolved
- compiling adequate working papers to support revaluations of property, plant and equipment to allow for audit procedures to be conducted before year-end.

Early close procedures are designed to bring forward traditional year-end activities, such as valuing assets and resolving financial reporting issues, to reduce reporting timeframes and improve the quality of year-end financial statements.

Agencies were given less time to submit early close procedures and proforma financial statements to the Audit Office. The deadline for the Audit Office to report findings from the early close process to agencies also reduced. Bringing forward early close procedures helped ensure a smoother year-end process and allowed more time to resolve issues.

The table below shows the reduction in deadlines for early close procedures over the past three years.

Key audit completion dates			
	2015	2014	2013
Agencies provide results of early close procedures to the Audit Office no later than	27 April	27 May	28 May
Audit Office to provide feedback on early close procedures by	29 May	30 June	as agreed with agencies
Independent Auditor's Report and Statutory Audit Report issued within statutory deadline	95%	95%	85%

Other Issues from Financial Audits

Barangaroo Reserve completed on time

Barangaroo Reserve, comprising open space parkland, cultural space and a car park facility, opened to the public on 22 August 2015. The Barangaroo Reserve project had a budget of \$249 million and planned completion date in 2015. Expenditure to 30 June 2015 totalled \$235 million.

Barangaroo Delivery Authority's provision for restoration

The 30 June 2015 financial statements of the Barangaroo Delivery Authority (the Authority) included a provision for restoration of \$224 million (\$124 million at 30 June 2014). The provision has increased due to a change in estimated costs following an updated independent third party analysis.

Volume Six 2014 of the Auditor-General's Report to Parliament reported that the Authority lost its appeal in the NSW Supreme Court on the interpretation of the methodology for calculating value share payments that existed under the Barangaroo South Project Development Agreement. As part of the negotiations, an extensive review was undertaken of the land to be remediated at the site, including the estimated investigation costs to determine the works to be undertaken and the most appropriate remediation methods given the nature and type of contaminants.

New electoral legislation and Election Funding Authority abolished

The *Electoral and Lobbying Legislation Amendment (Electoral Commission) Act 2014* (the Act) amended the *Parliamentary Electorates and Elections Act 1912* and the *Election Funding Expenditure and Disclosures Act 1981*. The Act:

- reconstituted the Electoral Commission so that it comprises the Electoral Commissioner, a former judge and a member with financial and audit skills
- abolished the Election Funding Authority on 30 November 2014 and conferred its functions to the reconstituted Electoral Commission on 1 December 2014.

Double counting of land assets at the Office of Sport

The Office of Sport (the Office), previously a division within the Department of Education and Communities, was established as a separate agency on 1 July 2014. Land relating to the Sydney International Regatta Centre (SIRC) was recognised in the Office's financial statements at \$15.2 million and in the financial statements of the Corporation Sole 'Minister Administering the Environmental Planning and Assessment Act, 1979' (the Corporation Sole).

The Corporation Sole holds title to the land, but the Office uses the land and manages the facilities. It was determined that the land was correctly recognised in the Corporation Sole's financial statements and it was removed from the Office's financial statements.

Key Financial Information

Changes in the cluster significantly affected its overall financial position

The cluster entities recorded a combined deficit of \$18.5 million in 2014-15, a decrease of \$186 million from the \$167 million surplus in 2013-14. In 2014-15, combined cluster expenditure decreased by \$478 million and combined cluster revenue decreased by \$664 million.

The significant decrease in cluster revenue and expenditure is mostly attributable to the Office of Environment and Heritage (OEH) and the Office of Local Government (OLG) becoming standalone agencies on transfer to the Planning and Environment cluster on 24 February 2014.

The value of assets held by cluster agencies totalled \$4.7 billion at 30 June 2015, up from \$4.1 billion at 30 June 2014. Total liabilities increased to \$1.0 billion at 30 June 2015 from \$636 million in the previous year. The increase in cluster assets and liabilities was due to the transfer of sporting and recreation agencies to the cluster in 2014-15.

Appendix One of this report provides a summary of key financial information for each cluster agency.

Performance against Budget

Budget performance for the Premier and Cabinet cluster

Recommendation (repeat issue)

Premier and Cabinet cluster agencies need to implement further measures to improve the accuracy of budgets.

Comparing agency performance against budget assists in understanding how public funds are being used to achieve NSW Government policy objectives.

Of the 12 cluster agencies that reported a budget in 2014-15:

- five agencies exceeded their budget for employee expenses by more than five per cent
- three agencies exceeded their budget for other expenses by more than five per cent
- eight agencies were not able to budget their net asset position to within 20 per cent of actual
- seven agencies were not able to budget their purchases of property plant and equipment within 25 per cent of actual.

Some agencies obtained Treasury approval to revise their budgets during the year to reflect changes in roles and activities. The variances are less significant between actual results and revised budgets. Some agencies did not have an original budget due to administrative restructures and transfers between clusters.

The Treasurer has continued to communicate with agency Chief Financial Officers at various forums about the importance of accurate financial information. The Secretary of the Department is responsible for control of the budget for the cluster. The Department aims to manage cluster activities to achieve a result within budget. Agencies monitor individual budgets and the Department can reprioritise expenditure as required within the cluster to meet required service levels. Some independent agencies receive funding directly from Treasury and the Department has no authority to reprioritise their budgets.

The table in Appendix Two compares the 2014-15 actual results of cluster agencies to their 2014-15 original budgets presented to Parliament. It highlights variances of greater than five per cent for major financial statement line items. Agencies in the cluster that did not present a budget to Parliament were not included in this Appendix. This does not mean they do not develop budgets against which they can monitor and manage their performance.

Financial and Sustainability Analysis

Significant deficits recorded by some cluster agencies in 2014-15

Nine agencies recorded deficits in 2014-15. The Barangaroo Delivery Authority recorded a \$51.2 million deficit largely due to a \$170 million increase in the provision for restoration and a \$38.2 million grant payable to Transport NSW for the Wynyard Walk.

The Department recorded a \$10.2 million deficit as a result of reduced funding from Treasury, increased redundancy costs and costs relating to the Cricket World Cup.

Venues NSW had a deficit of \$9.1 million. Depreciation expense was \$9.3 million and the loss on asset disposals was \$1.9 million. The deficit for Venues NSW largely reflects its inability to fund depreciation costs. While its expenses grew by 10.2 per cent its revenue also increased by 7.5 per cent compared to the previous year.

Low liquidity across the cluster

A measure of liquidity is the current ratio and the normal range for this ratio is between 1.0 to 2.0. Nine cluster agencies had a current ratio in the normal range at 30 June 2015 indicating they are liquid and able to meet their short term liabilities as they fall due. The Trustees of the ANZAC Memorial Building had a high current ratio of 10.4, due to cash received from Treasury to upgrade the ANZAC War Memorial.

The following six agencies had current ratios below the normal range at 30 June 2015:

- Department of Premier and Cabinet (0.4)
- Sydney Cricket and Sports Ground Trust (0.6)
- Parliamentary Counsel's Office (0.7)
- Independent Commission Against Corruption (0.7)
- Ombudsman's Office (0.7)
- Venues NSW (0.9) and
- Barangaroo Delivery Authority (0.9).

