

ACT Auditor-General's Office

Annual Report 2012-13

September 2013



ACT AUDITOR-GENERAL'S OFFICE

Mrs Vicki Dunne MLA
The Speaker
ACT Legislative Assembly
London Circuit
CANBERRA ACT 2601

Dear Mrs Dunne

I have attached the Annual Report of the ACT Auditor-General's Office for the year ended 30 June 2013.

This report has been prepared under subsection 6(1) of the *Annual Reports (Government Agencies) Act 2004*, in accordance with the requirements referred to in the Chief Minister's Annual Reports Directions, and in conformity with other applicable legislation.

I certify that:

- the Annual Report is an honest and accurate account of the operations of the ACT Auditor-General's Office during the period from 1 July 2012 to 30 June 2013; and
- fraud prevention has been managed in accordance with the Public Sector Management Standards, Part 2.

Section 15 of the *Annual Reports (Government Agencies) Act 2004* requires that you cause a copy of the Report to be laid before the Legislative Assembly within three months of the end of the financial year.

Yours sincerely

Dr Maxine Cooper
Auditor-General
24 September 2013

CONTENTS

A.	Performance and Financial Management Reporting	1
A.1	The Audit Office	1
A.2	Overview	3
A.3	Highlights.....	5
A.4	Outlook.....	10
A.5	Management discussion and analysis	11
A.6	Financial report.....	17
A.7	Statement of performance	17
A.8	Strategic indicators	17
A.9	Analysis of performance.....	17
A.10	Triple bottom line (TBL) report.....	34
B.	Consultation and scrutiny reporting.....	39
B.1	Community engagement.....	39
B.2	External and internal scrutiny.....	39
B.3	Legislative Assembly Committee inquiries and reports	41
B.4	Legislation report.....	44
C.	Legislative and policy-based reporting	45
C.1	Risk management and internal audit	45
C.2	Fraud prevention	48
C.3	Public interest disclosures and other representations.....	48
C.4	Freedom of information	51
C.5	Internal accountability	53
C.6	Human resource performance.....	55
C.7	Staff profile.....	58
C.8	Learning and development.....	58
C.9	Workplace health and safety.....	59
C.10	Workplace relations	61

Contents

C.11	Human Rights Act 2004.....	63
C.12	Strategic Bushfire Management Plan	64
C.13	Strategic asset management.....	64
C.14	Capital works.....	65
C.15	Use of contractors	65
C.16	Community grants, assistance and sponsorship	67
C.17	Territory Records.....	67
C.18	Commissioner for Sustainability and the Environment	68
C.19	Ecologically sustainable development	68
C.20	Climate change and greenhouse gas reduction policies and programs.....	73
C.21	Aboriginal and Torres Strait Islander reporting.....	74
C.22	ACT Multicultural Strategy 2010-13	74
C.23	ACT Strategic Plan for Positive Ageing 2010-14	75
C.24	ACT Women’s Plan 2010-2015	75
C.25	Model litigant guidelines	76
C.26	Notices of noncompliance	76
C.27	Property crime reduction.....	76
	Appendix A: Financial Audit Fees.....	77
	Appendix B: Staff Profile	85
	Appendix C: Financial Statements	89
	Appendix D: Statement of Performance	149
	Appendix E: Audit Office Reports	171
	Appendix F: Contact Information.....	173
	Appendix G: Compliance index for the 2012-13 Report.....	175

LIST OF ABBREVIATIONS AND GLOSSARY

ACAG	Australasian Council of Auditors-General
ACTGS	ACT Government Solicitor's Office
A-G Act	<i>Auditor-General Act 1996</i>
AGS	Australian Government Solicitor
Audit Office	ACT Auditor-General's Office
CA	Chartered Accountant
CALD	Culturally and linguistically diverse
CO ₂	Carbon dioxide
CO _{2-e}	Carbon dioxide equivalent
ESD	Ecologically sustainable development
ESDD	Environment and Sustainable Development Directorate
ETD	Education and Training Directorate
FMA	<i>Financial Management Act 1996</i>
FTE	Full-time equivalent(s)
FoI	Freedom of Information
OH&S	Occupational Health and Safety
PAC	Public Accounts Committee
PID	Public interest disclosure
PSM Act	<i>Public Sector Management Act 1994</i>
QAO	Queensland Audit Office
RED	Respect, equity and diversity
ToC Act	<i>Territory-Owned Corporations Act 1990</i>

A. PERFORMANCE AND FINANCIAL MANAGEMENT REPORTING

A.1 THE AUDIT OFFICE

The Auditor-General is a statutory position under the *Auditor-General Act 1996* and is responsible for auditing all ACT Public Service agencies. The Audit Office supports the Auditor-General in carrying out these duties.

The Audit Office provides assurance and independent advice to the community, through the ACT Legislative Assembly, that the ACT Public Service is accountable and managed in an effective and efficient manner.

The Auditor-General is empowered to do anything 'incidental' or 'conducive' to performing the functions of the Auditor-General.

Vision

The *Strategic Plan 2012-2015* sets out the vision, role, and values of the Audit Office and also defines the Office's outcomes and objectives. It is available on the Office's web-site (<http://www.audit.act.gov.au>).

The vision of the Audit Office is to have 'an accountable and highly performing ACT public sector'.

Values

The core values that guide the Audit Office's work and behaviours of its staff are:

- *independence* – impartial and evidence-based reporting is our most powerful influence;
- *integrity* – we are honest, truthful and fair;
- *professionalism* – we fulfil our obligations;
- *respect* – we seek to understand and be trusted by our stakeholders; and
- *learning and innovation* – we strive to realise our full potential.

There is a high correlation between the Audit Office's core values and the ACT Public Service Values. The only substantial difference is that the ACT Public Service has a value of *Collaboration*. While the Audit Office will be collaborative where possible, it has not explicitly recognised this value, because of a need to give priority to the independence of the Auditor-General.

Organisation

The Audit Office consists of the following functional areas:

- Financial Audits;
- Performance Audits; and
- Corporate Services.

The following figure shows the organisational structure of the Audit Office for 2012-13.

Figure A.1.1: Organisational structure



The Audit Office's Executive team during the 2012-13 financial year were:

- Dr Maxine Cooper - Auditor-General;
- Mr Bernie Sheville - Director, Financial Audits; and
- Mr Brett Stanton – Acting Director, Performance Audits and Corporate Services. Mr Stanton acted in the role from June 2012 to October 2012 and from January 2013 to May 2013. Dr David Hughes commenced as the Director, Performance Audits and Corporate Services in May 2013.

In 2012-13, the Auditor-General, Directors and Principals from the Performance Audit and Financial Audit teams, as well as the Executive Support Officer, participated in weekly Executive Committee meetings.

Stakeholders

The Audit Office serves the community, through the elected representatives in the ACT Legislative Assembly. The Audit Office reports directly to the ACT Legislative Assembly.

Other key stakeholders include the ACT Government, its agencies and their staff.

A.2 OVERVIEW

Within the context of the *Strategic Plan 2012-2015*, the Audit Office's role is to:

- provide an independent view to the ACT Legislative Assembly and the community on accountability, efficiency and effectiveness of the public sector;
- foster accountability in the public administration of the Territory; and
- promote efficiency, effectiveness and value for money expenditure in the Territory's delivery of services and programs.

In 2012-13, the Audit Office strove to continue meeting the ACT Legislative Assembly's needs by focussing on key issues affecting the ACT community as well as providing information and recommendations to improve ACT Government agencies' performance.

In this regard, the ongoing support of the Audit Office's work by the Standing Committee on Public Accounts (PAC) is appreciated, particularly the Committee's interest in tabled reports, discussions about future performance audits and liaison with other Legislative Assembly committees on behalf of the Audit Office.

The Audit Office also continued to work closely with the Australasian Council of Auditors-General (ACAG). ACAG facilitates inter-jurisdictional sharing of information and assists audit offices to improve their performance via targeted projects. The Auditor-General is a member of the ACAG Executive (2011-12 to 2013-14).

Relevant legislation

The Audit Office's operations are mostly governed by the *Auditor-General Act 1996* (A-G Act).

This Act requires the Territory to have an Auditor-General, prescribes the functions and powers of the Auditor-General and the administration of the Office, and provides a statutory mandate for financial and performance audits of public sector agencies. The Act supports the Auditor-General's independence by providing that the Auditor-General is not subject to direction by the Executive or any Minister in the exercise of the Auditor-General's functions.

The *Auditor-General Amendment Bill 2013* was introduced into the Legislative Assembly in May 2013. The Bill includes a range of changes and enhancements to the A-G Act, including:

- clarity with respect to the independence of the Auditor-General in the exercise of functions;

- clarity with respect to the independence of Audit Office staff, who are not subject to direction from anyone other than the Auditor-General or another member of the Audit Office authorised by the Auditor-General;
- allowing the audit of non-government entities in certain circumstances so that the Auditor-General can audit Government funded activities;
- support for joint or collaborative audits with the Commonwealth Auditor-General and other state and territory auditors-general;
- requirements for the Auditor-General to consult on the annual performance audit program;
- requirements for the reporting of Executive deliberations and decisions; and
- requirements for a strategic review of the Auditor-General to be conducted at least once in each term of the Legislative Assembly.

Other legislation relevant to the Audit Office's operations include the:

- *Public Sector Management Act 1994* (PSM Act). This Act sets out administrative arrangements for the management of the ACT Public Service. Office staff (except for the Auditor-General, who is appointed under the A-G Act) are employed under the PSM Act;
- *Financial Management Act 1996* (FMA). The FMA addresses the financial management and associated accountability requirements of the Territory and its agencies. The Act requires the Audit Office to audit the financial statements of the Territory and its agencies and, where applicable, review agencies' statements of performance. The FMA also requires the Audit Office to effectively and efficiently manage its own financial operations;
- *Territory-owned Corporations Act 1990* (ToC Act). The ToC Act addresses the financial management and associated accountability requirements of Territory-owned corporations. The Act requires these corporations to appoint the Auditor-General as their statutory auditor under the *Corporations Act 2001*. Consequently, the Audit Office audits the financial statements of Territory-owned corporations under the *Corporations Act 2001*;
- *Public Interest Disclosure Act 2012* (PID Act). This Act replaced the *Public Interest Disclosure Act 1994*. In the new PID Act the Auditor-General is identified as a disclosure officer. The Audit Office may receive disclosures in relation to its own staff or operations, or the operations of other ACT Government directorates, agencies or entities. Where information received falls within the PID Act, the Audit Office assesses whether the disclosure should be referred to another agency or entity for investigation, or if it is appropriate for the Office to investigate the disclosure itself or respond by undertaking a performance audit; and
- *Government Procurement Act 2001*. Under this Act, a Territory entity responsible for a contract containing confidential text must give the Auditor-General the contract and other relevant information, if requested to do so by the Auditor-General. The Auditor-General must then report to a Legislative Assembly Committee (as nominated by the Speaker) on whether the contract's confidential text complies with the Act's provisions.

A.3 HIGHLIGHTS

Over the year, the Audit Office successfully completed:

- 68 financial audits and reviews of 28 statements of performance prior to the October 2012 Legislative Assembly election. Although several audits were not completed by the required timetable, this was largely due to factors outside the control of the Office. All audits were completed in time for agencies to meet their statutory reporting requirements;
- a report summarising the outcomes of the 2011-12 financial audits (as reported in Appendix E);
- an increased number of performance audits in response to receiving additional appropriation. The seven completed performance audits (as reported in Appendix E) covered areas of interest to the Legislative Assembly and wider community, with two of these audits conducted following representations and requests from Legislative Assembly members; and
- a review of the Audit Office's corporate services activities (including technical and quality assurance activities), resulting in more effective governance and administrative arrangements that will provide a stronger basis on which to support the Office's broader performance and financial audit activities. The benefits of the review, including its affect on the organisational structure and associated roles and responsibilities, are expected to be realised throughout 2013-14 and beyond.

Additionally, the Audit Office:

- received a 'satisfactory or better' performance rating from all except one of the agencies surveyed in relation to completed financial and performance audits;
- achieved a high rate of agencies' acceptance of audit recommendations, including acceptance of 87 percent of financial audit recommendations and 91 percent of performance audit recommendations (with almost all of the remaining recommendations being agreed to 'in part' or 'in principle');
- experienced a high level of staff satisfaction with 69 percent of staff expressing satisfaction with their job;
- progressed planning and implementation of a new time recording system. The new system, which was implemented in July 2013, will streamline the Office's time recording processes, which were previously reliant on manual administrative processes. This provides a strong basis on which to account for staff members' time, which will, in turn, assist in the Office's financial management. The new system also provides more extensive reporting capability and functionality for managers and executives; and
- reviewed and revised a significant suite of corporate policies and procedures to provide stronger support for a range of Office's activities.

Financial results

The Audit Office's financial performance and position remain sound.

Consistent with the cost recovery nature of its operations, the Audit Office expects to generate essentially break-even operating results. The Audit Office generated an operating surplus of \$17 000 compared to a budgeted operating deficit of \$223 000.

The Audit Office's \$6.1 million revenue consisted largely of financial audit fees of \$3.4 million and appropriation funding of \$2.5 million. The Office charges fees to agencies for undertaking annual financial audits. A key challenge for the Audit Office is demonstrating that fees charged for financial audits are reasonable given the cost of undertaking financial audits. This requires an ongoing focus on identifying efficiencies in the delivery of financial audits, and communicating openly and effectively with agencies with respect to recovering costs.

Working with agencies and stakeholders

The Audit Office continued to focus on enhancing relationships with ACT Government agencies to build confidence in the audit process. This was achieved by:

- using sound communication processes which significantly contribute to high agency satisfaction rates with the conduct of financial and performance audits and high acceptance rates of audit recommendations;
- seeking and responding openly to feedback provided by agencies; and
- ensuring that agencies are provided opportunity to critically review and comment on reports prepared by the Audit Office prior to their finalisation.

As in previous years, the Audit Office attended ACT Government agencies' internal audit committee meetings, held agency information seminars and provided briefings to agencies when requested.

The Audit Office also worked closely with the Legislative Assembly. The Office liaised with the PAC and other Assembly committees by providing private briefings on tabled reports and attending a public inquiry into the Emergency Department Performance Information audit report.

An independent consultant was engaged to conduct a survey of Legislative Assembly members' views about the Audit Office. Survey results were generally positive with:

- 87.5 percent of respondents agreeing (or strongly agreeing) that 'the Audit Office's reports and services provide useful information on ACT public sector performance' and 'the Audit Office's reports and services help improve administration in the Territory'; and
- all respondents agreeing (moderately to very highly) that, 'in general, the Office provides high quality reports and services'.

Managing the Audit Office

The Audit Office continued to implement its *Strategic Plan 2012-2015*. The Plan was supported by detailed business plans for the Office's financial audit, performance audit and corporate services teams. The Office's Executive Committee routinely and regularly monitors progress against these plans.

In 2012-13 the Audit Office conducted a review of its corporate services activities. The review recommendations called for:

- revised administrative arrangements for corporate services activities, involving the consolidation of corporate services officers and technical and quality assurance officers within the same team;
- clarifying roles and responsibilities for various corporate activities; and
- reviewing and revising key documents to explicitly recognise roles and responsibilities.

