



INDEPENDENT AUDITOR'S REPORT

Technical and Further Education Commission

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Technical and Further Education Commission (the Commission), which comprise the statement of financial position as at 30 June 2015, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information. The consolidated entity comprises the Commission and the entity it controlled at the year's end or from time to time during the financial year.

Basis for Qualified Opinion

The Commission implemented a new Student Administration and Learning Management (SALM) system in October 2014. The Commission used the SALM system to enrol new and existing students into relevant TAFE courses. System limitations prevented me from obtaining sufficient and appropriate audit evidence to support amounts recorded for student revenue and related transactions. Consequently, I am unable to form an opinion on the appropriateness of amounts recorded for sales of goods and services of \$477.4 million, student receivables and accrued income of \$47.6 million recorded in receivables and unearned revenue of \$398.0 million recorded in payables, nor can I determine the impact of possible misstatements on the net result or total comprehensive income.

Qualified Opinion

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements:

- give a true and fair view of the financial position of the Commission and the consolidated entity as at 30 June 2015, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41C of *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

Managing Director's Responsibility for the Financial Statements

The Managing Director is responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act and for such internal control as the Managing Director determine is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

My opinion does *not* provide assurance:

- about the future viability of the Commission or consolidated entity
- that they have carried out their activities effectively, efficiently and economically
- about the effectiveness of the internal control
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information, that may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their role by the possibility of losing clients or income.



AT Whitfield PSM
Acting Auditor-General

19 October 2015
SYDNEY