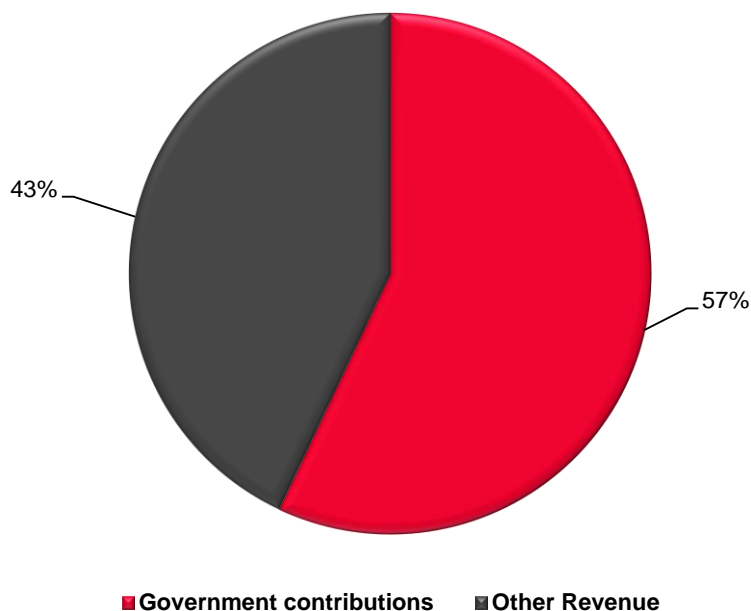
A current ratio below 1.0 indicates that these agencies may have insufficient current assets to meet their short term obligations. However, most of these agencies receive regular revenue allocations from Treasury or the Department and have sufficient budget allocations for 2015-16 to ensure liabilities can be met.

Government funding is a significant portion of cluster agencies' revenue

Within the cluster there are three self-funded agencies, Barangaroo Delivery Authority, Venues NSW and the Internal Audit Bureau of New South Wales. They generate most of their revenue from their own operations and this is used to meet their financial obligations and fund asset replacement and new asset acquisitions. This means they must generate sufficient revenue to be financially sustainable over the long term.

All other agencies in the cluster are funded by Government contributions. They generate limited revenue to cover their own costs. Government funding made up 57 per cent of total cluster revenue in 2014-15.

Funding sources (2014-15)



Movement in expenses for agencies in the cluster

Expenses declined for some cluster agencies in 2014-15. The Department of Premier and Cabinet achieved a negative expense growth rate of 78 per cent due to restructures previously mentioned. Infrastructure NSW (INSW) also achieved a negative expense growth rate of 63 per cent due to a significant reduction in expenses incurred on the Sydney International Convention, Exhibition and Entertainment Precinct Project (SICEEP).

INSW and Sydney Harbour Foreshore Authority (SHFA) entered into a Public Private Partnership agreement with a private sector company on 22 March 2013 for key components of the SICEEP. INSW manages the SICEEP project on behalf of the SHFA.

The Sydney Olympic Park Authority, the Natural Resources Commission, the Public Service Commission, the Independent Commission Against Corruption and the Police Integrity Commission also experienced a decline in their expenses compared to the prior year.

In other cases, expenses increased. The expenses of the NSW Electoral Commission increased by more than 190 per cent in 2014-15 due to the State election in March 2015. The expenses of the Barangaroo Delivery Authority increased by more than 180 per cent in 2014-15 mainly due to increased provision for restoration expense.

Winding up and abolition of agencies

There is a plan to wind up some cluster agencies in 2015-16. On 16 June 2015, the Treasurer and the Minister for Finance and Services recommended the IAB be wound up or sold by 30 June 2016. As a result, the IAB's financial statements are prepared on a liquidation basis resulting in:

- all non-current assets and non-current liabilities being reclassified as current
- management reviewing assets for impairment and writing them down to their expected liquidation value
- management reviewing the need for redundancy provisions.

The decision to wind up the IAB has delayed finalisation of the audit. The IAB obtained an extension from Treasury to submit its 2014-15 annual report by 31 December 2015.

It is anticipated that the Sesquicentenary of Responsible Government Trust Fund will be wound up prior to 31 December 2015. As a result, the financial statements for 2014-15 were prepared on a liquidation basis.

The Election Funding Authority of New South Wales was abolished on 30 November 2014 with the Authority's functions transferred to the Electoral Commission on 1 December 2014. On 27 March 2015, the Auditor-General issued an unmodified Independent Auditor's Report on the Authority's financial statements for the period ended 30 November 2014. The financial statements were prepared on a liquidation basis.

Sustainability issues at Venues NSW

Recommendation

Venues NSW should continue to work with Treasury to establish a capital structure and funding arrangements that support its financial sustainability.

Venues NSW recorded significant deficits over the past two years and a large portion of its cash assets have restrictions over how they can be used. Venues NSW is also a self-funded agency with only five per cent of its revenue coming from Government funding. These are indications that Venues NSW may not be able to meet its short term obligations in the future. Venues NSW's management provided formal representation and analysis to the Auditor-General supporting its ability to meet its short term obligation over the next 15 months.

On 4 September 2015, the NSW Government announced a commitment to build a new 30,000 seat stadium at Parramatta on the site of the existing Pirtek Stadium. Work is to begin as soon as possible and construction is expected to be completed by 2019.

As with any well run business, Venues NSW must manage its finances so it can meet current and future spending commitments to provide high quality venues, invest in future growth, and remain financially sustainable. To achieve these goals, it must generate sufficient operating surpluses so it can respond to changes in economic conditions, government policy, and the competitive environment.

The table below summarises the performance of cluster agencies against some key financial indicators as at, and for the year ended 30 June 2015.

Financial Analysis Indicators at 30 June 2015

Cluster agencies	Surplus/(deficit) \$'000	Liquidity	Government funding %	Expense growth rate %
Principal department				
Department of Premier and Cabinet	(10,188)	0.4	91.3	(77.8)
Sport and recreation agencies				
Combat Sports Authority NSW	--	N/A	73.4	17.1
New South Wales Institute of Sport	(288)	1.5	71.7	1.7
Office of Sport	983	1.2	46.8	N/A
State Sporting Venues Authority	(1,782)	N/A	100.0	22.7
Sydney Cricket and Sports Ground Trust	14,081	0.6	12.8	14.1
Sydney Olympic Park Authority	25,054	5.0	27.1	(4.5)
Venues NSW	(9,119)	0.9*	5.0	10.2
Other agencies				
Barangaroo Delivery Authority	(51,274)	0.9	--	186.1
Infrastructure NSW	(855)	1.4	58.7	(62.6)
Internal Audit Bureau of NSW	85	1.6	--	13.1
Natural Resources Commission	797	1.5	81.1	(10.2)
Parliamentary Counsel's Office	62	0.7	91.8	174.2
Public Service Commission	1,678	1.6	92.0	(1.8)
Sesquicentenary of Responsible Government Trust Fund	(5)	N/A	--	(12.5)
Trustees of the ANZAC Memorial Building	7,196	10.4	96.7	5.9
Independent and regulatory agencies				
Election Funding Authority of New South Wales	--	1.0	88.1	(22.7)
Independent Commission Against Corruption	3,743	0.7	97.0	(0.3)
Independent Pricing and Regulatory Tribunal	2,943	3.1	91.7	4.0
New South Wales Electoral Commission	(1,198)	1.6	98.3	194.3
Ombudsman's Office	(755)	0.7	92.0	11.4
Police Integrity Commission	308	1.7	95.0	(6.2)

N/A Not Applicable.

* Calculation excludes restricted cash of \$20.4 million.

Source: Financial Statements (audited). Appendix Three includes the definition of each of the indicators.

Financial Controls

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

This chapter outlines findings about financial controls of agencies in the Premier and Cabinet cluster for 2014-15. The table below summarises key observations and conclusions or recommendations.

Financial controls	
Observation	Conclusion or recommendation
A total of 77 internal control issues were identified during the audits and ten of these were repeat issues. None of the issues were considered high risk, but the number of moderate risks issues increased.	Areas where internal controls can be improved were reported to the relevant cluster agencies' management.
Some cluster agencies have significant asset investment plans for the next few years, but do not have asset management plans in place.	Recommendation: Agencies planning significant investment in infrastructure need to develop asset management plans.
Nineteen information technology issues were identified at cluster agencies in 2014-15 compared to one in the prior year.	Recommendation: Information security processes should be strengthened to reduce the risk of unauthorised access, security attacks, data integrity issues, data privacy breaches and identity theft.
The Office of Sport did not have a Disaster Recovery Plan (DRP) for its financial systems.	Recommendation: The Office of Sport should have a documented Disaster Recovery Plan to restore its financial systems in the event of a disaster.