Recommendations from the review are in the process of being implemented. The benefits of the review, including its affect on the organisational structure and associated roles and responsibilities, are expected to be realised throughout 2013-14 and in following years.

A major focus in 2012-13 was undertaking a program of reviewing and updating corporate policies and procedures. This resulted in 31 policies and procedural office documents. Where appropriate, whole-of-government policies and procedures were adopted or tailored to meet the needs of the Audit Office.

The Audit Office continued to give a high priority to improving staff capabilities. The Office's learning and development program ensures staff meet technical requirements (such as auditing, accounting, reporting and information technology) as well as developing their knowledge of public sector issues, management and improving their communication skills. The Office also continued to support staff studying for tertiary or professional qualifications.

The Audit Office engaged an independent consultant to conduct its annual staff survey. Overall, results of the 2013 survey were positive with 69 percent of staff advising that they were satisfied with their job and 88 percent indicating that their work made an important contribution to the Office's success. Staff identified the Audit Office's key strengths as:

- the reputation and respect of the Office;
- the independence and autonomy of the Office;
- the leadership and management of Office;
- the diversity, skills and professionalism of the Office's staff; and
- learning and professional development opportunities.

Staff also identified areas for improvement, including:

- communication, information and feedback from management;
- internal communication and interaction between different service areas;
- support for innovation and the implementation of different practices; and
- processes around recruitment and promotion.

The Audit Office's Executive is working with the Office Consultative Committee (a committee with one Executive representative and three members nominated by staff) to respond to issues identified in the staff survey.

Performance audits

Additional appropriation was received in 2012-13, which facilitated the completion of an additional audit, compared with the previous year. Seven performance audits covered a range of topics:

- Emergency Department performance information and practices;
- Public Service recruitment practices;
- the ACT Legal Aid Commission's management of grants of legal assistance;
- the care and protection system for children;
- ACTEW's disclosure of executive remuneration information;
- parking operations; and
- ACT program and service delivery under the National Partnership Agreement on Homelessness.

Five of these audits were identified following consultation with Legislative Assembly members, particularly the PAC, and agency heads. Two audits (Emergency Department performance information and practices and ACTEW's disclosure of executive remuneration information) were undertaken in response to Legislative Assembly committee and member representations and inquiries. While the Audit Office has implemented robust planning, topic selection and consultation processes for the annual performance audit program, the Office expects an increasing demand for performance audits in response to Assembly and community concerns on specific issues.

Performance audits were undertaken using a combination of in-house and external resources. In 2012-13, the Audit Office made a greater use of contractors in the delivery of the performance audits and continued to use subject matter experts where appropriate.

Agencies continued to accept a high proportion of the Audit Office's recommendations. All audited agencies advised they were satisfied with the way performance audits were conducted. Agencies' comments were largely positive, indicating satisfaction with the professional and constructive way in which audits were conducted.

Suggestions for improvements to Office practices were also received and have been carefully considered and addressed where possible.

In 2012-13 the Office commenced a review of its performance auditing methods and practices. Importantly, this review will include consideration of the Office's performance audit policy guidelines document (PAMPR) and document management system (ASPIRE). The style and format of performance audit reports are also being considered.

Financial audits

The Audit Office completed its annual program of audits of financial statements and reviews of statements of performance. In 2012-13 the Audit Office completed 68 audits of financial statements and 28 reviews of statements of performance within tighter-than-usual deadlines to accommodate the October 2012 ACT Legislative Assembly election.

In 2012-13, 88 percent of audits were completed in accordance with the required timetable, an improvement on the 79 percent achieved in 2011-12. Despite delays, which were largely due to factors outside the Audit Office's control, all audits were completed in time for agencies to meet their statutory reporting deadlines.

Over the year, the acceptance rate of financial audit recommendations was 87 percent, slightly below the targeted 95 percent and the 92 percent achieved in 2011-12. The continuing high levels of acceptance of audit recommendations indicates these recommendations are sound and that agencies are willing to improve their operations.

Representations

The Audit Office continued to respond to matters raised by the ACT Legislative Assembly, members of the community and other organisations.

As previously mentioned, the Emergency Department performance information audit was undertaken following a resolution of the Legislative Assembly and representations from Assembly members. Similarly, the audit of the disclosure of executive remuneration information by ACTEW was undertaken following questions from the PAC. Performance audits on ACT Public Service recruitment practices and the care and protection system for children and young people were, in part, informed by community representations.

In 2012-13, the Audit Office received 30 representations covering a wide range of issues of concern to the ACT community, up from 15 in 2011-12. This increase in representations may reflect the relatively high profile of recent audits, which may have lead to increased visibility of the Audit Office. The Office expects to continue to receive a high number of representations in the future, particularly given its role in public interest disclosures.

The new *Public Interest Disclosure Act 2012* potentially broadens the scope of matters considered as public interest disclosures. A continuing challenge for the Office is ensuring representations received are carefully considered as potential public interest disclosures.

A.4 OUTLOOK

The Audit Office will continue to focus on financial and performance audit activities, implementing changes in response to amendments to the *Auditor-General Act 1996* and improving internal processes and procedures, including implementing changes to corporate services activities and a new time recording system.

The Office expects continued interest in performance audits and financial audits by the Legislative Assembly and wider community, particularly in the results of performance audits, which identify areas for improvement in delivering public services. The Office will also be expected to deliver high quality financial audits and draw attention to areas where governance, risk and fraud management arrangements and internal controls implemented by reporting agencies could be improved.

ACT Government agencies are likely to continue seeking more value from the Audit Office's work. This will require the Office to ensure that its reports focus on significant matters and include sound recommendations to improve the quality of public services. Attention will also be given to identifying efficiencies in operations.

In response to these challenges, the Audit Office will continue reviewing methods and practices for the delivery of performance audits (including its performance audit report format) and will continuously seek to achieve efficiencies in its financial audit processes.

The Audit Office anticipates it will continue receiving representations from the community and Legislative Assembly members. The Office will regularly reassess performance audit priorities, and other advisory activities to ensure that it responds effectively. Representations received will be considered with respect to *Public Interest Disclosure Act 2012* requirements.

The Audit Office will continue working independently and diligently in meeting its legislative responsibilities and being responsive to the needs of the ACT Legislative Assembly and community. The Office will strive to keep agencies accountable for the efficient and effective delivery of public services while, at the same time, providing reliable information and sound recommendations to guide agencies' performance improvements.

The *Auditor-General Amendment Bill 2013*, which was introduced into the Legislative Assembly in May 2013 will result in amendments to the *Auditor-General Act 1996*. The Bill includes provisions allowing the audit of Government-funded activities of non-Government entities and support for joint or collaborative audits with the Commonwealth Auditor-General and other state and territory auditors-general.

Furthermore, a proposed *Officers of the Assembly Legislation Amendment Bill 2013* seeks to formally make the Auditor-General an independent Officer of the Legislative Assembly. This is expected to reinforce the importance of the Auditor-General's independence and the special relationship with the ACT Legislative Assembly.

A.5 MANAGEMENT DISCUSSION AND ANALYSIS

The Audit Office's financial results for the reporting period are shown in Table A.5.1.

Table A.5.1: Financial results

	2010-11 Actual \$ 000	2011-12 Actual \$ 000	2012-13 Actual \$ 000	2012-13 Budget \$ 000
INCOME				
Appropriation	2 159	2 222	2 545	2 545
Financial audit fees	3 175	3 679	3 376	3 607
Other income	118	105	202	88
Total income	5 452	6 006	6 123	6 240
EXPENSES				
Employees	3 990	4 072	4 360	4 229
Supplies and services	1 602	1 931	1 635	2 136
Depreciation	70	98	97	98
Other expenses	0	2	14	0
Total expenses	5 663	6 103	6 106	6 463
Operating (deficit)/surplus	(211)	(97)	17	(223)

Source: Audit Office's audited financial statements.

Income

The Audit Office's income consists of financial audit fees and appropriation. The Audit Office charges audit fees for auditing the financial statements of reporting agencies. No fees are charged for performance audits.

In setting financial audit fees, the Office seeks to recover the estimated costs of the annual financial audits and reviews. The costs of completing this program are influenced by the number and complexity of audits, accounting and reporting requirements, adequacy of financial reporting systems, governance arrangements and internal controls implemented by reporting agencies, and costs charged by audit contractors and other specialists (e.g. information technology, actuarial and taxation specialists). Further information on the setting of audit fees is provided at Appendix A.

The appropriation funds the delivery of performance audits and the costs of services not covered by financial audit fees. These services include responding to representations and public interest disclosures, briefings and submissions to Legislative Assembly committees (in particular, the PAC), providing technical advice to agencies on accounting and reporting matters, and reporting the results of the annual program of financial audits.

Income compared to budget estimates

In 2012-13, income was \$117 000 (1.9 percent) below budget. This was due to lower than expected financial audit fees, partially offset by higher than expected other income.

Financial audit fees were \$231 000 (6.4 percent) below budget as, at 30 June 2013, completion of audits of financial statements (and therefore audit fees earned) was less than budgeted.

Other income exceeded the budgeted amount by \$114 000 (129.5 percent) due to unbudgeted workers' compensation recoveries and legal services received free of charge from the ACT Government Solicitor's Office, partially offset by lower than expected interest income. The:

- amount of workers' compensation recoveries varies according to the progress of individual workers' compensation cases, decisions made by the insurer (Comcare) and the timing of those decisions; and
- legal services received free of charge from the ACT Government Solicitor's Office increased as the Audit Office sought legal advice on employment matters, policies and procedures on public interest disclosures, access to financial audit working papers and one representation.

Interest income decreased due to lower interest rates and average cash balances held during 2012-13.

Income compared to previous year's income

Income exceeded the previous year's by \$117 000 (1.9 percent) with increases in appropriation and other income being largely offset by a reduction in financial audit fees.

The 2012-13 appropriation exceeded 2011-12 levels by \$323 000 (14.5 percent) with additional funding received for performance audits (\$250 000) and annual indexation of the 2011-12 appropriation.

A \$303 000 (8.2 percent) reduction in financial audit fees reflects completion of audits of financial statements at a more preliminary stage than in the previous financial year. In the period leading up to 30 June 2012, the financial audit program was commenced earlier to facilitate the completion of the audit of the Territory's financial statements in the earlier timeframe that applies in election years. This brought forward income from financial audit fees into the 2011-12 reporting period which would otherwise have been earned in 2012-13. This was partially offset by indexation of most audit fees by a wage price index to recover higher costs.

Trends in income

Table A.5.2: Trends in income

	2012-13 Actual \$ 000	2013-14 Budget \$ 000	2014-15 Budget \$ 000	2015-16 Budget \$ 000	2016-17 Budget \$ 000
INCOME					
Appropriation	2 545	2 598	2 636	2 675	2 705
Financial audit fees	3 376	3 808	3 887	3 964	4 039
Other income	202	40	40	40	40
Total income	6 123	6 446	6 563	6 679	6 784

Source: Audit Office's audited financial statements and 2013-14 Budget Paper No. 4.

Income is estimated to increase by \$661 000 (2.7 percent per annum) over the period from 2012-13 to 2016-17. Between 2012-13 and 2016-17, financial audit fees are estimated to increase by \$663 000 (4.9 percent per annum) and appropriation income by \$160 000 (1.6 percent per annum). Most of the financial audit fee increase is estimated to occur in 2013-14. The Audit Office estimates audit fees will increase by \$432 000 (12.8 percent) in 2013-14 due mainly to:

- a full year's audit fees from new audits (Commerce and Works Directorate, ACT Local Hospital Network Directorate and National Health Funding Pool Account) being earned in 2013-14, when only part of the fees for these audits was earned in 2012-13;
- indexation of fees; and
- fee increases to reduce deficits incurred on some audits.

After 2013-14, budget estimates assume there will be no other major changes to the size and complexity of the financial audit program.

Other income is estimated to fall by \$162 000 (80.2 percent) in 2013-14 due to budget estimates for 'other income' over the period from 2013-14 to 2016-17 only including estimates of interest income. Budget estimates do not include workers' compensation recoveries because any amounts that might be recovered depend on future decisions made by the insurer (Comcare) and the progress of individual cases.

Expenses

Expenses mostly consist of employee expenses. The remaining costs are supplies and services costs (which mainly relate to the cost of contractors and consultants, accommodation, information technology, training and printing) and depreciation.

Expenses compared to budget estimates

In 2012-13, expenses were \$357 000 (5.5 percent) below budget, with lower than expected supplies and services costs being partially offset by higher employee costs.

Supplies and services costs were \$501 000 (23.5 percent) below the budgeted cost. This mainly reflects costs savings from not needing to use contractors, as planned, as a result of successfully recruiting employees to undertake the financial audit and performance audit programs. Also, amounts owed to private sector firms at 30 June 2013 were less than anticipated because the stage of completion of the financial audits contracted to private sector firms was less than that budgeted.

The Audit Office employed staff to undertake the financial audit and performance audit programs. Employee costs exceeded the budgeted amount by \$131 000 (3.1 percent).

Expenses compared to previous year's expenses

Over the year, expenses increased by \$3 000 (less than one percent). Increased employee expenses were largely offset by reductions in supplies and services costs.

Employee expenses increased by \$288 000 (7.1 percent) as the Audit Office recruited employees to undertake the financial and performance audit programs. Supplies and services costs decreased by \$296 000 (15.3 percent) as the recruitment of additional staff enabled reduced the use of contractors.

Trends in expenses

Table A.5.3: Trends in expenses

	2012-13 Actual \$ 000	2013-14 Budget \$ 000	2014-15 Budget \$ 000	2015-16 Budget \$ 000	2016-17 Budget \$ 000
EXPENSES					
Employees	4 360	4 607	4 613	4 657	4 712
Supplies and services	1 635	1 829	1 872	1 925	1 976
Depreciation	97	98	98	98	98
Other expenses	14	0	0	0	0
Total expenses	6 106	6 534	6 583	6 680	6 786

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

Source: Audit Office's audited financial statements and 2013-14 Budget Paper No. 4.

Expenses are estimated to increase by \$680 000 (averaging 2.8 percent per annum) from 2012-13 to 2016-17. Most of this increase is estimated to occur in 2013-14 with expenses estimated to increase by \$428 000 (7.0 percent) in that year due to higher employee costs and supplies and services costs.

This increase assumes:

- an additional staff member will be employed to complete performance audits; and
- there will be increased use of contractors to complete performance audits.

Estimated expenses assume that there will be no major changes to the size and complexity of the Audit Office financial and performance audit programs.

Operating results

Operating result compared to the budgeted operating result

The Audit Office generated an operating surplus of \$17 000 compared to the budgeted operating deficit of \$223 000. The Office:

- incurred lower than estimated expenses particularly on financial audit contractors. The recruitment of additional staff meant that the Office was able to reduce its use of contractors to complete performance and financial audit programs; and
- received unbudgeted insurance recoveries.

These were partially offset by:

- lower than estimated financial audit fees as the stage of the completion of audits of financial statements at 30 June 2013, and therefore audit fees earned, was less than that estimated in the budget; and
- higher than estimated employee costs due to the recruitment of additional staff referred to above.

Operating result compared to the previous year's operating result

The Audit Office generated an operating surplus of \$17 000 compared to the prior year's deficit of \$97 000. The Office:

- received additional appropriation for performance audits (\$250 000) and annual indexation of the 2011-12 appropriation;
- received unbudgeted insurance recoveries; and
- reduced its use of contractors to complete performance and financial audits.

These were partially offset by:

- lower financial audit fees as the stage of the completion of audits of financial statements at 30 June 2013, and therefore audit fees earned, was less than that at 30 June 2012; and
- higher employee costs due mainly to the recruitment of staff.

Trends in operating results

Table A.5.4: Trends in operating results

	2012-13 Actual \$ 000	2013-14 Budget \$ 000	2014-15 Budget \$ 000	2015-16 Budget \$ 000	2016-17 Budget \$ 000
Operating surplus/(deficit)	17	(88)	(20)	(1)	(2)

Source: Audit Office’s audited financial statements and 2013-14 Budget Paper No. 4.

Consistent with the cost recovery nature of its operations, the Audit Office expects to break-even.

Financial position

Key indicators of the strength of the Audit Office’s financial position are its ability to meet its current and non-current liabilities.

Table A.5.5: Current financial position

	Actual 2011 \$ 000	Actual 2012 \$ 000	Actual 2013 \$ 000	Budget 2013 \$ 000
Current assets	2 868	3 161	3 136	2 896
Current liabilities	1 401	1 660	1 616	1 789
Net current assets	1 467	1 501	1 520	1 107
Current ratio	2.05	1.90	1.94	1.62

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

Source: Audit Office’s audited financial statements.

As at 30 June 2013, the Audit Office had \$1.94 in current assets available to meet each dollar of current liabilities. While the current financial position has weakened since 30 June 2011 due to operating deficits incurred in 2010-11 and 2011-12, the Office’s financial position is stronger than budgeted and the Office has sufficient assets to meet its liabilities in the short-term.

Table A.5.6: Long-term financial position

	Actual 2011 \$ 000	Actual 2012 \$ 000	Actual 2013 \$ 000	Budget 2013 \$ 000
Current assets	2 868	3 161	3 136	2 896
Total liabilities	1 587	1 910	1 770	2 020
Net long-term financial position	1 281	1 251	1 366	876
Ratio of current assets to total liabilities	1.81	1.65	1.77	1.43

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

Source: Audit Office’s audited financial statements.

The Audit Office's non-current assets consist of plant and equipment. These assets are not available to meet the Office's liabilities. The long-term position of the Office is therefore best assessed by comparing the Office's current assets to total liabilities. The Audit Office's long-term financial position has improved with \$1.77 in current assets being available to meet each dollar of total liabilities.

Further information can be obtained from:

Mr Bernie Sheville	Director, Financial Audits (Chief Financial Officer)	(02) 6207 0821	bernie.sheville@act.gov.au
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A.6 FINANCIAL REPORT

The Audit Office's financial statements are reported in Appendix C.

A.7 STATEMENT OF PERFORMANCE

The Audit Office's statement of performance is reported in Appendix D.

A.8 STRATEGIC INDICATORS

The Audit Office does not have specific strategic indicators. However, its strategic direction was taken into account in determining the accountability indicators included in the statement of performance.

A.9 ANALYSIS OF PERFORMANCE

Performance audits

Performance auditing is a primary function of the Audit Office. Performance audits are conducted under the authority of the *Auditor-General Act 1996*.

Performance auditing involves the systematic and objective examination of activities to:

- provide independent assurance to the ACT Legislative Assembly and public on whether public services are delivered efficiently and effectively; and
- identify and promote better practices that improve the efficiency and effectiveness of government services.

When conducting performance audits, the Office must comply with relevant principles, procedures and guidance contained in Australian Auditing Standards, specifically the Standard on Assurance Engagements ASAE 3500 *Performance Engagements*.

Performance audits are highly visible. They receive attention from the ACT Legislative Assembly and wider community and are often reported and commented on in the media.

The Audit Office develops a performance audit program after consulting with the PAC, other committees of the ACT Legislative Assembly and ACT Government agencies.

The Audit Office's performance audit reports identify areas where public services could be improved and contain recommendations which address identified areas of concern.

Meeting targets

Table A.9.1: Accountability indicators for performance audits

Accountability indicators	2011-12 Actual	2012-13 Actual	2012-13 Target
Number of performance audit reports presented to the Legislative Assembly	6	7	7
Average period of completion of audits	9.5 months	7.5 months	7 months
Percentage of agencies satisfied with performance audits	100%	100%	95%
Percentage of recommendations accepted in performance audits ¹	91%	91%	95%

Source: Audit Office’s statements of performance and internal targets.

Note 1: In measuring these accountability indicators, ‘partial agreements’, ‘agreed-in-principle’, unclear responses, and ‘noted’ responses provided by agencies to audit recommendations have been excluded from the count of ‘accepted’ recommendations. The method of measuring the percentage of recommendations accepted was changed in 2012-13. This is explained in further detail in the Statement of Performance at Appendix D.

Performance audits tabled in 2012-13

The Audit Office completed seven performance audit reports in 2012-13. Of these, five were identified on the Performance Audit Program for completion in 2011-12 or 2012-13. The remaining two audits responded to representations made to the Audit Office.

Performance audit reports tabled in the Legislative Assembly in 2012-13 were:

- Report No. 06 / 2012 Emergency Department Performance Information;
- Report No. 08 / 2012 ACT Public Service Recruitment Practices;
- Report No. 09 / 2012 Grants of Legal Assistance;
- Report No. 01 / 2013 Care and Protection System;
- Report No. 02 / 2013 Executive Remuneration Disclosed in ACTEW Corporation Limited’s (ACTEW’s) 2010-11 Financial Statements and Annual Report 2011;
- Report No. 03 / 2013 ACT Government Parking Operations; and
- Report No. 04 / 2013 Homelessness.

Report No. 06 / 2012 Emergency Department Performance Information

The Audit Office identified that hospital records at The Canberra Hospital had been deliberately manipulated to improve overall performance information and reporting of the Canberra Hospital’s Emergency Department. Poor controls over the relevant information system meant it was not possible to use information in the system to identify with certainty the person (or persons) who changed the hospital records. Under affirmation, a hospital executive admitted to making improper changes to hospital records. While this was the case, it was probable that improper changes to records had been made by other persons.

There was evidence to indicate that records relating to Emergency Department performance were manipulated between 2009 and early 2012. This meant publicly

reported information on the timeliness of access to the Emergency Department and overall length of stay in the Emergency Department had been inaccurately reported.

Ten recommendations (with 25 parts to the recommendations) were made to address the shortcomings. All recommendations were agreed.

Report No. 08 / 2012 ACT Public Service Recruitment Practices

The Audit Office identified that ACT Public Service recruitment practices were effective and generally complied with key requirements of the *Public Sector Management Act 1994*. However, there were shortcomings that needed addressing and improvements made to the efficiency of recruitment practices and management of higher duties (acting) arrangements.

Seven recommendations (with 22 parts to the recommendations) were made. Agencies, including the Commissioner for Public Administration, agreed with 17 parts of the recommendations. Further responses to the recommendations were not provided as the Chief Minister and Treasury Directorate advised it was 'somewhat constrained by the operations of the Guidance on Caretaker Conventions and the restrictions placed on provisions of policy advice, and the making of decisions that would bind an incoming government during the caretaker period.'

Report No. 09 / 2012 Grants of Legal Assistance

The Audit Office identified that the Legal Aid Commission's governance and administrative arrangements for delivering grants of legal assistance were effective overall. While the Commission's strategic and operational planning, risk management and complaints handling procedures were also appropriate, there were shortcomings which, if addressed, would strengthen the Commission's governance and administration.

The Commission had made many improvements in its management of grants of legal assistance in recent years, which included the implementation of an eGrants system, development of a panel of legal services providers and better processes to manage the private practice lawyers it engaged for grants. However, the processes for improving the Commission's management of private practice lawyers had not been adopted by the Commission in managing its own in-house lawyers. The Commission's overall management of grants of legal assistance could be improved if there was consistency in the management of its in-house Legal Practice and that used for private practice lawyers.

Ten recommendations (with 15 parts) were made. The Commission agreed to 14 of the 15 parts of the recommendations and agreed-in-principle with one part.

Report No. 01 / 2013 Care and Protection System

The Audit Office was unable to address whether the Community Services Directorate was providing 'adequate and immediate support to children and young people deemed to be at high risk and vulnerable' due to the issues identified in the audit. While the Director-General of the Community Services Directorate has statutory parental responsibility for children and young people in out-of-home care, the Directorate's systems could not provide accurate information to answer the question for all those in care: *Where are they (including during school hours?)*.

However, the Audit Office found that the Directorate had invested considerable resources since early 2012 into a change agenda, *Refreshing the Service Culture*, and had been successful in recruiting caseworkers from overseas to address local staff shortages. While having these caseworkers was fundamental for providing 'adequate and immediate support', given the issues identified in the audit, the Directorate's ability to provide 'adequate and immediate support' was at risk.

The Audit Office identified that the Public Advocate and the Children and Young People Commissioner (in the Human Rights Commission) were monitoring and overseeing the support services provided by the Community Services Directorate. However, their effectiveness and efficiency was restricted due particularly to a lack of clarity of terms in the legislation.

Eleven recommendations (with 99 parts to the recommendations) were made to address the shortcomings identified in the report. Agencies agreed to 95 of the 99 parts of the recommendations, with three other parts agreed-in-principle and one part not agreed.

Report No. 02 / 2013 Executive Remuneration Disclosed in ACTEW Corporation Limited's (ACTEW) 2010-11 Financial Statements and Annual Report 2011

This audit examined incorrect reporting of the ACTEW Managing Director's remuneration in ACTEW's 2010-11 Annual Report and delays in the issuing of a corrigendum to correct this.

Errors were made in reporting the remuneration of the Managing Director in ACTEW's Annual Report and the 2010-11 financial statements. No errors were identified in relation to the reporting of the remuneration of other key management personnel. Key reporting results for ACTEW, as presented in its 2010-11 financial statements, were not affected by the errors and the amounts involved were not material to ACTEW's financial statements.

Two recommendations were made and were agreed by ACTEW. The Chief Minister and Treasury Directorate 'noted' the first recommendation and accepted the second recommendation as 'sound'.

Report No. 03 / 2013 ACT Government Parking Operations

The Audit Office considered the parking operations activities of a range of ACT Government agencies including the Environment and Sustainable Development Directorate, the Justice and Community Safety Directorate, the Territory and Municipal Services Directorate as well as the Chief Minister and Treasury Directorate and Economic Development Directorate.

The Audit Office found that the ACT Government's effectiveness, and especially efficiency, in the management and administration of its parking operations was restricted because of shortcomings in:

- supporting governance and administration arrangements;
- planning and maintenance of parking assets; and
- management of parking fee increases and infringements.

Twelve recommendations (with 45 parts to the recommendations) were made to address shortcomings identified in the audit. Directorates agreed, or agreed-in-principle, to all recommendations.

Report No. 04 / 2013 National Partnership Agreement on Homelessness

This audit was conducted as a concurrent audit with other Commonwealth and state Auditors-General. Each Auditor-General audited implementation of the *National Partnership Agreement on Homelessness* in their respective jurisdiction.

The Audit Office sought to provide an independent opinion to the Legislative Assembly on whether:

- the ACT Government is meeting its obligations under the National Partnership Agreement on Homelessness; and
- this is making a difference for homeless people.

The Audit Office found that there is no agreed international definition of homelessness and this impedes monitoring, making comparisons and facilitating community understanding on progress. Furthermore, changes in the definitions of homelessness (and therefore the methods for collecting data) have changed, presenting the risk that comparisons made between years may result in inaccurate conclusions and the community being misinformed.

The Audit Office found the ACT Government was generally meeting its obligations under the *National Partnership Agreement on Homelessness* with several targets exceeded. The Community Services Directorate, however, needed to make improvements to its processes for managing National Partnership Agreement funds, identifying and reporting against performance indicators for selected initiatives, and managing service providers. While program targets were achieved, these were primarily about undertaking specific actions and deliverables, rather than being measures of overall success.

Four recommendations (with five parts to the recommendations) were made. The Community Services Directorate agreed with all of the recommendations.

Timeliness of performance audits

The average time taken to complete performance audits in 2012-13 was 7.5 months. This exceeded the targeted completion timeframe of 7 months but was shorter than the 2011-12 average of 9.5 months. Three audits were completed within 7 months and four audits exceeded 7 months. Significant delays in completing some audits were due to:

- the commencement of two audits in response to representations, which were not originally included in the performance audit program for 2012-13, which required the diversion of resources from other audits. For example, work on the Grants of Legal Assistance audit ceased for a number of months while the audit team was re-assigned to the Emergency Department Performance Information audit; and

- the size and complexity of the subject matter. For example, the Care and Protection System audit was large and complex and required intensive resources to complete.

Given the difficulties experienced in completing audits with a comparatively small performance audit team, the Audit Office continued to explore other means to provide the capacity needed to deliver its program. In 2012-13 the Audit Office made greater use of contractors in the delivery of performance audits and continued to use subject matter experts where appropriate. The Office identified performance audits which would lend themselves to the involvement of contractors. Contractors were closely managed and monitored. Furthermore, the practice of using subject matter experts continued and proved to be particularly useful for complex audits or those examining highly technical or specialist information.

Acceptance of audit recommendations

Consistent with the Audit Office's role in improving accountability and performance of ACT Government agencies, recommendations in performance audit reports aim to address areas of concern identified during the audit. The extent to which agencies accept the Office's recommendations provides an indication of the effectiveness of communication processes and the performance audits (although this would be more accurately measured by the implementation of the recommendations and improved practices that result over time).

The Audit Office made 56 recommendations (with 213 parts to the recommendations) in its 2012-13 performance audits. Agencies agreed to implement 194 (91 percent) of the 213 parts to the recommendations, slightly below the target acceptance rate (95 percent).

Satisfaction with performance audits

Audited agencies are surveyed following the completion of each performance audit. Survey responses showed that agencies generally value the work of the Audit Office. Overall feedback was positive, with all survey respondents indicating they were satisfied with the performance audits.