Internal Controls

No high risk internal control weaknesses identified

The audits for 2014-15 did not identify any high risk internal control weaknesses. However, areas were identified where internal controls can be improved. These were reported to the relevant agencies' management together with recommendations to address the weaknesses.

Breakdowns and weaknesses in internal controls increase the risk of fraud and error. The 2014-15 financial statement audits identified that internal controls were generally designed appropriately and operated effectively to produce reliable and timely financial reports.

Seventy seven internal control issues reported, including ten repeat issues

The 2014-15 audits identified a similar number of internal control issues to the previous year. The number of repeat recommendations fell in 2014-15 compared to the previous year and were mostly low risk. While no high risk internal control weaknesses were identified in 2014-15, the number of moderate risk issues identified increased.

The table below details the number of internal control deficiencies identified and reported to management over the last two years by risk assessment category.

Year ended 30 June	2015			2014		
Risk Assessment	New	Repeat	Total	New	Repeat	Total
High	--	--	--	--	1	1
Moderate	38	1	39	27	6	33
Low	29	9	38	37	14	51
Total	67	10	77	64	21	85

Source: Draft Management Letters issued by the Audit Office.

Further details of the internal control weaknesses identified and key themes are summarised below.

Governance related issues

Some cluster agencies do not have a:

- centralised risk register dealing with operational and strategic risk as required by Treasury Policy Paper 12-03 'Risk Management Toolkit for the NSW Public Sector'
- legislative compliance register to capture and report on compliance with key legislation as required by Treasury Policy Paper 14-05 'Certifying the Effectiveness of Internal Controls over Financial Information'
- conflict of interest register to capture all relevant details of conflicts that exist with agency staff as required by Treasury Policy Paper 15-03 'Internal Audit and Risk Management Policy for the NSW Public Sector'
- centralised contract register to capture all relevant details of contracts entered into as required by the *Government Information (Public Access) Act 2009*. This matter is discussed further in the Service Delivery chapter.

Property, Plant and Equipment related issues

- Some agencies did not perform the annual impairment assessment of property, plant and equipment as required under Treasury Policy Paper 14-01 'Accounting Policy: Valuation of Physical Non –Current Assets at Fair Value'.
- Assets recorded in one agency were double counted following an administrative restructure. Further details on this issue are provided in the Financial Performance and Reporting chapter.

Excess annual leave

- Treasury Circular 14/11 required agency staff to have accrued annual leave balances of no more than 30 days at 30 June 2015, however, 238 employees in the cluster had annual leave balances exceeding this target. In comparison, 182 cluster employees exceeded the target of 35 days of leave accrued at 30 June 2014.

Service agreement related issues

- Some agencies had not finalised and signed the 2014-15 Service Partnership Agreement with other government agencies prior to 1 July 2014. Further details on this issue are provided in the Service Delivery chapter.

Repeat recommendations

Issues identified in the 2014-15 audits which were reported in the previous year and had not been addressed included:

- agency fixed asset registers still recorded assets which were fully depreciated, no longer in use, or disposed of
- agencies had outdated policies and procedures.

Certifying the effectiveness of internal controls over financial information

Agencies are certifying the effectiveness of internal controls over financial information

The certification of internal controls by the CFO provides the agency head with assurance that financial controls are adequate for financial reporting purposes. It is important for the agency head to have this assurance before being required to sign the annual financial statements.

In November 2014, Treasury released Treasury Policy Paper 14-05 'Certifying the Effectiveness of Internal Controls over Financial Information' (TPP14-05), which aimed to improve the reliability and timeliness of agencies' financial information. It requires Chief Financial Officers (CFOs) to provide the agency head with a certification of the effectiveness of internal controls over financial information. This certification must also be submitted to Treasury on or before 31 October 2015.

TPP14-05 is mandatory for all entities, other than State Owned Corporations, identified in the NSW Government Budget Papers (Budget Paper 2) as a 'material entity controlled by the NSW Government', and includes departments, statutory bodies, and other entities.

The 2014-15 audits noted that all 14 applicable agencies completed the CFO certification required by TPP 14-05. All but one of these agencies completed certification before or on the date the 2014-15 financial statements were signed.

Asset Management

Agencies don't have asset management plans

Recommendation

Agencies planning significant investment in infrastructure need to develop asset management plans.

The cluster contains agencies with significant land, building and infrastructure assets, including the Barangaroo Delivery Authority, Sydney Olympic Park Authority, Office of Sport, Venues NSW and the Trustees of the Anzac Memorial Building.

Future asset investment plans in the cluster over the next few years include:

- the Office of Sport investing \$600 million in sporting infrastructure, with funding available from 2017-18
- the Trustees of Anzac Memorial Building investing \$40.0 million towards the Anzac Memorial Centenary Project.

Sydney Olympic Park Authority was the only agency to have a detailed asset management plan in place in 2014-15. The other agencies need to prepare appropriate asset management plans, including project management and maintenance plans. Maintenance targets and other key performance indicators need to be set to monitor performance.

Agencies also need to ensure the financial control environment remains appropriate to respond to the increased level of financial risk associated with significant future infrastructure projects.

Information Technology

Issues were identified with information technology systems

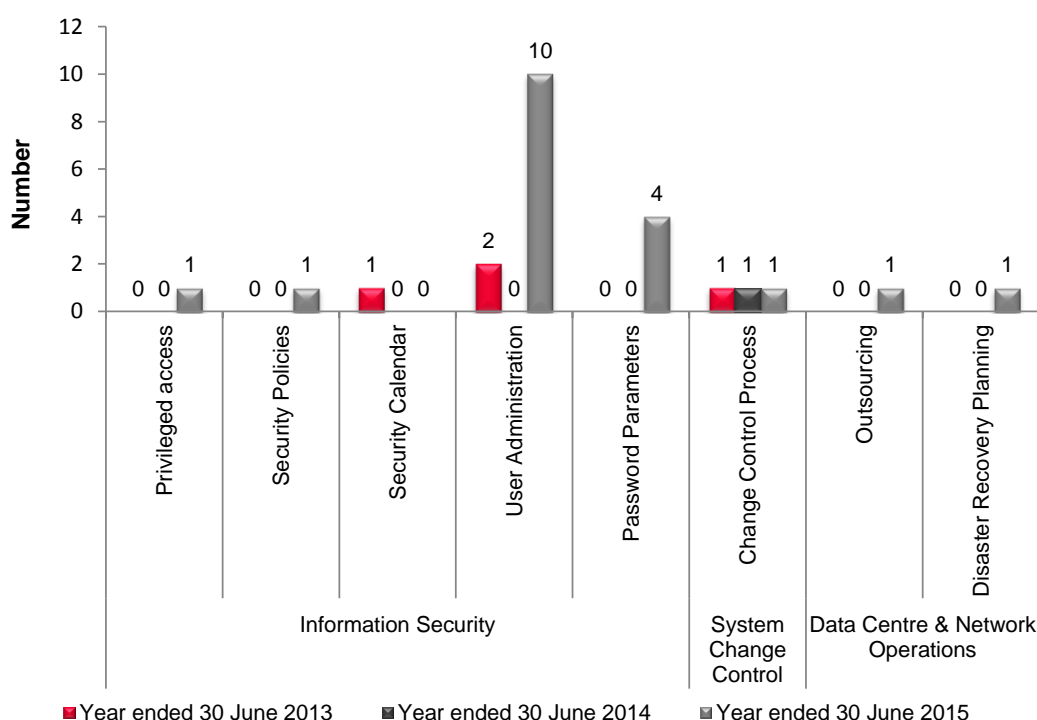
Recommendation

Information security processes should be strengthened to reduce the risk of unauthorised access, security attacks, data integrity issues, data privacy breaches and identity theft.