Some agencies provided specific comments, such as:

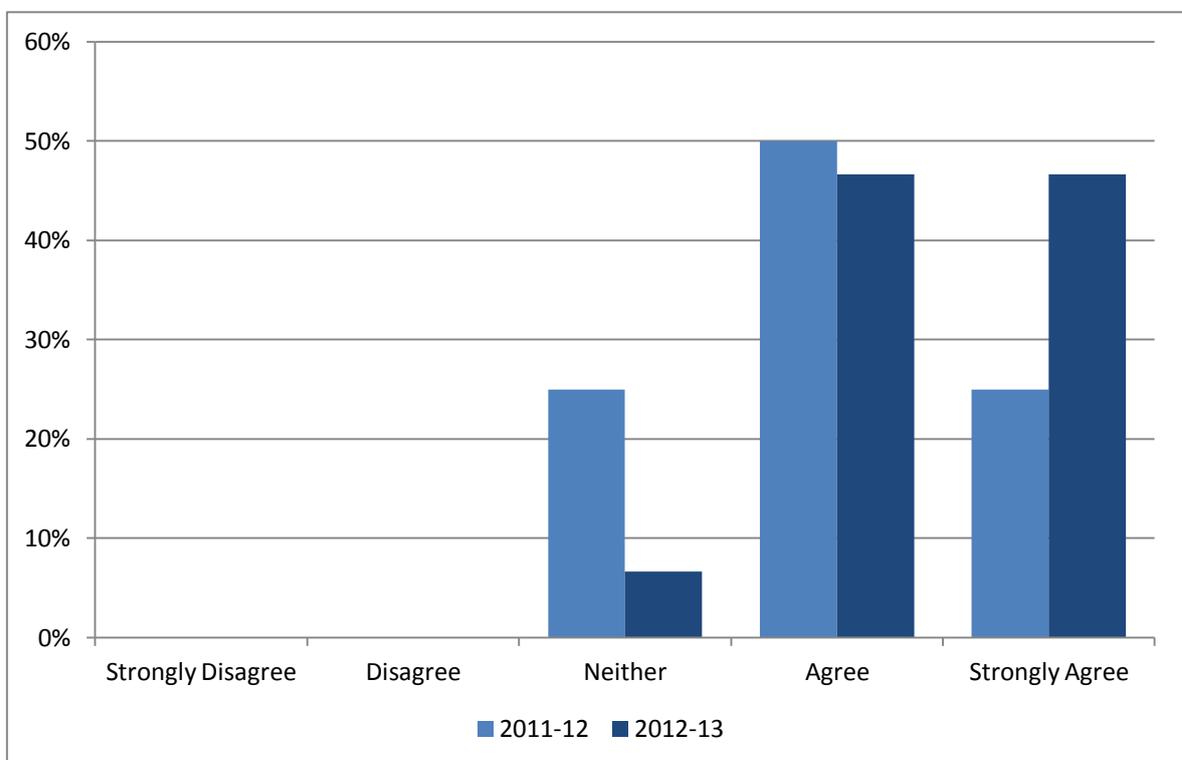
- 'we found the Auditor-General's staff were professional and have provided a clear report';
- 'the audit staff were professional in their dealings with the Directorate. The experience of the audit process, and the clarity of the report outcomes, is of significant value in informing our culture of continuous improvement...the experience was a positive one'; and
- 'overall it was a very positive audit experience, thank you'.

While all agencies were satisfied with the Audit Office’s performance, some agencies called for improvement in some aspects of the audit process. Agencies identified that:

- communication during the audit, including the scope of the audit and issues identified during the audit could be improved;
- auditors displayed difficulty in understanding the subject matter and issues associated with the performance audit topic;
- the time taken for the audit was lengthy, which had a subsequent impact on the auditee;
- while the audit reporting process was positive and professional, timeframes during the reporting process (including consultation) were compressed; and
- for future multi-agency audits, the Audit Office should consider communicating with agencies jointly to minimise the risk of information being received and acted upon in isolation.

The Audit Office uses the survey process as a means to recognise agency concerns and, where appropriate, change practices. Agencies’ feedback was recognised and considered as part of a continuous improvement process to implement more effective work practices.

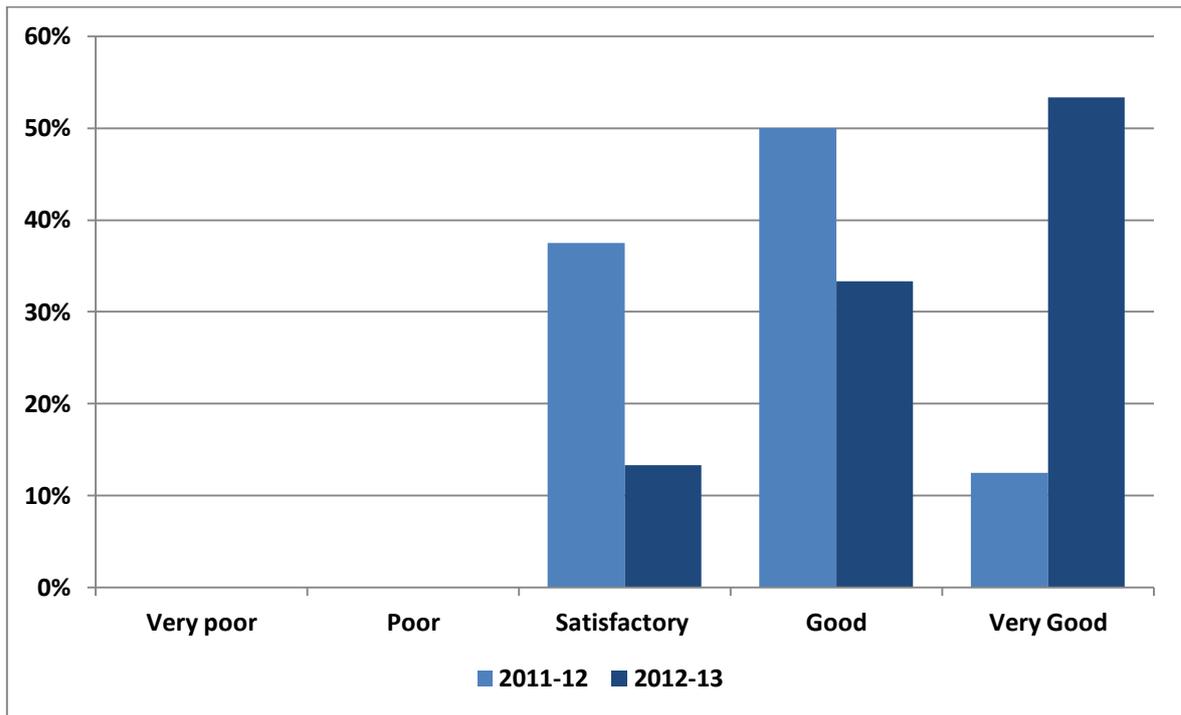
Figure A.9.2: Agencies’ responses: ‘The [performance] audit will help our organisation to improve administration of the audited activity’



Source: Agency satisfaction surveys

Agencies also responded positively in response to the statement as to whether ‘the audit will help our organisation to improve administration of the audited activity’ in 2012-13.

Figure A.9.3: Agencies' responses: 'Performance audit - overall performance'



Source: Audit Office's statements of performance and agency satisfaction surveys

Figure A.9.3 shows that agencies responded positively with respect to the overall experience of the performance audit process in 2012-13 with most agencies indicating that overall performance was very good. This is a significant improvement on 2011-12 survey results.

Monitoring and improving the quality of performance audit work

The Audit Office also seeks to improve the quality of its performance audits by undertaking quality assurance reviews of selected audits. In 2012-13, the Queensland Audit Office assisted with an internal peer assessment of two performance audits. This review considered the quality of the Office's work and progress with the implementation of ASPIRE (an electronic workpaper system).

The reviewers provided a positive overall assessment of performance audit reports. The reviewers also suggested improvements to the clarity and presentation of the reports and the audit process. Recommendations for improvement to existing processes included:

- processes associated with the management of contracted service providers engaged to assist with the audit; and
- documentation of quality assurance and control procedures.

The majority of audits completed in 2012-13 were subject to a quality assurance review process. These reviews sought to provide assurance that the performance audit report conclusion was accurate and appropriate and that the audit findings were supported by evidence and an appropriate level of review. Findings relating to individual audits were recognised and actioned prior to the tabling of the report in the Legislative Assembly.

The findings from these quality assurance reviews and those of the Queensland Audit Office are used to inform current and prospective audits. These findings will also be considered in a review of the Audit Office's performance audit method and practices.

In 2012-13 the Office commenced a review of its performance auditing methods and practices. Importantly, this review will include consideration of the Office's performance audit policy guidelines document (PAMPR) and document management system (ASPIRE). The style and format of performance audit reports is also being considered.

Further information can be obtained from:

Dr David Hughes	Director, Performance Audits and Corporate Services	(02) 6207 0818	david.hughes@act.gov.au
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Financial audits

The Audit Office provides independent audit reports on financial statements prepared for the ACT Government and its directorates, authorities, companies and other entities. The Office also reports of factual findings on statements of performance of ACT Government directorates and authorities.

These reports provide readers of the financial statements and statements of performance with an impartial opinion on whether information being reported in these statements is fairly presented.

In most cases, these reports are required under legislation such as the *Financial Management Act 1996* and *Corporations Act 2001*. Audits are also performed pursuant to other requirements such as grant and land joint venture agreements. The Office must comply with relevant Australian Auditing Standards when conducting financial audits.

The Audit Office provides the Legislative Assembly with an annual summary of major findings identified during the financial audits and reviews.

Report No. 10 / 2012 2011-12 Financial Audits

This report provided a summary of the results of the audits of financial statements and reviews of statement of performance for 2011-12. It included:

- assessments of the quality and timeliness of ACT Government agencies' reporting;
- an analysis of the financial results and budget performance of the Territory and many of its agencies;
- details of audit findings identified during the audits of financial statements and reviews of statements of performance. These findings typically refer to weaknesses in governance arrangements, internal controls and reporting systems implemented by agencies, legislative breaches, errors and fraud; and
- status reports on agencies' progress toward addressing previous audit findings.

The Audit Office issued:

- 68 audit reports on financial statements with the audit report on the financial statements of the Environment and Sustainable Development Directorate being qualified. The Directorate did not record the extension of time to build fees in accordance with Australian Accounting Standard AASB 118: 'Revenue'; and
- 28 reports of factual findings on agencies' statements of performance with four being qualified. An accountability indicator of ACTION's was overstated; the Environment and Sustainable Development Directorate and Territory and Municipal Services Directorate did not measure one of their accountability indicators; and the Justice and Community Safety Directorate did not have sufficient records to enable the reported result for four of its accountability indicators to be independently verified.

Agencies' resolution of previously reported audit findings declined significantly in 2011-12 compared to 2010-11. This indicates that many agencies need to improve their processes for promptly addressing weaknesses in their governance arrangements, internal controls and reporting practices. Many control weaknesses in major revenue applications were not fully resolved.

The quality of financial statements submitted by agencies for audit in 2011-12 was similar to that provided in 2010-11. The Audit Office rated 72 percent of 2011-12 financial statements as 'satisfactory' or 'good' compared to 77 percent in 2010-11.

The quality of statements of performance prepared by agencies improved significantly in 2011-12 compared to that provided in 2010-11. Fifty-four percent of agencies' 2011-12 statements of performance were rated as 'good', up from 43 percent in 2010-11. The proportion of unsatisfactory statements of performance fell markedly, from 30 percent in 2010-11 to 18 percent in 2011-12. This improvement mainly reflects the unusually high percentage of unsatisfactory statements submitted for review in 2010-11 due to several directorates not effectively addressing the effects of a major restructuring of administrative arrangements that became effective on 17 May 2011.

Timeliness of reporting also improved. The percentage of agencies complying with whole-of-government reporting timetables increased from:

- 74 percent in 2010-11 to 90 percent in 2011-12 (financial statements); and
- 74 percent in 2010-11 to 89 percent in 2011-12 (statements of performance).

The Audit Office continued to find instances where accountability indicators, relating to planned and actual performance, provided information that was of limited use. Information in the budget papers did not always provide sufficient insight into planned levels of performance. When this occurs, holding agencies to account for their performance can be problematic.

Improving financial and performance reporting

Technical advice

The Chief Minister and Treasury Directorate provides accounting and reporting guidance to ACT Government agencies, to assist them in preparing financial statements and statements of performance. The Directorate may elect to consult with the Audit Office before releasing guidance material. This consultation provides assurance that:

- agencies that use the guidance material will comply with relevant accounting and reporting requirements; and
- audits can be efficiently undertaken.

In 2012-13 the Audit Office provided advice to the Chief Minister and Treasury Directorate on the 'model' financial statements prepared by the Directorate to guide agencies in preparing their annual financial statements.

The Audit Office recommends that agencies obtain the Office's views on significant or complex accounting and reporting matters, prior to providing their financial statements or statements of performance to the Office. This approach reduces the risk of:

- qualified reports and other negative findings on financial statements or statements of performance;
- errors or misstatements in the financial statements or statements of performance; and
- agencies not complying with legislative reporting deadlines.

The Audit Office's small quality assurance and technical services team assisted resolution of complex financial audit and accounting matters. Where required, the Office obtained advice from accounting and reporting specialists to assist in the provision of this advice. For example, in 2012-13 the Office obtained technical specialist advice on:

- the adequacy of the IT controls and business processes used to measure a result for the timeliness of bus services (ACTION);
- whether a method used to allocate land and project-wide costs to cost of goods sold complied with Australian Accounting Standards (Woden East Joint Venture);
- the accounting requirements which apply to 'extension of time to build fees' (Environment and Sustainable Development Directorate); and
- whether the accounting treatment used to account for course fee income complied with Australian Accounting Standards (University of Canberra).

The Audit Office obtained legal advice on whether the Office could provide a joint venture private sector partner's auditor access to audit working papers on the entity's financial statements (Crace Joint Venture and Forde Joint Venture). Access was provided.

The Audit Office continued to work with agencies on improving their financial statements and statements of performance. The Office routinely provided advice and suggestions to agencies so that they could improve their financial statements and statements of performance. This approach minimises the risk of qualified reports being required on agencies' financial statements and statements of performance.

Forums and workshops

In May 2013, the Audit Office held its annual financial audit information seminar. At this seminar, the Office:

- provided tips to agencies on how best to facilitate a smooth audit process and improve their financial statements;
- notified agencies of the key audit contacts;
- advised of any material changes to audit, accounting or reporting requirements and reporting timetables;
- explained an auditor's responsibility for reporting significant matters (i.e. audit findings) identified during an audit; and
- highlighted the major audit findings in relation to reporting, governance, internal control and fraud.

This seminar was well attended by agency representatives with positive feedback provided by attendees.

Meeting targets

Table A.9.4: Accountability indicators for financial audit

Accountability indicators	2011-12 Actual	2012-13 Actual	2012-13 Target
Quantity			
Number of audit opinions issued on financial statements	75	68	68
Number of reports of factual findings issued on statements of performance	30	28	27
Quality and effectiveness			
Percentage of agencies satisfied with financial audits	100%	98%	95%
Percentage of recommendations accepted in financial audits ¹	92%	87%	95%
Percentage of financial audits completed within the required timetable	79%	88%	100%

Source: Audit Office's statements of performance.

Note 1 In measuring a result for this accountability indicators, 'partial agreements', 'agreed-in-principle', unclear responses, and 'noted' responses provided by agencies to audit recommendations have been excluded from the count of 'accepted' recommendations.

Audit reports and reports of factual findings

The Audit Office continued to meet its reporting obligations and issued an audit report or a report of factual findings when required to do so.

Delivery of a targeted 68 audit reports on financial statements was met. This target included an audit of Totalcare Industries Limited which was actually completed in 2011-12 (earlier than expected) and included in the result for that year. An audit of a special purpose financial report for the Crace Joint Venture was completed in 2012-13. As this audit was requested on 14 June 2013, it was not included in the original 2012-13 target.