Nineteen information technology system issues were identified in general computer controls at cluster agencies in 2014-15 (one in 2013-14). The significant increase in the number of information technology (IT) issues can be attributed to agencies moving into the cluster and the implementation of new financial systems in some agencies.

Information systems audits focus on the IT processes and controls supporting the integrity of financial data used in the preparation of agencies' financial statements.

IT Issues Reported by Category



Note: A comparison of IT issues over the last three years is not possible due to administrative restructures in the cluster.

Weak user administration processes accounted for over half of the IT issues identified in 2014-15. Such weaknesses increase the risk of users having excessive or unauthorised access to critical financial systems, compromising the integrity and security of financial data residing in these systems.

Several issues were identified in relation to password settings. Password settings for financial systems had not been securely configured in line with agencies' policies and better practice standards. Weak password settings increase the risk of security attacks, data integrity issues, data privacy breaches and identity theft.

Disaster Recovery Planning Compliance Review

Disaster Recovery Plan not in place

Recommendation

The Office of Sport should have a documented Disaster Recovery Plan to restore financial systems in the event of a disaster.

The Office of Sport did not have a Disaster Recovery Plan (DRP) at 30 June 2015 documenting the procedures to be followed to restore financial systems in the event of a disaster. The Office of Sport should develop and implement such a plan as soon as possible.

The Audit Office was engaged to review agency compliance, as at 30 June 2015, with section 744.05 of the NSW Treasurer's Directions and the NSW Government Digital Information Security Policy (DRP requirements).

This compliance review was performed on 30 agencies across all clusters and covered the financial systems most relevant to producing the financial information they use to manage their businesses and produce financial reports. The detailed results of this review were reported in the Auditor General's Report – Volume Four 'Treasury and State Finances'.

Governance

Governance refers to the high-level framework of processes and behaviours designed to ensure an entity performs by meeting its intended purpose, conforms with legislation and other requirements, and meets expectations of probity, accountability and transparency. Those charged with governance of these processes hold Government and agencies to account.

The comments and observations in this section are based on the results and findings of our 2014-15 financial audits of agencies in the Premier and Cabinet cluster. The key observations and conclusions or recommendations are summarised in the following table.

Governance	
Observation	Conclusion or recommendation
There is a lack of clarity over governance arrangements at the cluster level and the Department of Premier and Cabinet is yet to update the NSW Public Sector Governance Framework to address legislative and policy changes since February 2013.	Recommendation (repeat issue): The Department of Premier and Cabinet should revise the NSW Public Sector Governance Framework to incorporate legislative and policy changes since February 2013.
Administrative order changes were issued on 30 June 2014, effective 1 July 2014.	The implementation date for machinery of government changes did not provide agencies with time to achieve an orderly transition.
Some agencies can improve aspects of their governance around fraud, compliance and risk management.	Agencies can use the principles outlined in the Audit Office Best Practice Guide 'Governance Lighthouse – Strategic Early Warning System' to identify areas of governance that need attention.
A compliance framework has not been developed in some cluster agencies.	Recommendation: All agencies should maintain a compliance register, monitor compliance and report breaches to the audit and risk committee.
Some cluster agencies did not have adequate fraud and corruption policies in place during 2014-15.	Recommendation: Agencies should use the Audit Office Fraud Control Improvement Kit to develop and enhance their Fraud and Corruption policies and practices.
There is no oversight of risk management at the cluster level.	Recommendation: In reviewing the Governance Framework, the Department should consider how risk management at an agency level is reported and monitored at the cluster level.

Governance Structure

The Department is developing its GOView database

In April 2011, individual government agencies were organised into ten clusters, each headed by a Principal Department. The head of the Principal Department is the Secretary of the Department. This administrative arrangement was intended to provide a mechanism for coordination and strategic alignment of agencies. Since that time, the Premier and Cabinet cluster has experienced amalgamations and the creation of agencies, agencies transferred in/out and others abolished.

The Department is responsible for arranging agencies into the ten relevant clusters and maintains the government organisational database called GOView. This database contains information on all cluster-specific reporting relationships between entities, with links to the entity's enabling legislation. It is amended for administrative restructures and legislative changes. The Department is currently scoping and planning further development of this database and intends to make it more public facing.

NSW Public Sector Governance Framework

Governance arrangements at the cluster level need to be clarified

Recommendation (repeat issue)

The Department of Premier and Cabinet should revise the NSW Public Sector Governance Framework to incorporate legislative and policy changes since February 2013.

The NSW Public Sector Governance Framework provides guidance on appropriate governance arrangements, and the level of Government control required, in respect of functions for the Government to properly fulfil its functions.

The Framework, released by the Department in February 2013, was designed as a tool to help establish new entities and review existing entities in the Executive branch of Government.

The Framework provides guidance and articulates relationships between Coordinating and Portfolio Ministers and between the Secretary's, Chief Executives and Boards of agencies to enable clusters to operate effectively and meet NSW Government objectives.

The current Framework does not clearly articulate the role of the cluster Secretary and CFO and governance arrangements are not clear at the cluster level. For cluster governance to work properly, the authority, autonomy and accountability of the Secretary and CFO needs to be clarified.

Last year's report to Parliament on the cluster noted:

- the Framework still refers to the *Public Sector Employment and Management Act 2002*, which has been replaced by the *Government Sector Employment Act 2013*
- differences in the nature of the agencies within the cluster makes the sharing of a common governance structure difficult
- the alignment of independent agencies within the cluster may not be appropriate.

These observations continue to be relevant and should be considered by the Department when revising the Framework. The scope and timing of revision to the Framework needs to be communicated by the Department.

Treasury's Financial Management and Transformation (FMT) project aims to revise financial governance, budgeting and reporting arrangements of the NSW public sector. The FMT proposals aim to further clarify administrative and accountability arrangements to enhance cluster operations. Clarity is required over the respective role of the Department and Treasury in updating the Framework.

Sharing governance resources is improving efficiency and reducing costs

Agencies within the cluster have taken opportunities to share resources, improve efficiency and reduce costs. An example is the sharing of the Audit and Risk Committee of the Office of Sport with Venues NSW and State Sporting Venues Authority. This is permitted by TPP 12-04 'Guidance on Shared Arrangements and Subcommittees for Audit and Risk Committees'.

The shared Audit and Risk Committee for the Department, Natural Resource Commission, and Parliamentary Counsel Office has continued.

Shared arrangements such as the sharing of independent Audit and Risk Committees members, secretariat services and the function of Chief Audit Executives, increase efficiency and reduce costs, including for travel and logistical arrangements.

Administrative Restructures

Agencies need time to transition after machinery of government changes

Agencies affected by machinery of government changes would benefit from a transition period between the date the change is announced and the implementation date. The 'Administrative Arrangements Order 2014 (Administrative Changes - Miscellaneous Agencies) (the Order)' was issued on 30 June 2014 and effective from 1 July 2014. There was limited time to implement changes and address issues from the Order for the following agencies:

- the Office of Sport was established as a Public Service executive agency within the Department of Premier and Cabinet cluster. The Order created the Office of Sport by transferring the following functions from Department of Education and Communities: Sports and Recreation Division; Sports Corporate and Administrative Support Branch; Venues NSW Division; Sydney Olympic Park Division; and Office of Penrith Lakes
- Service NSW was transferred from the Premier and Cabinet cluster to the Treasury and Finance cluster
- the Office of Veterans Affairs was transferred from the Department of Education and Communities to the Department of Premier and Cabinet
- the Sydney Cricket and Sports Ground Trust Staff Agency and staff employed by the Trustees of the Anzac Memorial Building were transferred to the Premier and Cabinet cluster.

The financial audits reviewed how agencies affected by the Order managed the transition process at 1 July 2014 and identified the following issues at the Office of Sport (the Office):

- the Office was established on 1 July 2014, but was not scheduled under the *Public Finance and Audit Act 1983* until 17 July 2015
- it was difficult to establish opening accounting balances transferred from the Department of Education and Communities
- governance arrangements took time to transition from the Department of Education and Communities, e.g. policies and procedures, risk management and legislative compliance frameworks have taken time to implement
- no centralised compliance register or fraud management policy existed and these are currently being developed.

The administrative restructuring of agencies creates complexity for accounting and financial reporting.

Governance Lighthouse – Strategic Early Warning System

The Audit Office published its updated Best Practice Guide 'Governance Lighthouse - Strategic Early Warning System' (Guide) in 'Volume One 2015 Areas of focus from 2014' (Volume One). The updated lighthouse takes into account the 2014 Ethical Framework for the NSW Government Sector released by the Public Service Commission.

Volume One of the 2015 Auditor-General's Report to Parliament suggested larger agencies would benefit from performing a self-assessment against the Guide to identify areas which need attention. During the 2014-15 audits, observations were made in the following areas covered by the Guide:

- fraud and corruption control framework
- compliance framework.

Audit observations included:

- three agencies did not have a compliance framework
- four agencies did not have an up to date and comprehensive compliance register
- three agencies did not have a fraud and corruption policy.

These findings are discussed further in the following sections of the report.

Compliance Management

Some cluster agencies do not have a compliance management framework

Recommendation

All agencies should maintain a compliance register, monitor compliance and report breaches to the audit and risk committee.

Effective compliance management requires agencies to:

- identify all applicable laws, regulations and government directions
- maintain a centralised up-to-date compliance register
- assign responsibility for each requirement
- monitor and report on compliance.

Effective compliance management helps prevent agencies from breaching laws and regulations. The 2014-15 audits identified that some cluster agencies do not maintain compliance registers or have adequate processes to ensure they comply with relevant legislative frameworks and requirements.

All agencies should maintain a compliance register, monitor compliance and report breaches to the audit and risk committee. Opportunities exist for agencies to leverage off good practice compliance management processes established in other cluster agencies.

Fraud Control

Few instances of fraud were reported across the cluster

Cluster agencies advise that three instances of possible corrupt conduct were identified and reported to ICAC in 2014-15.

Recommendation

Agencies should use the Audit Office 2015 Fraud Control Improvement Kit to develop and enhance their Fraud and Corruption policies.

The 2015 Audit Office Fraud Control Improvement Kit (released in February 2015), consolidates previously issued Audit Office resources into one document and places additional focus on the cultural elements that need to be present to implement an effective fraud control framework.

The 2015-16 audits will continue to focus on governance and will review:

- agency governance against key principles in the Audit Office's revised Governance Lighthouse
- the implementation of 'Internal Audit and Risk Management Policy for the NSW Public Sector' TPP 15-03
- fraud and corruption control by determining how agencies are using the 2015 Audit Office Fraud Control Improvement Kit and responses to the Audit Office 2015 Fraud Survey of NSW Public Sector agencies expected to be published in early 2016.

Risk Management

There is no oversight of risk management at the cluster level

Recommendation

In reviewing the Governance Framework, the Department should consider how risk management at an agency level is reported and monitored at the cluster level.

Each agency within the Premier and Cabinet cluster has their own risk profile and risk management framework. Risk management is performed at an agency level with oversight by the Audit and Risk Committee. There is no cluster wide risk assessment or risk register maintained.

In reviewing the NSW Public Sector Governance Framework, the Department should consider where it may be appropriate for risks identified at an agency level to be escalated for monitoring at the cluster level. The head of the lead cluster agency is responsible for the allocation of resources within cluster. An understanding of the risks at the agency level would allow for more informed decisions to be made.

Organisations with integrated and effective risk management frameworks can identify, assess and manage risks to protect and create value.

Risk management can improve decision making and lead to significant efficiencies and cost savings. By embedding risk management directly into processes, agencies can derive additional value from their risk management programs. The more mature an agency's risk management, the stronger its culture in balancing the tension between value creation and protection.

Treasury Policy Paper TPP 15-03: Internal Audit and Risk Management Policy for the NSW Public Sector requires an agency to establish and maintain an appropriate risk management framework and related processes.

A mature risk management process should:

- foster an embedded risk aware culture
- align strategic and business decision making processes with risk management activities
- improve resilience in dealing with adversity
- increase agility in pursuing new opportunities.

Agencies will need to evaluate the costs and benefits of risk management capability if they are to achieve a desirable balance between risk and reward. Some agencies may need more sophisticated risk management processes than others to suit the size and complexity of their activities.

Service Delivery

This chapter outlines our key findings about Service Delivery in the Premier and Cabinet cluster for 2014-15. The key observations and conclusions or recommendations are summarised in the following table.

Service Delivery	
Observation	Conclusion or recommendation
Public sector management reforms encompass a wide range of activities. They include personnel management, public sector workplace relations, ethics and values, workforce planning, performance management and operational practices.	The Audit Office of New South Wales has commenced a performance audit on 'public sector management reforms' and the final report is expected to be tabled in Parliament in mid-December 2015. The Public Service Commission is the main agency subject to this audit.
<p>The NSW Government released the new State Priorities 'NSW: Making it Happen' in September 2015. This replaced the NSW Government's previous ten year plan, NSW 2021.</p> <p>There has been no public reporting by the Department on progress against the NSW 2021 goals since the Performance Report was published in June 2014.</p>	The key targets and measures in 'NSW: Making it Happen', together with a process for monitoring and reporting on the new State Priorities, is being developed by the Department.
<p>Timely completion of service agreements which contain appropriate performance benchmarks is critical when financial operations are to be outsourced.</p> <p>Agencies need assurance that internal controls at their shared service provider are operating effectively.</p>	<p>Recommendation (repeat Issue): Agencies should finalise and sign their service agreements with their shared service providers before the agreement commences. The agreement should include key performance targets and measures.</p>
<p>The Office of Sport does not provide the agencies for which it is responsible for processing financial transactions with independent assurance over the operating effectiveness of internal controls.</p>	<p>Recommendation: Agencies should seek to obtain assurance over the design and operating effectiveness of internal controls at their shared service providers.</p> <p>Recommendation: The Office of Sport, in its capacity as a shared service provider, should provide agencies with assurance over the operating effectiveness of its internal controls.</p>
<p>Some cluster agencies performed a self-assessment against the key elements of the Audit Office Better Practice Guide on Contract Management Framework.</p> <p>Some agencies do have a centralised contract register.</p> <p>Almost half the agencies in the cluster do not have independent monitoring of contracts to check compliance and identify weaknesses</p>	<p>Recommendation: Agencies should ensure that a centralised contract register exists and that it is reviewed and updated on a regular and timely basis.</p> <p>Recommendation: Agencies should perform independent internal monitoring of significant contracts to check compliance with contract management frameworks and identify weaknesses.</p>

Public Sector Management Reforms

The Public Service Commission (the Commission) has continued to work with the government sector to embed the government's core values of integrity, trust, service and accountability in the culture, leadership, systems and practices of agencies and the conduct of employees. This is aligned with the State's goal to restore trust in the state government as a service provider.

Public sector management reforms, announced in response to the NSW Commission of Audit's recommendations to improve public sector management, encompass a wide range of activities. They include personnel management, public sector workplace relations, ethics and values, workforce planning, performance management and operational practices.

The Audit Office of New South Wales has commenced a performance audit on 'public sector management reforms' and the final report is expected to be tabled in Parliament in mid-December 2015. The Commission is the main agency subject of this audit.

The performance audit will assess how well the Commission has managed the implementation of public sector management reforms to improve the capability and effectiveness of the NSW public service workforce. The audit will focus on the support and guidance the Commission has given to agencies, monitoring and reporting and the long term benefits of reforms.