Fewer audits (68) were completed in 2012-13 than in 2011-12 (75). The addition of an audit of the Crace Joint Venture's statement of financial position was offset by eight audits no longer required:

- the ACT Planning and Land Authority was abolished and its functions transferred to the Environment and Sustainable Development Directorate under administrative arrangements that became effective on 17 May 2011;
- the Department of the Environment, Climate Change, Energy and Water was abolished and its functions transferred to the Environment and Sustainable Development Directorate under administrative arrangements that became effective on 17 May 2011;
- the Department of Land and Property Services was abolished and its functions transferred to the Economic Development Directorate and Territory and Municipal Services Directorate under administrative arrangements that became effective on 17 May 2011;
- Totalcare Industries Limited was deregistered resulting in no audits being required in 2012-13;
- the Nation Building and Jobs Plan (Building the Education Revolution Program) was completed and no further audits are required;
- the Eastern Valley Way Inlet and Skate Refurbishment Project – Regional and Local Community Infrastructure Program was completed and no further audits are required; and
- the University of Canberra – Education Investment Income and Expenditure Statement Acquittal audit was completed in 2011-12 and no further audits are expected.

Audit reports issued on financial statements, along with reports of factual findings issued on statements of performance, are listed in the Audit Office's statement of performance at Appendix D.

The Audit Office completed 28 reports of factual findings in 2012-13; one more than the 2012-13 target albeit a decrease from the 30 issued in 2011-12. A report of factual findings on the statement of performance of the ACT Compulsory Third Party Insurance Regulator was omitted from the 2012-13 target.

The decrease in reports completed over the year was due to three reviews of statements of performance no longer being required given administrative restructures across Government (ACT Planning and Land Authority, Department of the Environment, Climate Change, Energy and Water and Department of Land and Property Services). A review of the statement of performance of the ACT Compulsory Third Party Insurance Regulator was undertaken in 2012-13. A review of the statement of performance of the Regulator could not be performed in 2011-12 because the Regulator did not prepare a statement of performance in that year as required by the *Financial Management Act 1996*.

Timeliness of financial audits

The 'required timetable' refers to the reporting and audit timetable issued by the Chief Minister and Treasury Directorate (or the former Treasury Directorate), to meet legislative requirements or, where there is no legislative timeframe, the timeframe agreed between the Audit Office and reporting agency.

Achievement of this timetable is dependent on factors which are not all within the control of the Audit Office. Reporting agencies need to provide satisfactory financial statements and supporting workpapers to the Office by the scheduled date to allow sufficient time for the audit to be completed. In this context, the Office's target of completing all financial audits within the required timetable is challenging.

The Audit Office completed 60 of the 68 financial audits (88 percent) within the required timetable. While this result is below the target of 100 percent, it is an improvement on the 2011-12 result of 79 percent. Despite several audits not being completed on time, all audits were completed in time for reporting agencies to meet their statutory reporting deadlines.

Further information on the reasons for individual audits not being completed within the required timetable is provided in the statement of performance at Appendix D.

Acceptance of audit recommendations

Australian Auditing Standards require the Audit Office to advise reporting agencies of matters of governance interest (audit findings) identified during an audit. Such matters include weaknesses in governance arrangements, internal controls and reporting systems implemented by agencies, legislative breaches, errors and fraud.

The Audit Office reports these findings in audit management reports. These reports provide details of the audit findings and associated recommendations together with the comments provided by the agency.

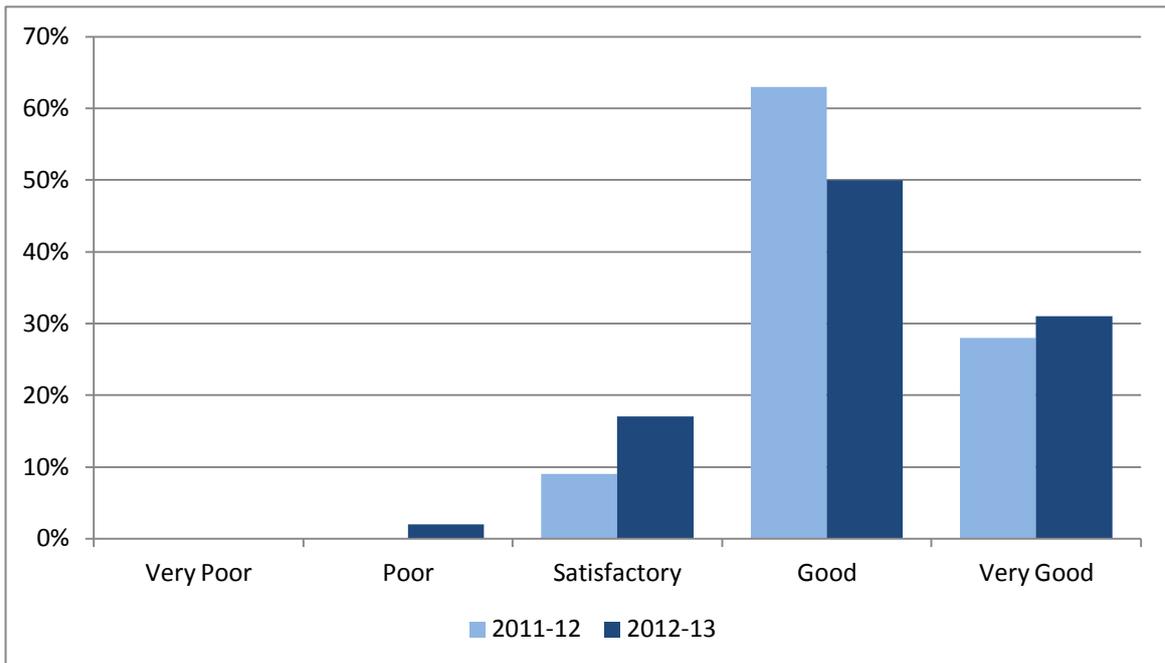
Agencies continued to accept a high percentage of audit recommendations. 87 percent of audit recommendations were accepted in 2012-13, slightly below the targeted acceptance rate of 95 percent and the prior year's acceptance rate of 92 percent. The small decline from the previous year's result reflects a higher proportion of audit recommendations that were 'partially agreed' or 'agreed in principle'. Only 3 percent of audit recommendations were 'not agreed'.

The continuing high acceptance rate indicates that the Audit Office's recommendations are sound and that agencies are willing to improve aspects of their operations.

Satisfaction with financial audits

Agencies continued to provide consistently high ratings of the Audit Office’s financial audit performance. In 2012-13 the percentage of reporting agencies satisfied with financial audits was 98 percent, exceeding the target of 95 percent. All but one agency were satisfied with the Office’s performance, with 31 percent of agencies rating the Office’s performance as ‘very good’, up from 28 percent in 2011-12; and 50 percent rating the Office’s performance as ‘good’, compared to 63 percent in 2011-12)

Figure A.9.5: Agencies’ responses – ‘Financial audit - overall performance’



Source: Audit Office’s statements of performance and agency satisfaction surveys.

The Audit Office sought agencies’ views on aspects of its own performance in its annual satisfaction surveys. Agencies’ comments were largely positive and indicated general satisfaction with the professional and constructive way in which audits were conducted. Some agencies provided specific comments, such as:

- ‘the audit team working on this audit were helpful and communicated well regarding issues arising during the audit process’;
- ‘the audit team has conducted the audit with professionalism and has worked with relevant staff cooperatively and flexibly’; and
- ‘the agency appreciated the collaborative and well informed approach of the AGO in addressing the 2011-12 audit findings’.

Agencies identified areas for improvement in audit operations. These included:

- improving the communication of issues identified during audits;
- greater involvement of senior audit staff during the audit process;
- providing more opportunity for agencies to comment on audit findings; and

- improving the coordination of the process of gathering information by the audit team. This included improving the coordination of information requests and improving the briefing of new audit team members to minimise the time spent by agencies in explaining their operations.

One agency rated the Audit Office's performance as 'poor'. The agency felt that audit issues needed to be identified earlier, the process for escalating such issues needed to be clarified and scheduling of planned audit activities be improved. This agency also requested senior audit staff be involved earlier in resolving issues. In recognising this feedback, the Audit Office also notes that it in turn had issues with the quality and timeliness of information provided by the auditee.

Feedback is carefully considered by the Audit Office and where appropriate, discussed with the agency to improve agency understanding of the audit process and identify ways of improving audit methods and practices. The Office is committed to fostering a positive relationship with this all agencies.

Monitoring and improving the quality of financial audit work

The Audit Office seeks to improve the quality of its financial audits by performing internal quality assurance reviews of a selection of audit files and engagement quality control reviews on significant, higher risk audits.

Financial audit contractors engaged to perform audits for the Audit Office are required to inform the Office about findings from their quality assurance reviews and confirm that these findings were properly addressed before the Office issues an audit report on the financial statements.

Findings from quality assurance reviews performed in 2012-13 were generally positive and indicated that most improvement areas identified in previous reviews had been addressed. In 2012-13, the quality assurance reviewers recommended improvements to documentation of the:

- underlying rationale for samples selected for testing;
- reasons for the assessment of the reporting agency's risk of fraud;
- purpose of the audit testing performed on information systems. In particular, linking the testing to the risks identified when planning the audit;
- risks relating to accounting estimates used in the preparation of the financial statements. For example, the particular risks that arise from the use of estimates (such as actuarially assessed liabilities, valuation of assets etc) and the planned audit work to address those risks; and
- planned rotation of audit engagement leaders. While the planned rotation of engagement leaders was performed as part of resource planning for the completion of the financial audit program, the planned rotation was not documented within the audit files.

The reviewer also recommended that:

- testing of related party information disclosed in the notes to the financial statements be expanded to include testing for related parties that had not been disclosed; and
- documentation of the audit work performed to identify significant events that have occurred after the end of the reporting period covered by the financial statements needed to be documented on a more timely basis.

To provide assurance that review findings and recommendations lead to improvements in the quality of financial audit work:

- review findings were considered in the annual financial audit method training held in April 2013;
- audit teams are required to complete a checklist indicating that review findings have been addressed before audits are completed; and
- quality assurance reviews address whether review findings are being consistently addressed.

Further information can be obtained from:

Mr Bernie Sheville	Director, Financial Audits	(02) 6207 0821	bernie.sheville@act.gov.au
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Agency liaison and other activities

Representatives from the Audit Office’s performance audit and financial audit teams regularly attended meetings of the internal audit committees of major agencies. Attendance at these meetings improves communication with agencies and informs the Office of emerging issues affecting the operations of key agencies.

Throughout the year, the Audit Office also continued to work closely with the Australasian Council of Auditors-General (ACAG) to shared information and assists jurisdictional audit offices’ to improve their performance via targeted projects. The Auditor-General is a member of the ACAG Executive (2011-12 to 2013-14).

Further information can be obtained from:

Mr Bernie Sheville	Director, Financial Audits	(02) 6207 0821	bernie.sheville@act.gov.au
Dr David Hughes	Director, Performance Audits and Corporate Services	(02) 6207 0818	david.hughes@act.gov.au

A.10 TRIPLE BOTTOM LINE (TBL) REPORT

Economic TBL performance

Table A.10.1: Economic TBL performance

Economic triple bottom line indicators	Note	2011-12	2012-13	Change %
Employee expenses	1			
Number of staff employed (headcount)		39	42	7.7
Total employee expenses (dollars)		\$4 072 000	\$4 360 000	7.1
Operating statement	2			
Total expenditure (dollars)		\$6 103 000	\$6 106 000	0.0
Total own-source revenue (dollars)		\$3 784 000	\$3 578 000	(5.4)
Total net cost of services (dollars)		\$2 319 000	\$2 528 000	9.0
Economic viability	3			
Total assets (dollars)		\$3 492 000	\$3 369 000	(3.5)
Total liabilities (dollars)		\$1 910 000	\$1 770 000	(7.3)

Source: Audit Office records and audited financial statements.

Note 1: Employee expenses

The **number of staff employed (headcount)** is the number of staff employed at the end of the 2011-12 and 2012-13 reporting periods. The increase in staff numbers over the year to 30 June 2013 (from 39 to 42 staff) reflects recruitment of staff to undertake the financial and performance audit programs.

Employee expenses increased by \$288 000 (7.1 percent) in 2012-13 as the Office recruited employees to undertake the financial and performance audit programs. The additional employees enabled the Office to reduce its use of contractors for financial audits.

Note 2: Operating statement

This information is obtained from the audited operating statement presented at Appendix C. The financial results are also discussed in section A.5.

Expenses increased by \$3 000 (less than one percent) with an increase in employee expenses being largely offset by a reduction in supplies and services costs. Further information on these costs is provided in section A.5.

Own-source revenue consists of financial audit fees and other income (mainly interest income and, in 2013, workers' compensation insurance recoveries). Own-sourced revenue decreased by \$206 000 (5.4 percent) in 2012-13. This was mainly due to lower financial audit fees; partially offset by an increase in workers' compensation insurance recoveries. Further information on this is provided in section A.5 and in Note 6: 'Financial Audit Fees' and Note 7: 'Other income' to the financial statements at Appendix C.

Net cost of services increased by \$209 000 (9.0 percent) due largely to the reduction in own-source revenue explained above.

Note 3: Economic viability

The Audit Office has sufficient assets to meet its liabilities. Further information on the Office's financial position is provided in section A.5.

Environmental TBL performance
Table A.10.2: Environmental TBL performance

Environmental triple bottom line indicators	Note	2011-12	2012-13	Change %
Fleet transport	1			
Total number of fleet vehicles		0	0	0
Total fleet transport fuel used (kilolitres)		0	0	0
Total direct greenhouse emissions of the fleet (tonnes of CO ₂ -e*)		0	0	0
Energy use	2			
Total office energy use (megajoules)		316 270	287 732	(9.0)
Office energy use per FTE (megajoules / FTE)		8 345	6 969	(16.5)
Office energy use per square metre (megajoules / m ²)		633	575	(9.2)
Greenhouse emissions	3			
Total office greenhouse emissions - direct and indirect (tonnes of CO ₂ -e*)		65.3	71.73	(0)
Total office greenhouse emissions per FTE (tonnes of CO ₂ -e* / FTE)		1.7	1.7	(0)
Total office greenhouse emissions per square metre (tonnes of CO ₂ -e* / m ²)		0.131	0.143	9.2
Water consumption	4			
Total water use (kilolitres)		287	235	(18.1)
Office water use per FTE (kilolitres/ FTE)		8.5	5.7	(32.9)
Water use per square metre of office area (kilolitres / m ²)		0.57	0.47	(17.5)
Resource efficiency and waste	5			
Estimate of co-mingled material per FTE (litres)		517	526	1.7
Estimate of paper recycled (litres)		Not known	Not known	Not known
Estimate of paper used (by reams) per FTE		11.2	13.3	18.8

Source: Audit Office records and ACT Property Group data, with Environment and Sustainable Development Directorate conversions of energy amounts.

* The 'e' in CO₂-e stands for equivalent. It means that greenhouse gases other than carbon dioxide (CO₂) are converted into equivalent CO₂ emissions.

Note 1: Fleet transport

The Audit Office does not use fleet vehicles. However, it does have the use of a senior executive vehicle. In 2012-13 this vehicle travelled approximately 5 312 for business purposes. It is a hybrid car.

As the Audit Office is located centrally, it is within walking distance of many ACT Government agencies. Most agencies not centrally located are served by major bus routes. Therefore, staff often walk or catch buses to agencies. Staff also use taxis where walking or catching a bus is impractical.

Staff are encouraged to minimise business travel by, for example:

- going directly to the agency being audited and remaining there for the work day; and
- organising meetings and other activities to minimise the number of trips to and from the office during the day.

Staff may use, with prior approval, their own vehicle for work purposes. They may also use the motor vehicle provided as part of the remuneration of a senior executive.

Note 2: Energy use

Total office energy use consists of **stationary energy use** (in this case, electricity and gas use). Electricity use by the Audit Office can be accurately measured because it is separately metered. However, gas use is the Office's allocated (estimated) share of gas used by all tenants in the building, based on floor space occupied by the Office as a proportion of total floor space in the building. Total office energy use does not include energy used by staff when they are conducting audits in other agencies.

The Audit Office is a co-tenant with other ACT Government agencies at 11 Moore Street and occupies less than half a level of an eight-floor building. The Moore Street building has a National Australian Built Environmental Rating System (NABERS) rating of 4.5 stars. This meets the minimum rating requirement for ACT Government accommodation.

Although the building has energy reduction measures, including efficient heating and cooling systems, and sensor-activated lighting in some areas, the Audit Office is practically limited in the measures it can take to minimise its energy use.

Both electricity and gas use have decreased. The reasons for the Office's decrease in electricity and gas use are not known. There have been no changes in the Audit Office's circumstances that would explain the decrease in both electricity and gas use.

Note 3: Greenhouse emissions

Greenhouse emissions mainly come from the Audit Office's use of electricity and gas. The reasons for the overall increase in greenhouse emissions is not known, but may relate to the increased number of staff in the Office in 2012-13.

Note 4: Water consumption

The Audit Office uses water in the staff kitchen area. The kitchen has one two-drawer dishwasher, water system and sink. Water is also used on indoor plants and toilet facilities (which are shared with other tenants).

Water use is the Audit Office's allocated (estimated) share of water used by all tenants in the building – based on floor space occupied by the Office. The reason for the decrease in water use is unknown, as there have been no changes in the Office's circumstances that would cause this decrease. It is possible that the decrease reflects changes in water use by all building tenants.

Note 5: Resource efficiency and waste

The estimate of the amount of **co-mingled material** (i.e. recycled cardboard, paper and mixed recycle) used is based on the number of 240 litre secure waste and recycled paper bins collected and the number of 120 litre mixed recycled bins collected under the ACTSmart Business Recycling Program.

The Audit Office commenced the ACTSmart Business Recycling Program in March 2012. Under this program general waste that was previously disposed of into landfill is now being sorted into: organic material, recyclable material and non-recyclable material. Between March 2013 and June 2013 94 kilograms of organic material has also been collected and diverted from waste to landfill.

The Audit Office is unable to estimate the amount of **paper recycled** because paper is recycled along with cardboard in 240 litre bins.

The amount of paper per full-time equivalent staff (FTE) increased from 11.2 reams per person in 2011-12 to 13.3 reams per person in 2012-13.

Further information on resource efficiency and waste is provided in section C.19.

Social TBL performance

Table A.10.3: Social TBL performance

Social triple bottom line indicators	Note	2011-12	2012-13	Change %
Diversity of the workforce	1			
Women (headcount percentage of the total workforce)		49%	40%	(18.4)
People with a disability (headcount as a percentage of the total workforce)		-	-	-
Aboriginal and Torres Strait Islander people (headcount as a percentage of the total workforce)		0%	0%	0%
Staff with English as a second language (headcount as a percentage of the total workforce)		32%	43%	34.4
Staff health and wellbeing	2			
OH&S incident reports		0	0	0
Accepted claims for compensation		-	-	-
Staff receiving influenza vaccinations		24	19	(20.5)
Workstation assessments requested / provided		0	0	0

The small size of the Audit Office's workforce means that the provision of information about some aspects of its workforce could place the privacy of individual staff at risk. The Office has therefore withheld information on people with a disability.

Source: Audit Office and Shared Services records.

Note 1: Diversity of the workforce

In 2012-13, the percentage of women in the Audit Office reduced from 49 percent to 40 percent. The reduction represents changes to the staffing profile of the Audit Office. In a small organisation such as the Audit Office, comparatively small changes to the staffing profile are likely to have a disproportionate effect on the percentage of women in the Office.

Due to the small nature of the organisation, the Audit Office has elected not to report on people with a disability.

No staff member reported being an Aboriginal or Torres Strait Islander.

As in previous years, a significant proportion of the Audit Office's workforce consists of people from culturally and linguistically diverse (CALD) backgrounds. Over the reporting period, the proportion of people from culturally and linguistically diverse backgrounds increased significantly from 32 percent to 43 percent. This reflects the background of those applying for positions in the Audit Office.

Note 2: Staff health and wellbeing

The Audit Office's operations are administrative and the risk of occupational health and safety incidents is low. There were no occupational health and safety incidents reported.

Due to the small nature of the organisation, the Audit Office has elected not to report on claims for compensation.

Each year the Audit Office provides the opportunity to all staff to receive influenza vaccinations in the workplace. The number of people receiving influenza vaccinations is lower in 2012-13 than in 2011-12.

It is usual practice for the Audit Office to provide a workstation assessment when it is requested. During 2012-13, there were no workstation assessments provided.

B. CONSULTATION AND SCRUTINY REPORTING

B.1 COMMUNITY ENGAGEMENT

The Audit Office seeks the views of the PAC and other members of the Assembly, and ACT Government directorates and agencies when developing the Office's performance audit program and reviewing the Office's performance.

The Audit Office's performance audit program is available for the information of the community through the Office's website (www.audit.act.gov.au).

Members of the ACT Legislative Assembly, community groups and individuals may make submissions, representations or public interest disclosures to the Audit Office. The Office considers this information and determines whether further investigation is warranted or whether issues raised should be the subject of future performance audit activity. The Office takes into account the significance of the issues raised, the Office's available resources and other priorities.

The Audit Office also seeks the views of individuals or relevant interest and community groups, where appropriate, when planning and performing individual performance audits.

Further information can be obtained from:

Dr Maxine Cooper	Auditor-General	(02) 6207 0833	maxine.cooper@act.gov.au
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B.2 EXTERNAL AND INTERNAL SCRUTINY

External Scrutiny

Mechanisms for scrutiny of the Audit Office's performance are provided by the *Annual Reports (Government Agencies) Act 2004*, *Auditor-General Act 1996* (the A-G Act) and engagement with the PAC.

The Audit Office's annual report, which includes the Office's audited financial statements and statement of performance, is examined by the ACT Legislative Assembly's Estimates Committee and PAC.

The Audit Office's financial statements and statement of performance are audited by an external auditor under the A-G Act. Unqualified audit reports for the 2012-13 financial statements and statement of performance were issued by the auditor, PKF Chartered Accountants & Business Advisers.

The Audit Office's work is also subject to significant scrutiny and commentary by the media, ACT Government agencies and the general community. Performance audit reports are tabled in the ACT Legislative Assembly and are publicly available. When a performance audit report is tabled in the Legislative Assembly, the Office will offer to brief Assembly members on the report, its findings and recommendations.

Performance audit reports may also be subject to inquiry by the PAC. Committee inquiries into performance audit reports are discussed in detail in section B.3.

Under the A-G Act, the presiding member of the PAC may request a review of the operations of the Audit Office by an independent auditor.

Internal scrutiny

The Audit Office operates sound governance arrangements, including risk and fraud management arrangements. The Executive Committee monitors the implementation of the Office's risk management, business continuity and fraud prevention plans.

The Audit Office has an Audit and Review Committee. The Committee's membership consists of an independent (external) chair and two senior Office staff. The Committee provides assurance and assistance to the Auditor-General on the Office's risk, control and compliance framework and its external accountability responsibilities.

Activities of the Committee are further reported in section C.1.

Review of Audit Office corporate policies and procedures

In 2012-13, a major Office focus was reviewing and updating corporate policies and procedures. This resulted in 31 policies and procedural office documents. The revised policies and procedures provide a strong foundation for the management and administration of the Office.

Reviews of audit work

The Office has implemented an internal review processes to provide assurance that financial and performance audits are performed in accordance with the relevant auditing standards and better practices. The review processes for performance and financial audits are discussed in section A.9.

Further information can be obtained from:

Dr Maxine Cooper	Auditor-General	(02) 6207 0833	maxine.cooper@act.gov.au
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B.3 LEGISLATIVE ASSEMBLY COMMITTEE INQUIRIES AND REPORTS

Performance audit reports are tabled in the ACT Legislative Assembly and then referred to the PAC. The PAC examines audit reports and may hold public inquiries into them. The Audit Office offers a briefing to the PAC on all performance audit reports and gives evidence to public inquiries at the request of the PAC.

During 2012-13, the PAC completed inquiries into the following performance audit reports:

- Report No. 01 / 2011 Waiting Lists for Elective Surgery and Medical Treatment;
- Report No. 02 / 2011 Residential Land Supply and Development; and
- Report No. 03 / 2011 The North Weston Pond Project.

The PAC also completed its inquiries into:

- Report No. 05 / 2011 2010-11 Financial Audits; and
- Report No. 07 / 2012 Annual Report 2011-12.

The PAC's inquiry into the following performance audit report was still in progress as at 30 June 2013:

- Report No. 06 / 2012 Emergency Department Performance Information.

The following reports were referred to the PAC and were under consideration by the PAC at 30 June 2013:

- Report No. 08 / 2012 ACT Public Service Recruitment Practices;
- Report No. 10. / 2012 2011-12 Financial Audits;
- Report No. 01 / 2013 Care and Protection System;
- Report No. 02 / 2013 Executive Remuneration disclosed in ACTEW Corporation Limited's (ACTEW) 2010-11 Financial Statements and Annual Report 2011;
- Report No. 03 / 2013 ACT Government Parking Operations; and
- Report No. 04 / 2013 National Partnership Agreement on Homelessness.

In 2012-13, other Assembly committees completed inquiries that resulted in recommendations relevant to the operations to the Audit Office, as listed in Table B.3.1.

Table B.3.1: Recommendations by ACT Legislative Assembly committees

Committee	Recommendations	Action
<p>Standing Committee on Public Accounts <i>Report on Annual and Financial Reports 2011-12</i> Report 3, June 2013</p>	<p>Recommendation 1: The Committee reminds all ACT Government directorates and agencies that they should provide sufficient information in their statements of performance to explain their achievements.</p>	<p>The Audit Office considers that it already complies with this recommendation.</p>
	<p>Recommendation 6: The Committee recommends a full performance audit into the oversight and governance of ACTEW including the setting of executive salaries, reporting to Government Departments and to the Government, hospitality expenditure, and relationship to ACTEWAGL.</p>	<p>The Audit Office has considered the Committee's request.</p> <p>The Office notes that a performance audit of the governance and administrative arrangements for the regulatory review of water and sewerage prices, including ACTEW's participation in the process, is currently underway.</p> <p>The Office also notes that a performance audit of ACTEW's management of infrastructure programs, including the enlarged Cotter Dam project is also proposed for 2013-14. The Office will carefully consider the need for extending the scope of current and planned audits of ACTEW, or initiating a new performance audit of ACTEW, against other audit topics and priorities and the resources available to the Office.</p>
<p>Standing Committee on Public Accounts Review of Auditor-General's Report No.1 of 2011: <i>Waiting Lists for Elective Surgery and Medical Treatment</i> Report 25, completed July 2012</p>	<p>Recommendation 1: The Committee recommends that the ACT Auditor-General should program a follow-up audit to examine the management of access to elective surgery across the ACT's public hospitals at the midpoint of the 8th ACT Legislative Assembly term.</p>	<p>The Auditor-General is considering this in developing the 2013-14 Performance Audit Program.</p>
<p>Standing Committee on Public Accounts <i>Review of Auditor-General's Report No.6</i></p>	<p>Recommendation 8: The Committee recommends that all ACT Government directorates and agencies should prioritise as a</p>	<p>In February 2012, the Audit Office engaged an audit firm to conduct an internal audit of the Office's information security management.</p>

Committee	Recommendations	Action
<p><i>of 2012: Emergency Department Performance information</i> Report 29, Interim Report, August 2012</p>	<p>matter of urgency an assessment of the adequacy of controls over their respective IT systems and applications. This should include consideration of the controls that affect the reliability of all IT systems and applications (general controls) and controls that are specific to each application (application controls). This recommendation was also made as part of Report 28 <i>Review of Auditor-General's Report No.5 of 2011: 2010-11 Financial Audits.</i></p>	<p>The internal audit made ten recommendations for improvement, which were agreed to and implemented. The Office considers it now has adequate controls in place, both general and for specific applications.</p>
<p>Select Committee on Estimates 2012-2013: <i>Appropriation Bill 2012-2013 and Appropriation (Office of the Legislative Assembly) Bill 2012-2013</i> Report 1, August 2012</p>	<p>Recommendation 2: The Committee recommends that the ACT Government ensures that budget accountability indicators in ACT budget papers are useful and relevant.</p>	<p>Recommendation 2 requires action by the ACT Government. The Audit Office considers that it complies with the need for its accountability indicators to be useful and relevant.</p>
	<p>Recommendation 21: The Committee recommends that the Chief Minister and Cabinet Directorate work with all Directorates to improve Accountability Indicators across the ACT Public Service to ensure that they relate to each Directorate's respective objectives and the ACT Government's strategic objectives.</p>	<p>Recommendation 21 requires action by the ACT Government. The Audit Office considers that it complies with the need for accountability indicators to relate to Office objectives. However, it would be inappropriate for these indicators to align with the ACT Government's strategic objectives.</p>
	<p>Recommendation 142: The Committee recommends that all ACT Government documents, including the Budget papers each year, be available online in a format that is accessible for people who are blind or vision impaired.</p>	<p>The Audit Office is in the process of reviewing its compliance with online accessibility requirements. The Audit Office intends to be fully compliant with requirements in 2013-14.</p>

Source: ACT Legislative Assembly website and Audit Office records.

Further information can be obtained from:

<p>Dr Maxine Cooper</p>	<p>Auditor-General</p>	<p>(02) 6207 0833</p>	<p>maxine.cooper@act.gov.au</p>
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B.4 LEGISLATION REPORT

The Audit Office was not responsible for legislation under *Administrative Arrangements 2012 (No. 2)*. The Chief Minister and Treasury Directorate was responsible for the *Auditor-General Act 1996* under *Administrative Arrangements 2012 (No. 2)*.

Further information can be obtained from:

Dr Maxine Cooper	Auditor-General	(02) 6207 0833	maxine.cooper@act.gov.au
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C. LEGISLATIVE AND POLICY-BASED REPORTING

C.1 RISK MANAGEMENT AND INTERNAL AUDIT

Risk management

The Audit Office has a risk management framework that is consistent with the ACT Government's Risk Management Guidelines and Risk Management Standard AS/NZS 31000:2009. The framework includes a Risk Management Policy and Plan, and Business Continuity Plan. The Office's Risk Manager is responsible for monitoring and reporting on the Office's risk management framework.

The Executive Committee has broad responsibility for overseeing risk management in the Audit Office. The Committee received reports from the Office's Risk Manager on the implementation of the Risk Management Policy and Plan. The Audit and Review Committee also monitors risk management in the Office and received reports from the Office's Risk Manager on the implementation of the Risk Management Policy and Plan.