Performance Reporting

A key objective of public sector reform is to improve performance and create a culture of accountability. Performance reporting against benchmarks and targets is an effective means of measuring the effectiveness of reforms.

State Priorities

The NSW Government has announced a new set of priorities

The NSW Government released new State Priorities 'NSW: Making it Happen' in September 2015. This replaced the previous ten-year State Plan NSW 2021, which was released in September 2011, contained 32 goals and 186 targets. The Department is responsible for implementing and monitoring State Plans and State Priorities. Previously, the Department reported performance against each goal and target in NSW 2021 twice per year in its NSW 2021 Performance Report and NSW 2021 Measures Report.

No public reporting of progress against the NSW 2021 goals and targets in 2014-15

The Department did not report on performance against the goals and targets of NSW 2021 in June 2015 as originally planned through a NSW 2021 Performance Report 2014-15. The last such report, covering 2013-14, was released in June 2014. The Department does not plan to release a final performance report on NSW 2021.

'NSW: Making it Happen' outlines 30 key priorities for the State to: grow the economy; deliver infrastructure; protect the vulnerable; and improve health, education and public services across New South Wales. It targets 18 priorities across five key areas in addition to the Premier's 12 personal priorities.

It is planned that each of the 30 'State Priorities' will be measured against the best available indicators of economic growth, infrastructure delivery, service provision and other measures of community wellbeing and safety across New South Wales. The Department will play a key role in facilitating and collaborating with agencies to achieve the targets as well as reporting on performance.

The key targets and measures are being developed by the Department

The Department advises it is working on an underlying document that will more clearly define the targets and measures in 'NSW: Making it Happen' so that Ministers and individual agencies know which targets they are accountable for and how they will be measured.

For example, the reported targets to improve education results are expressed as a percentage point movement. However, it is not clear if this percentage movement is absolute or relative to a baseline target for a specified period.

Previously under NSW 2021, the Department consulted with the other clusters across the State to develop targets and baseline measures and used an online tool to obtain information from agencies for monitoring and reporting purposes. The Department has not formally documented this process.

It is not clear how performance against the new State Priorities will be monitored

With the release of the new State Priorities, the process for reporting by agencies against the targets and for monitoring agency reporting has not been finalised by the Department. The Department has established a new implementation unit, but its role in the process has not been clarified. The reporting format and medium used to publish performance results is still to be agreed between the Department and lead agencies.

The Department is yet to advise Portfolio Ministers of their responsibilities and accountabilities in relation to the State Priorities. Further, it has not determined if performance reporting against the State Priorities will be independently audited for accuracy. Other state Audit Offices have a mandate to audit key performance indicators of government entities as a way to provide better government accountability.

A performance audit on 'Information Quality - Data to support State Plan KPIs' is planned for 2016-17.

Shared Services

Agreements with shared service providers were not completed in a timely manner

Repeat recommendation

Agencies should finalise and sign their service agreements with their shared service providers before the agreement commences. The agreement should include key performance targets and measures.

Shared service arrangements aim to create efficiencies and reduce costs by centralising the delivery of services, such as human resources, financial and information technology, to central agencies from a single location.

The NSW Commission of Audit, in its May 2012 report on 'Government Expenditure', recommended improvements in the delivery of corporate and shared services across the government sector.

Eleven of the 22 agencies in the cluster use a shared service provider. Seven agencies use ServiceFirst Government Services (ServiceFirst), which operates within the Office of Finance and Services - Government Services Division. The remaining four agencies use shared services provided by the Office of Sport.

None of the 11 agencies had finalised and signed their Service Partnership Agreement (SPA) covering 2014-15 before it commenced and two agencies did not achieve this until after 30 June 2015.

The following table provides an overview of the shared service arrangements in place in the cluster.

Cluster agencies	Shared service arrangements	Service partnership agreement in place	Key performance measures in place	Shared service arrangements signed prior to 1 July 2014
Principal department				
Department of Premier and Cabinet	Yes	Yes	Yes	No
Sport and recreation agencies				
Combat Sports Authority NSW	Yes	Yes	No	No
New South Wales Institute of Sport	No	N/A	N/A	N/A
Office of Sport	No	N/A	N/A	N/A
State Sporting Venues Authority	Yes	Yes	No	No
Sydney Cricket and Sports Ground Trust	No	N/A	N/A	N/A
Sydney Olympic Park Authority	No	N/A	N/A	N/A
Venues NSW	Yes	Yes	Yes	No
Other agencies				
Barangaroo Delivery Authority	Yes	Yes	Yes	No
Infrastructure NSW	Yes	Yes	Yes	No
Internal Audit Bureau of NSW	No	N/A	N/A	N/A
Natural Resources Commission	Yes	Yes	Yes	No
Parliamentary Counsel's Office	Yes	Yes	Yes	No
Public Service Commission	Yes	Yes	Yes	No
Sesquicentenary of Responsible Government Trust Fund	N/A	N/A	N/A	N/A
Trustees of the ANZAC Memorial Building	Yes	Yes	No	No
Independent and regulatory agencies				
Election Funding Authority of New South Wales	N/A	N/A	N/A	N/A
Independent Commission Against Corruption	No	N/A	N/A	N/A
Independent Pricing and Regulatory Tribunal	Yes	Yes	Yes	No
New South Wales Electoral Commission	No	N/A	N/A	N/A
Ombudsman's Office	No	N/A	N/A	N/A
Police Integrity Commission	No	N/A	N/A	N/A

An SPA is a mutual undertaking between an agency and a service provider, which enables the transparent delivery of efficient and cost-effective shared services. It outlines the responsibilities of both the service provider and the agency and should define the key performance measures and targets against which the service provider reports on a monthly basis. These agreements are less effective if the key terms and conditions are not agreed before the services commence.

Some agreements with service providers did not have performance measures

Of the 11 agencies using shared service arrangements, only eight had key performance measures to monitor the performance of the service provider against the service level objectives detailed in the SPA.

The NSW Government is to outsource the services provided by ServiceFirst

On 2 June 2015, the NSW Government announced it had signed contracts with two third party vendors, Infosys and Unisys, following its decision to outsource the services currently provided by ServiceFirst. The transition of services to Infosys and Unisys requires intensive work to be completed by December 2015 when ServiceFirst will be closed. The current agreement between the agencies and ServiceFirst has been extended for five months to 30 November 2015.

Cluster agencies moving to the new service provider arrangements will need to ensure signed agreements are in place before the services commence and that they clearly define the roles and responsibilities of each party, and the performance measures and targets.

Internal controls at shared service providers

Agencies need assurance shared service provider's controls are operating effectively

Recommendation

Agencies should obtain assurance over the design and operating effectiveness of internal controls at shared service providers.

ServiceFirst has provided its clients with an independent assurance opinion on the operating effectiveness of its internal controls for over ten years. Cluster agencies affected by the closure of ServiceFirst will need to determine how they will obtain such assurance under the new service provider arrangements.

Recommendation

The Office of Sport, in its capacity as a shared service provider, should consider providing agencies with assurance over the operating effectiveness of its internal controls.

As best practice, the Office of Sport should consider providing its clients with an independent assurance opinion over the operating effectiveness of internal controls in addition to the certification it currently provides to agency CFOs.

In November 2014, Treasury issued Treasury Policy, TPP14-04 'Certifying the Effectiveness of Internal Controls over Financial Information'. This policy includes the requirement for agency CFOs to obtain comprehensive letters from service providers to certify the robustness of their control environments for financial reporting. The policy also suggests agencies seek an independent assurance opinion from service providers on the design and operating effectiveness of their internal controls.

Contract Management

Agencies need to improve contract management processes

Recommendations

Agencies should have a centralised contract register that is reviewed and updated on a regular and timely basis.

Agencies should perform independent internal monitoring of significant contracts to check compliance with contract management frameworks and identify weaknesses.

A robust contract management framework is vital to help ensure all parties meet their obligations, contractual relationships are well managed, value for money is achieved and deliverables meet the required standards and agreed timeframes.

The NSW Auditor-General's 2014 performance audit 'Making the most of government purchasing power – telecommunication' developed a Better Practice Contract Management Framework (Framework) with nine key elements.

The NSW Auditor-General's Report 'Volume One 2015 Areas of focus from 2014' recommended that agencies self-assess their contract management frameworks against the Framework and address any weaknesses.

The 2014-15 audits assessed whether cluster agencies had performed the self-assessment and addressed some key elements of the Framework. The results are reported below:

Cluster agencies	Centralised contract register exists	Contract management framework in place	Self-assessment performed against the Better Practice Contract Management Framework
Principal department			
Department of Premier and Cabinet	Yes	No	Yes
Sport and recreation agencies			
Combat Sports Authority NSW	No	Yes	Yes
New South Wales Institute of Sport	Yes	Yes	Yes
Office of Sport	No	Yes	Yes
State Sporting Venues Authority	No	Yes	Yes
Sydney Cricket and Sports Ground Trust	Yes	Yes	Yes
Sydney Olympic Park Authority	Yes	Yes	Yes
Venues NSW	Yes	Yes	No
Other agencies			
Barangaroo Delivery Authority	Yes	Yes	Yes
Infrastructure NSW	Yes	Yes	Yes
Internal Audit Bureau of NSW	No	No	Yes
Natural Resources Commission	Yes	Yes	Yes
Parliamentary Counsel's Office	Yes	No	No
Public Service Commission	Yes	Yes	No
Sesquicentenary of Responsible Government Trust Fund	N/A	N/A	N/A
Trustees of the ANZAC Memorial Building	Yes	Yes	Yes
Independent and regulatory agencies			
Election Funding Authority of New South Wales	N/A	N/A	N/A
Independent Commission Against Corruption	No	Yes	Yes
Independent Pricing and Regulatory Tribunal	Yes	Yes	No
New South Wales Electoral Commission	Yes	Yes	Yes
Ombudsman's Office	No	Yes	Yes
Police Integrity Commission	Yes	No	Yes

N/A Agency was dormant or abolished during the year.

The audit assessments identified that of the 20 cluster agencies:

- six did not have a centralised contracts register
- four did not have a contract management framework
- some had a contract management framework but no centralised contract register and vice versa
- 16 indicated they performed a full self-assessment against the Framework, where four only performed an informal comparison/analysis.

The agencies self-assessment highlighted that compliance levels with each of the Framework's nine key elements varied across the cluster.

All cluster agencies that performed the self-assessment indicated they have reporting and oversight practices for contract management in place, and contract management delegations are clear and consistent with financial delegations. While general financial delegations give authority to make financial commitments, contract management delegations give authority to undertake administrative tasks, such as signing contracts.

Other observations from the audits were:

- most cluster agencies indicated they had clear roles and responsibilities set out for contract management and staff managing contracts have the appropriate skills and experience
- fewer agencies indicated they regularly reviewed the contract management framework
- less than half the agencies independently monitor contracts to check compliance and identify weaknesses. This is usually performed by the internal audit function
- while most agencies had policies and procedures in place to guide staff, less than half had a contract management plan in place for each contract. This is attributed in part to the small size of some agencies and the simple nature of their contracts.

Section Two

Appendices



Appendix One – Financial Information

	Total assets		Total liabilities		Total revenue		Total expense		Net result	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Principal department										
Department of Premier and Cabinet	166,989	206,744	60,069	89,191	204,444	1,046,727	214,632	964,750	(10,188)	81,977
Sport and recreation agencies										
Combat Sports Authority NSW	--	--	--	--	650	555	650	555	--	--
New South Wales Institute of Sport	5,451	5,420	2,883	2,563	15,590	15,271	15,878	15,613	(288)	(342)
Office of Sport	199,210	N/A	27,432	N/A	143,131	N/A	142,148	N/A	983	N/A
State Sporting Venues Authority	165,135	161,298	--	--	9,348	9,880	11,130	9,069	(1,782)	811
Sydney Cricket and Sports Ground Trust*	785,843	737,850	118,770	98,968	95,911	133,107	81,830	71,722	14,081	61,385
Sydney Olympic Park Authority	2,098,159	2,030,411	29,312	22,626	159,486	128,764	134,432	140,771	25,054	(12,007)
Venues NSW	321,219	307,539	10,184	8,263	22,246	20,688	31,365	28,456	(9,119)	(7,768)
Other agencies										
Barangaroo Delivery Authority	824,062	562,943	741,111	376,269	77,749	85,186	129,023	45,102	(51,274)	40,084
Infrastructure NSW	5,153	4,653	3,731	2,376	20,823	58,452	21,678	57,890	(855)	562
Internal Audit Bureau of NSW***	8,518	11,927	5,316	9,012	16,547	14,711	16,462	14,556	85	155
Natural Resources Commission	1,739	869	739	666	5,336	5,154	4,539	5,054	797	97
Parliamentary Counsel's Office	1,609	1,450	1,340	1,243	9,721	3,641	9,659	3,523	62	118
Public Service Commission	16,339	9,426	8,374	3,139	35,544	35,296	33,866	34,477	1,678	819
Sesquicentenary of Responsible Government Trust Fund	43	48	--	8	2	2	7	8	(5)	(6)
Trustees of the ANZAC Memorial Building	41,807	31,948	789	374	9,098	2,253	1,902	1,796	7,196	457
Independent and regulatory agencies										
Election Funding Authority of New South Wales**	1,700	--	1,700	--	10,907	14,109	10,907	14,109	--	--
Independent Commission Against Corruption	12,676	8,521	6,414	6,002	29,575	26,850	25,832	25,899	3,743	951
Independent Pricing and Regulatory Tribunal	14,510	12,159	4,159	4,751	30,934	27,499	27,991	26,924	2,943	575
New South Wales Electoral Commission	22,321	22,246	5,473	4,200	99,368	33,211	100,566	34,175	(1,198)	(967)
Ombudsman's Office	9,066	5,347	8,277	3,803	31,864	29,995	32,619	29,290	(755)	705
Police Integrity Commission	5,176	5,168	2,363	2,663	18,279	18,793	17,971	19,153	308	(369)

* Year-end 28 February.

** Period ended 30 November 2014.

*** Audit is in progress.

Appendix Two – Performance Against Budget

	Department of Premier and Cabinet		Sydney Olympic Park Authority		Barangaroo Delivery Authority		Infrastructure NSW		Natural Resources Commission	
	2015 actual \$'000	2015 budget \$'000	2015 actual \$'000	2015 budget \$'000	2015 actual \$'000	2015 budget \$'000	2015 actual \$'000	2015 budget \$'000	2015 actual \$'000	2015 budget \$'000
Abridged statement of comprehensive income - year ended 30 June 2015										
Total expenses	214,632	200,137	134,432	132,738	129,023	74,112	21,678	37,486	4,539	4,935
Total revenue	204,444	184,472	159,486	140,122	77,749	65,403	20,823	36,986	5,336	5,008
Net result	(10,188)	(15,665)	25,054	7,384	(51,274)	(8,709)	(855)	(500)	797	73
Total other comprehensive income/(expense)*	--	--	36,008	--	(52,449)	--	--	--	--	--
Total comprehensive income/(expense)	(10,188)	(15,665)	61,062	7,384	(103,723)	(8,709)	(855)	(500)	797	73
Abridged statement of financial position - at 30 June 2015										
Total assets	166,989	172,939	2,098,159	2,093,189	824,062	574,205	5,153	4,133	1,739	827
Total liabilities	60,069	69,123	29,312	22,344	741,111	433,617	3,731	2,418	739	522
Net assets	106,920	103,816	2,068,847	2,070,845	82,951	140,588	1,422	1,715	1,000	305
Abridged statement of cash flows - year ended 30 June 2015										
Purchases of property, plant and equipment	10,491	4,198	7,559	15,419	82,965	80,777	13	--	626	98

* Includes transactions taken directly to equity, such as asset revaluation movements and actuarial movements on defined benefit superannuation plans.