The Office's Risk Management Policy and Plan was reviewed and revised in March 2013, including the register of risks. The register of risks is monitored by the Executive Committee and Audit and Review Committee.

Audit and Review Committee

The Audit and Review Committee operates in accordance with its charter and provides assurance and assistance to the Auditor-General on the Audit Office's risk, control and compliance framework and its external accountability responsibilities.

In particular, the Committee assists the Auditor-General in discharging her responsibilities for exercising due care, diligence and skill in relation to the Audit Office's financial and risk management, adequacy of internal controls, application of accounting policies, compliance with applicable laws, and reporting of financial information. The Committee also supports the Auditor-General in maintaining an ethical culture within the Office.

Details of the membership of the Committee and meetings attended by its members are provided in Table C.1.1.

Table C.1.1: Audit and Review Committee

Name	Agency	Duration	Position	No. of meetings eligible to attend	No. of meetings attended
Ms Carol Lilley	External	September 2011 to March 2013	Chair	3 ¹	3 ¹
Mr Tim Larnach	Audit Office	September 2011 to September 2013	Member	4 ²	4 ²
Mr Brett Stanton	Audit Office	September 2011 to September 2013	Member	4 ²	4 ²
Dr Maxine Cooper	Auditor-General	Ongoing	Observer	4	3

Source: Audit Office records.

Note 1 Ms Carol Lilley resigned as Chair of the Audit and Review Committee in March 2013.

Note 2 A quorum of the Committee requires the attendance of the Chair, as well as one other member. The two members of the Audit and Review Committee met on a fourth occasion in April 2013, while a replacement Chair was being sought. In the absence of a quorum, this meeting was not a decision-making forum.

Ms Lilley has been the Chair of the Committee since September 2011. Ms Lilley resigned as Chair of the Committee in March 2013. The Audit Office thanks Ms Lilley for her efforts as Chair of the Committee during this period and welcomes Ms Janean Richards as the new independent Chair of the Committee.

The Committee met four times during 2012-13. The Committee's charter requires attendance of the independent Chair as well as one other member for a quorum. The April 2013 meeting of the Committee was not attended by an independent Chair and, in the absence of a quorum, was not a decision-making forum.

In 2012-13 the Committee:

- developed and implemented an annual internal audit work program, against a three-year Strategic Internal Audit Plan;
- initiated two internal audits (compliance with the *Auditor-General Act* 1996 and budget management) involving the assistance of contracted internal audit service providers;
- reviewed the appropriateness of the Audit Office's external and internal performance indicators;
- reviewed and endorsed the Audit Office's 2011-12 financial statements and 2011-12 Statement of Performance; and
- undertook a self-assessment of the Committee's activities and operations against internal audit committee better practice guidance.

Internal Audit on Compliance with the Auditor-General Act 1996

RSM Bird Cameron was engaged to audit the Office's compliance with the *Auditor-General Act 1996*. The audit concluded that the Office complied, in all material respects, with the Act.

Five recommendations for improvement were made by RSM Bird Cameron, including:

- formalising internal procedures in PAMPR for taking evidence under oath or affirmation, in accordance with section 14A of the A-G Act, including the timely revocation of delegations;
- developing and implementing a home based work policy, which address information security requirements;
- ensuring proper records are maintained detailing staff attendance at training and/or induction sessions; and
- conducting periodic reviews of personnel files to verify that all required acknowledgement forms and other documentation are maintained.

The recommendations were all agreed and are being implemented.

Internal Audit on Budget management

Protiviti was engaged to audit the Office's budget management.

Protiviti concluded that the Office's budget management arrangements were effective and made seven recommendations for improvements in the areas of:

- project management, including budget management, for performance audits;
- the development of guidance material for staff on audit project budget management practices;
- monthly management reporting processes; and
- reconciliation of actual expenditure incurred by each Service Line (Performance Audit and Financial Audit) against revenue received.

Most recommendations were agreed and are currently being implemented. With respect to some audit recommendations, the Office considered that current processes are sufficient for a small agency such as the Audit Office and the costs of implementing the recommendation would not produce sufficient benefits to warrant further action.

Further information can be obtained from:

Mr Tim Larnach	Internal Audit Committee	(02) 6205 2441	tim.larnach@act.gov.au
Mr Brett Stanton	Internal Audit Committee	(02) 6207 9534	brett.stanton@act.gov.au

C.2 FRAUD PREVENTION

The Office's *Fraud and Corruption Prevention Plan* minimises the risk of fraud and corruption. Other policies addressing fraud and corruption prevention included the Office's *Integrity Code, Asset Management Policy and Procedures, Acceptable Access and Use of Information and Communication Technology Resources Policy and Guidelines, Privacy of Information Policy and Personnel Delegations*.

Staff are made aware of these policies and new staff were introduced to them as part of induction training.

Staff complied with information and communication technology fraud prevention procedures and guidelines issued by Shared Services ICT.

No fraudulent activity or unethical behaviour was identified during 2012-13.

The Director, Performance Audits and Corporate Services is the Senior Executive Responsible for Business Integrity Risk.

Further information can be obtained from:

Dr David Hughes	Director, Performance Audits and Corporate Services	(02) 6207 0818	david.hughes@act.gov.au
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C.3 PUBLIC INTEREST DISCLOSURES AND OTHER REPRESENTATIONS

Public interest disclosures

The Auditor-General was a proper authority for receiving public interest disclosures under the *Public Interest Disclosure Act 1994* and is a Disclosure Officer for receiving public interest disclosures under the *Public Interest Disclosure Act 2012* (the PID Act).

In response to the new public interest disclosure legislation, the Audit Office is reviewing and revising its policy and procedures for handling public interest disclosures. Public interest disclosures received by the Audit Office may broadly fall into two categories:

- disclosures relating to the Audit Office and its operations; and
- disclosures relating to another ACT public sector entity.

Audit Office procedures for handling the disclosure depend on the nature of the disclosure. For disclosures relating to another ACT public sector entity, the Office may:

- refer the disclosure to the other entity for investigation;
- conduct an investigation into the disclosure; or
- conduct a performance audit into the disclosure issue.

In considering disclosures relating to another public sector entity, the Office would carefully assess if it is in the public interest to refer the disclosure to the other entity, or to conduct an investigation or a performance audit in relation to the disclosure itself. Where the Audit Office considers it is in the public interest to handle a disclosure relating to another public sector entity itself, the Office prefers to consider the disclosure through a performance audit for tabling in the Legislative Assembly.

In some circumstances, disclosures related to another entity may be referred by the head of the entity to the Auditor-General for consideration. In such cases, the Audit Office may include the investigation of the disclosure in a performance audit.

For disclosures relating to the Audit Office or its operations, the Audit Office may conduct an investigation. Processes would include:

- identifying or appointing appropriate officers to undertake an impartial and fair investigation into the information;
- providing ongoing advice to the Auditor-General on the actions taken to investigate the disclosure;
- deciding if further action should be undertaken through the use of procedures for investigating unethical or inappropriate behaviours, as set out in *Public Sector Management Act 1994* and related standards, or through the relevant enterprise agreement; and
- advising the Auditor-General on corrective action to be taken to prevent the disclosable conduct continuing or occurring in the future and disciplinary options for any person responsible for the disclosable conduct.

Table C.3.1: Public interest disclosures in 2012-13

Disclosure requirement	Details
The number of disclosures received.	1
Type of disclosures under Section 4(2) of the PID Act 1994.	Conduct of a public official that amounts to the exercise of any of his or her official functions dishonestly or with partiality (subsection 4(2)(b))
The number of disclosures referred by other agencies.	0
The number of public interest disclosures investigated.	1
The number of disclosures referred to other government agencies for investigation.	0
The number of disclosures on which the Audit Office has declined to act under Section 17 of the PID Act.	0
The number of disclosures substantiated by investigation.	Performance audit into public interest disclosure is yet to be concluded.

Source: Audit Office records.

Note: The single public interest disclosure was received under the 1994 legislation. No public interest disclosures have been received under the 2012 legislation.

Other representations

The Audit Office receives representations requesting that the Office undertake an audit activity or investigation. These representations may be provided by any person or body, including members of the public or ACT Legislative Assembly, businesses and employees of ACT Government agencies.

While these representations often do not meet the definition of public interest disclosure under the PID Act, they reflect areas of interest or concern to the individual. Such representations are considered under the provisions of the *Auditor-General Act 1996*.

In deciding whether a representation requires further investigation (through, for example, a performance audit or special investigation), the Office considers the identified financial risks and impacts and potential implications for public administration and effect on the delivery of public services. Information provided through representations is considered when planning the Office’s performance audit program.

In 2012-13, the Office received 30 representations. In each case, the Office reviewed information provided by the correspondent to determine whether further investigation was warranted and, if so, what action should be taken. Where necessary, the Office obtained information from the relevant ACT Government agency.

Details of remedial action taken on ACT Ombudsman recommendations

The ACT Ombudsman made no recommendations to the Audit Office during 2012-13.

Further information can be obtained from:

Dr David Hughes	Director, Performance Audits and Corporate Services	(02) 6207 0818	david.hughes@act.gov.au
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C.4 FREEDOM OF INFORMATION

The *Freedom of Information Act 1989* (the FoI Act) provides a legally enforceable right of access to information in the possession of the ACT Government. The object of the FoI Act is to encourage the prompt release and disclosure of information.

The *Auditor-General Act 1996* (the A-G Act) contains provisions protecting the integrity of an audit or investigation by the Auditor-General (sections 33-36 of the Act). Under these provisions, it is an offence for a person exercising a function of the Auditor-General to disclose protected information to someone else. Any documents obtained in reviewing matters relevant to an audit or investigation is 'protected information' for the purposes of the A-G Act.

Section 38 of the FoI Act provides an exemption from access to documents to which secrecy provisions of enactments apply. 'Protected information' under the A-G Act would generally be exempt from FoI Act provisions.

The Audit Office has administrative guidelines in place for Office staff with FOI responsibilities: *Freedom of Information Guidelines - Advice for FOI Coordinator, Decision Makers and Action Officers*. This document was reviewed and updated in March 2013.

Section 7 statement

Section 7 of the FoI Act requires the Audit Office to prepare and publish a statement outlining the Office's organisation, functions and decision-making powers, the categories of documents available, as well as the facilities available to the public for accessing the documents.

Organisation, functions and decision-making powers

Details of the Office's functions, operations and decision-making arrangements are included in Section A.1 of this report.

Participation in the work of the Audit Office by members of the public

Members of the public can make representations directly to the Office, or to their elected representatives in the ACT Legislative Assembly who may, in turn, decide to make representations to the Office. These representations may be considered by the Audit Office, or used to inform performance audit work being undertaken or a future audit. Each representation is considered on a case by case basis and managed accordingly.

Categories of documents in the possession of the Audit Office

The Audit Office holds the following categories of documents:

- *Documents freely available on request and without charge.* These include audit reports produced by the Audit Office. These documents are available from the Office's website (www.audit.act.gov.au) and from libraries throughout the ACT;
- *Other kinds of documents that may be available under the FoI Act.* A wide range of documents, held by the Audit Office, may be available under the FoI Act. These documents may include general administrative files including internal, interagency and public documents, minutes of meetings of management and other committees, agendas and background papers, policies in connection with the Office's administrative functions, photographs, financial and accounting records, leases and deeds of agreement. The Office provides facilities enabling members of the public to obtain physical access to these documents; and
- *Documents obtained in the exercise of a function of the Auditor-General Act 1996 (A-G Act).* These documents cannot be disclosed under Section 34(1) of the A-G Act and include all internal working papers, documents and materials relating to audits, review and investigations performed by the Audit Office.

Any enquiries should be addressed to the Audit Office's FoI Coordinator:

Ms Sophie Butler-Stratton	Freedom of Information Coordinator	(02) 6207 0833
	ACT Auditor-General's Office	actauditorgeneral@act.gov.au
	Level 4, 11 Moore Street	
	CANBERRA CITY ACT 2601	

Section 8 statement

Section 8 of the FoI Act requires the Audit Office to prepare, and make available, an annual statement (which may be an index) of the documents that were used by, or provided by, the Office for the purpose of making a decision or recommendation under an enactment or scheme administered by the Office.

This 'Section 8 Statement' was included in an Audit Office document titled '*Freedom of Information Act 1989 Section 7 and Section 8 Statements*', which can be obtained by contacting the Office's FoI Coordinator.

Section 79 statement

The Audit Office received one request for access to documents under the FOI Act. Partial access to the documents was granted and the decision was notified more than 90 days after the request was received.

No requests were received for:

- amendment of records under section 48 of the FoI Act;
- internal review of decisions under section 59 of the FoI Act.

The Office did not charge or collect any fees in relation to processing of FoI requests.

Further information can be obtained from:

Ms Sophie Butler-Stratton	(02) 6207 0833	actauditorgeneral@act.gov.au
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C.5 INTERNAL ACCOUNTABILITY

The names of the Audit Office’s Executive team, their responsibilities and the Office’s organisation structure are provided at Figure A.1.1.

Management of the Audit Office is mainly conducted through regular meetings between the executive, managers and staff.

Table C.5.1: Internal committees and meetings

Name	Purpose	Membership in 2012-13
Executive Committee	The Executive Committee is the senior group responsible for the governance of the Audit Office. The Committee meets weekly to consider strategic and operational matters, monitor the Office’s performance and determine the strategic and operational priorities for the Office.	Auditor-General Director of Financial Audit Director, Performance Audit and Corporate Services with attendance by Principals and Executive Officer
Management Committee	This Committee meets monthly to discuss the Audit Office’s activities, report on progress against targets and consider audit and corporate issues requiring attention.	Chaired by the Principal, Technical and Quality Assurance. Attendees include: Auditor-General Director of Financial Audit, Director, Performance Audit and Corporate Services, Principals, Senior Managers and Managers Staff representatives

Name	Purpose	Membership in 2012-13
<p>Audit and Review Committee</p>	<p>This Committee meets quarterly. The Committee reports directly to the Auditor-General.</p> <p>The Committee provides assurance that the Audit Office’s governance, internal audit and risk management arrangements are adequate.</p> <p>The Committee considers the Audit Office’s financial statements and statement of performance and monitors the implementation of relevant recommendations from internal audit reports, the Office’s performance audit reports and ACT Legislative Assembly Committees’ reports.</p>	<p>External Chair Two senior staff members from Performance Audit and Financial Audit Secretariat Auditor-General has a standing invitation to attend the meeting as an observer.</p>
<p>Office Consultative Committee</p>	<p>The Committee monitors the operation and implementation of the Audit Office’s Enterprise Agreement, considers new or changed policy statements and guidelines relating to the Agreement, exchanges information on matters affecting staff.</p> <p>The Committee meets quarterly.</p>	<p>Three staff representatives One representative from the Audit Office Executive</p>
<p>Financial Audit Managers meeting</p>	<p>This meeting considers strategic and operational matters relating to the financial audit activities. It meets fortnightly or as required.</p>	<p>Chaired by the Director of Financial Audit Financial Audit Principals Senior Financial Audit Managers</p>
<p>Financial audit forum</p>	<p>This monthly forum is attended by financial audit staff to consider operational and technical issues affecting financial audit activities.</p>	<p>Chaired by the Director of Financial Audit Financial audit staff</p>
<p>Performance Audit Managers meeting</p>	<p>This meeting considers strategic and operational issues affecting the performance audit function. It meets monthly or as required.</p>	<p>Chaired by the Director, Performance Audit and Corporate Services. Performance Audit Principals Senior Performance Audit Managers</p>
<p>Performance Audit team meeting</p>	<p>The meeting considers operational issues affecting the performance audit function. It meets monthly or as required.</p>	<p>Chaired by the Director, Performance Audit and Corporate Services. Performance audit staff</p>
<p>Corporate Services team meeting</p>	<p>The meeting considers strategic and operational issues affecting the corporate services function. It meets fortnightly or as required.</p>	<p>Chaired by the Senior Manager, Corporate Services or Director, Performance Audit and Corporate Services Corporate staff</p>

Name	Purpose	Membership in 2012-13
Staff meetings	These monthly meetings aim to share information and discuss Audit Office issues with all staff.	Chaired by a staff member All staff

Source: Audit Office records.