Actual v Budget Indicator

- Variance below 2 per cent of budget
- Variance between 2 and 5 per cent of budget
- Variance greater than 5 per cent of budget

	Parliamentary Counsel's Office		Public Service Commission		Independent Commission Against Corruption		Independent Pricing and Regulatory Tribunal		New South Wales Electoral Commission	
	2015 actual \$'000	2015 budget \$'000	2015 actual \$'000	2015 budget \$'000	2015 actual \$'000	2015 budget \$'000	2015 actual \$'000	2015 budget \$'000	2015 actual \$'000	2015 budget \$'000
Abridged statement of comprehensive income - year ended 30 June 2015										
Total expenses	9,659	9,296	33,866	35,268	25,832	26,983	27,991	30,756	100,566	92,228
Total revenue	9,721	9,141	35,544	34,794	29,575	30,823	30,934	30,648	99,368	95,331
Net result	62	(155)	1,678	(474)	3,743	3,840	2,943	(108)	(1,198)	3,103
Total other comprehensive income/(expense)*	--	--	--	--	--	--	--	--	--	--
Total comprehensive income/(expense)	62	(155)	1,678	(474)	3,743	3,840	2,943	(108)	(1,198)	3,103
Abridged statement of financial position - at 30 June 2015										
Total assets	1,609	1,219	16,339	9,041	12,676	11,970	14,510	10,710	22,321	25,267
Total liabilities	1,340	1,378	8,374	3,205	6,414	3,379	4,159	4,626	5,473	2,673
Net assets	269	(159)	7,965	5,836	6,262	8,591	10,351	6,084	16,848	22,594
Abridged statement of cash flows - year ended 30 June 2015										
Purchases of property, plant and equipment	37	60	801	830	6,125	7,244	3,748	180	4,504	7,465

	Ombudsman's Office		Police Integrity Commission	
	2015 actual \$'000	2015 budget \$'000	2015 actual \$'000	2015 budget \$'000
Abridged statement of comprehensive income - year ended 30 June 2015				
Total expenses	32,619	29,488	17,971	20,230
Total revenue	31,864	28,412	18,279	20,080
Net result	(755)	(1,076)	308	(150)
Total other comprehensive income/(expense)*	--	--	--	--
Total comprehensive income/(expense)	(755)	(1,076)	308	(150)
Abridged statement of financial position - at 30 June 2015				
Total assets	9,066	3,378	5,176	4,803
Total liabilities	8,277	3,000	2,363	2,089
Net assets	789	378	2,813	2,714
Abridged statement of cash flows - year ended 30 June 2015				
Purchases of property, plant and equipment	350	350	539	1,000

Appendix Three – Financial Analysis

Indicator	Formula	Description
Surplus/ (deficit) (\$)	Net result from statement of comprehensive income	A positive result indicates a surplus, while a negative result indicates deficit. Operating deficits cannot be sustained in the long term.
Liquidity (ratio)	Current assets / current liabilities	This measures the ability to pay existing liabilities in the next 12 months. A ratio of one or more means there are more cash and liquid assets than short-term liabilities. Current liabilities exclude long-term employee provisions and revenue in advance.
Government funding (%)	Government grants and contributions/ total revenue	Indicates the proportion of total revenue which is contributed by Local, State and Federal Government. A higher percentage means that the agency relies on the Government to fund its expenditure. This percentage is expected to be lower for self funding agencies.
Expense growth rate (%)	(Total expenditure 2014-15)/ (Total expenditure 2013-14)	This demonstrates the rate at which total expenditure for an agency has increased or decreased in the financial year 2014-15, compared to 2013-14. A positive growth rate indicates that expenses have increased compared to prior year, while a negative growth rate indicates that expenses have decreased compared to prior year.

Appendix Four – Agency Transfers on 1 July 2015

Transferred into Premier and Cabinet Cluster

The Department of Trade and Investment, Regional Infrastructure and Service	<p>The Department of Trade and Investment, Regional Infrastructure and Services is abolished.</p> <p>Parts of the Department of Trade and Investment, Regional Infrastructure and Service are transferred to the Department of Premier and Cabinet by Administrative Arrangements.</p> <ul style="list-style-type: none">(a) the Investment Attraction and Development Branch,(b) employees principally involved in the administration of legislation allocated to the Minister for Trade or the Minister for Tourism and Major Events.
Destination NSW	<p>Destination NSW staff agency is responsible to the Department of Premier and Cabinet.</p>

Appendix Five – Cluster Information

Agency	Website
Principal department	
Department of Premier and Cabinet	http://www.dpc.nsw.gov.au/
Sport and recreation Agencies	
Combat Sports Authority NSW	http://www.combatsports.nsw.gov.au/
New South Wales Institute of Sport	http://www.nswis.com.au/
Office of Sport	http://www.sport.nsw.gov.au/
State Sporting Venues Authority	*
Sydney Cricket and Sports Ground Trust	http://www.sydneycricketground.com.au/
Sydney Olympic Park Authority	http://www.sopa.nsw.gov.au/
Venues NSW	http://www.venuesnsw.com/
Other agencies	
Barangaroo Delivery Authority	http://www.barangaroo.nsw.gov.au
Infrastructure NSW	http://www.infrastructure.nsw.gov.au/
Internal Audit Bureau of NSW	http://www.iab.nsw.gov.au/
Natural Resources Commission	http://www.nrc.nsw.gov.au/
Parliamentary Counsel's Office	http://www.pco.nsw.gov.au/
Public Service Commission	http://www.psc.nsw.gov.au/
Sesquicentenary of Responsible Government Trust Fund	*
Trustees of the ANZAC Memorial Building	http://www.anzacmemorial.nsw.gov.au/
Independent and regulatory agencies	
Election Funding Authority of New South Wales	http://www.efa.nsw.gov.au/
Independent Commission Against Corruption	http://www.icac.nsw.gov.au/
Independent Pricing and Regulatory Tribunal	http://www.ipart.nsw.gov.au/
New South Wales Electoral Commission	http://www.elections.nsw.gov.au/
Ombudsman's Office	https://www.ombo.nsw.gov.au/
Police Integrity Commission	https://www.pic.nsw.gov.au/

* This entity has no website.

Appendix Six – Agencies not previously commented on, by Minister

The following audits resulted in unmodified independent auditor's reports.

Agency name	Website	Period/year ended
Independent Pricing and Regulatory Tribunal Division	*	30 June 2015
Infrastructure NSW Staff Agency	*	30 June 2015
Institute of Sport Staff Agency	*	30 June 2015
Police Integrity Commission Staff Agency	*	30 June 2015
Natural Resources Commission Staff Agency	*	30 June 2015
New South Wales Electoral Commission Staff Agency	*	30 June 2015
Newcastle International Sports Centre Club	*	30 June 2015
Sydney Cricket and Sports Ground Trust Staff Agency	*	28 February 2015

* This entity has no website.

Our vision

Making a difference through audit excellence.

Our mission

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

Our values

Purpose – we have an impact, are accountable, and work as a team.

People – we trust and respect others and have a balanced approach to work.

Professionalism – we are recognised for our independence and integrity and the value we deliver.

Professional people with purpose

Making a difference through audit excellence.

Level 15, 1 Margaret Street
Sydney NSW 2000 Australia

t +61 2 9275 7100

f +61 2 9275 7200

e mail@audit.nsw.gov.au

office hours 8.30 am–5.00 pm

audit.nsw.gov.au