Strategic and organisational planning

The Audit Office's future corporate directions, planned outcomes and objectives are set out in the Office's *Strategic Plan 2012-2015*. This Plan is reviewed and updated annually at the Office's planning day, providing an opportunity for staff to participate in identifying and setting priorities for the Office in the coming years. It also provides a means of ensuring that management and staff share a common view about the Office's objectives and areas of responsibility.

The Strategic Plan is supported by individual Branch action plans for financial audit, performance audit and corporate activities. These plans identify and assign responsibility for specific tasks and timeframes for completion. They are monitored by the Executive Committee.

Executive remuneration

Executive remuneration is provided in accordance with the Determinations of the ACT Remuneration Tribunal and under other relevant laws and instruments, such as the *Public Sector Management Act 1994* and the *Public Sector Management Standards 2006*. The Remuneration Tribunal's Determinations are available from the Tribunal's website at www.cmd.act.gov.au/governance/remtrib.

Further information can be obtained from:

Dr David Hughes	Director, Performance Audits and Corporate Services	(02) 6207 0818 david.hughes@act.gov.au
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C.6 HUMAN RESOURCE PERFORMANCE

Human resource planning

The Audit Office regularly reviews its human resource needs, to ensure the Office maintains sufficient capacity to deliver its program of financial and performance audits and provide adequate corporate support.

Several policies support human resource management and planning, including the Office's:

- *Performance Improvement Policy and Procedures;*
- *Learning and Development including Studies Assistance Policy and Procedures;* and
- *Positive Workplace Culture Policy and Procedures.*

The Audit Office's *Strategic Plan 2012-15* includes specific strategies aimed at supporting staff and meeting future workforce challenges. These challenges include:

- provision of sufficient career opportunities in a small agency, which leads to difficulty in retaining experienced staff; and
- maintaining a workforce with the knowledge and experience required to deliver quality work.

Strategies to support our staff include:

- ensuring all staff routinely receive feedback on their performance and progress;
- maintaining a *Performance Development Plan* for each staff member identifying learning and development needs;
- implementing recruitment and development processes that ensure staff possess the skills, experience and values necessary to support the Audit Office in achieving its vision, role and objectives;
- encouraging and providing opportunities for staff to offer suggestions for improving the performance and accountability of the Audit Office and implementing improvements where appropriate; and
- selecting and implementing improvement strategies addressing key issues identified in the staff survey.

Audit Office staff surveys indicate these, and other, strategies have been effective in maintaining high levels of staff satisfaction.

The lack of opportunity to develop a career in a small Audit Office, combined with a high demand for audit and accounting professionals means that the Office needs to continue working to maintain high staff satisfaction rates. However, the Office also anticipates it will need to conduct frequent recruitment activities and engage contractors on a short-term basis to assist in completing audit programs.

Table C.6.1: Staff movements

Staff movements	2008-09	2009-10	2010-11	2011-12	2012-13
Recruitment	8	9	7	14	9
Attrition	12	5	11	8	6
Number of staff	33	37	33	39	42
Staff turnover	36%	13%	33%	21%	14%

Source: Audit Office records.

Short-term human resource planning

To meet audit timetables, including legislated timelines, the Audit Office plans the allocation of staff to audits and other activities such as staff training, leave and administrative activities. The Office uses a forward planning schedule to organise and resource its program of financial and performance audits, including meeting the higher demands of the peak financial audit period (from May to October each year).

The Audit Office also considers the need for contracting auditors from the private sector or outsourcing audits, particularly when the Office does not have specialist skills required to complete the audit – such as information technology, actuarial and taxation expertise.

Audit staff work on financial and performance audits and are assigned to assist in specific corporate tasks as needed. The Office identifies opportunities to share audit personnel between teams. Financial audit personnel are provided opportunities to work in performance audit teams during non-financial audit peak times.

Enhancing skills and capabilities

The Audit Office's policies for staff performance management and the Office's learning and development program target the development needs of staff. Further detail is provided in section C.8.

The Office's Studies Assistance Policy supports staff in obtaining and updating relevant professional qualifications from professional bodies and academic institutions. The Policy provides for paid study leave and reimbursement for the costs of approved study.

Further information can be obtained from:

Dr David Hughes	Director, Performance Audits and Corporate Services	(02) 6207 0818	david.hughes@act.gov.au
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C.7 STAFF PROFILE

Forty-two staff were employed in the Audit Office as at the last pay period in 2012-2013 (41.3 full-time equivalent staff).

The Auditor-General is appointed for a non-renewable term of seven years as a full-time statutory office holder under the *Auditor-General Act 1996*. All other staff are employed under the *Public Sector Management Act 1994*.

Table C.7.1: Full-time equivalents and headcount

Classification	Female	Male	Total
Full-time equivalents by gender	16.4	24.9	41.3
Headcount by gender	17	25	42
Percentage of workforce (headcount)	40%	60%	100%

Source: Audit Office records.

Further information on the staff profile is included in Appendix B.

Further information can be obtained from:

Dr David Hughes	Director, Performance Audits and Corporate Services	(02) 6207 0818	david.hughes@act.gov.au
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C.8 LEARNING AND DEVELOPMENT

The Audit Office's Learning and Development Program is developed in consultation with staff, supervisors and senior management. This Program is based on the higher priority areas for development identified by staff and their supervisors in staff member's individual *Performance Development Plans*.

The Program focuses on developing the Office's capacity to meet its audit responsibilities in an effective and efficient manner. The Program addresses the technical and other needs of the Office and its staff in key areas such as audit, accounting, information technology, supervision, communication, public sector matters and management skills.

The Office encourages membership of relevant professional bodies, such as the Institute of Chartered Accountants in Australia or CPA Australia. In 2012-13, the Office supported 16 staff in study towards tertiary or professional qualifications.

In 2012-13, staff time spent on learning and development averaged five days per staff member plus an additional five days for staff who accessed study leave. Expenditure on external training courses was around \$58 000 with the full cost of learning and development activities (mainly staff time) totalling approximately \$375 000.

Training was provided on technical and management skills. Technical training addressed financial audit and performance audit methods, changes to accounting standards, writing

skills and report writing, IT audit software and the use of Microsoft Office packages such as Word, Excel and Outlook. Other training covered coaching, mentoring and raising staff awareness on bullying, fraud and corruption and the ACT Government's 'Respect, Equity and Diversity Framework'. Staff also attended public service seminars on Legislative Assembly and budget processes.

Further information can be obtained from:

Mr Ajay Sharma	Principal, Quality and Assurance	(02) 6207 0830	ajay.sharma@act.gov.au
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C.9 WORKPLACE HEALTH AND SAFETY

Workplace safety representatives

Workplace safety representatives are responsible for assisting the Audit Office in identifying and responding effectively to hazards, conducting risk assessments and promoting health, safety and welfare.

In 2012-13, the Audit Office had two Workplace Safety Representatives, two Fire Wardens and two First Aid Officers.

Improving awareness of workplace health and safety issues

Staff are encouraged to take an active approach to ensure that the workplace is a healthy and safe place.

The Audit Office's Workplace Health and Safety Policy and Procedures are provided to new staff and are readily accessible to all other staff.

Sharing the workload

The Audit Office's work programs place high workloads on some staff, for example financial audit staff during peak financial audit periods. The Office shares this workload between audit teams to minimise instances of excessive periods of long hours. The Office uses a 'staff forward planner' to formally plan and organise the workload and enable staff to effectively plan for their recreational, study or other leave.

The Audit Office supports flexible working arrangements for staff and promotes a healthy work/life balance.

Workstation – staff practices and assessments

The administrative nature of audit work means that staff are often at workstations for prolonged periods of time. Staff are encouraged to implement healthy work practices such as taking regular breaks from sitting in front of the computer. Posters demonstrating recommended stretching techniques are placed around the office.

Professional rehabilitation case management services are available as needed.

For those staff with injuries or other medical conditions, individual workstations are professionally assessed to ensure that the medical needs of the individual are effectively addressed. Workplace safety assessments are periodically performed, including ergonomics assessments on as needs basis.

The Office installed height-adjustable workstations for two staff, allowing these staff members to stand at their workstations while working on their computers.

Health and wellbeing initiatives

Throughout 2012-13 the Office's corporate services staff organised health and wellbeing activities. This included:

- organising guest speakers to attend staff meetings and give presentations; and
- disseminating health and well being publications and material throughout the Office.

Other health and wellbeing initiatives for the Office included:

- flu vaccinations – the Audit Office offered free flu vaccinations to all staff. 19 staff members received flu vaccinations in 2012-13.
- hand sanitizers and facial tissues – hand sanitizers and facial tissues are kept near work stations to assist staff to improve hygiene levels and to reduce the risk of illness.

Other support is also available for staff through:

- coaching and mentoring initiatives – coaching and mentoring is available to support staff if they wish; and
- bullying and harassment prevention initiatives – the Office's two Respect, Equity and Diversity Officers are the initial points of contact for staff who may be concerned about bullying and harassment, or any other matter that affects their well-being or that of other staff. The Audit Office does not tolerate workplace discrimination, bullying or harassment.

Legislative compliance

There were no accidents or dangerous occurrences in 2012-13 that required a notice under Part 3, Section 38 of the *Work Health and Safety Act 2011*.

In 2012-13, no enforceable undertaking and improvement, prohibition, or non-disturbance notices were issued to the Audit Office under the parts 10 and 11 of the *Work Health and Safety Act 2011*.

Social club

The staff Social Club facilitated a number of social events during 2012-13, many of which have supported charitable causes. The Club is funded by staff and run by a small committee.

Further information can be obtained from:

Mr Ajay Sharma	Principal, Quality and Assurance	(02) 6207 0830	ajay.sharma@act.gov.au
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C.10 WORKPLACE RELATIONS

Staff satisfaction

The Audit Office strives to provide a productive and rewarding working environment for all staff. Since 2004, the Office has conducted an annual survey of staff to seek anonymous feedback on such matters as:

- job satisfaction;
- leadership and management;
- communication and corporate governance; and
- the working environment.

The Office engaged an independent consultant to manage the conduct of the survey. Results of the 2013 staff survey were positive with 69 percent of staff advising that they were satisfied with their job and 88 percent indicating that their work made an important contribution to the Audit Office's success.

Staff identified that there was a range of strengths for the Audit Office, including:

- the reputation and respect of the Office;
- the independence and autonomy of the Office;
- the leadership and management of Office;
- the diversity, skills and professionalism of staff of the Office; and
- learning and professional development opportunities.

Staff also identified areas for improvement, including:

- communication, information and feedback from management;
- internal communication and interaction between different service areas;
- support for innovation and the implementation of different practices; and
- processes around recruitment and promotion.

Office Consultative Committee

The Office Consultative Committee consists of one representative from the Executive and three members nominated by staff.

The Office Consultative Committee reviewed the results of the staff survey and facilitated Office-wide discussions with staff on how issues identified in the survey might best be addressed. The Committee offered ideas for managing the key issues identified by staff which emerged from the staff survey.

The Office Consultative Committee also assists in the development and review of organisational policies and work practices by obtaining staff views.

The Office Consultative Committee also plays an important role in developing the Office's enterprise agreements. Staff, other than the Auditor-General and Directors, are employed under the Audit Office's *Enterprise Agreement 2011-13*. This agreement was approved by Fair Work Australia for commencement on 23 March 2012 and nominally expires on 30 June 2013.

Special Employment Arrangements

No staff members were on individual Special Employment Arrangements (SEAs) under the Audit Office's Enterprise Agreement at 30 June 2013. There were no group SEAs during the 2012-13 reporting period.

Table C.10.1: Special Employment Arrangements

Description	Number of individual SEAs
Number of SEAs as at 30 June 2013	0
Number of SEAs entered into during 2012-13	0
Number of SEAs terminated during period	2
The number of SEAs providing for privately plated vehicles as at 30 June 2012	0
Number of SEAs for employees who have transferred from an Australian Workplace Agreement during the period	0

Source: Audit Office records.

Further information can be obtained from:

Dr David Hughes	Director, Performance Audits and Corporate Services	(02) 6207 0818	david.hughes@act.gov.au
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C.11 HUMAN RIGHTS ACT 2004

The operating practices and policies of the Audit Office are designed to be consistent with the aims of the *Human Rights Act 2004* and human rights principles. These are integrated into the Office's operations. For example:

- the *Auditor-General Act 1996* includes specific provisions that ensure procedural fairness is maintained and natural justice is afforded to those affected by the reporting of audit findings and recommendations;
- the Auditor-General was a proper authority for the receipt of disclosures under the *Public Interest Disclosure Act 1994* and is a disclosure officer for the receipt of disclosures under the *Public Interest Disclosure Act 2012*. The Office is revising its procedures for appropriately and fairly handling disclosures. Throughout 2012-13 representations received by the Office were reviewed to determine whether consideration as a public interest disclosure was warranted and, if so, how the disclosure was to be considered;
- performance audits may consider human rights issues;
- management promotes an organisational culture that is inclusive, respectful and responsive to staff and audited agencies. Means are available to staff to raise issues or concerns about the operations of the Audit Office, including human rights matters. For example, concerns may be raised at meetings with the Auditor-General or other senior executives, or with staff representatives. The annual staff survey also seeks the views of staff on equity, diversity, discrimination and work/life balance. Management responds openly to staff suggestions and concerns;
- the *ACT Auditor-General's Office Enterprise Agreement 2011-13*, in common with all ACT Government agencies, incorporates ACT Public Service conditions of employment and recognises the importance of balancing work and life responsibilities;
- the Audit Office's *Positive Workplace Culture Policy and Procedures* supports and promote a diverse and non-discriminatory workplace, where different cultures and talents of staff are recognised and valued; and
- the Audit Office's *Complaint Handling Policy and Procedures* refer to the important role that complaints may have in the process of continuous improvement of services. Staff are aware of their responsibilities under this policy, which is available to the community through the Office's website (www.audit.act.gov.au).

Further information can be obtained from:

Dr David Hughes	Director, Performance Audits and Corporate Services	(02) 6207 0818	david.hughes@act.gov.au
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C.12 STRATEGIC BUSHFIRE MANAGEMENT PLAN

Agencies that are either a manager of unleased Territory land, or the owner of Territory land, have reporting requirements under the *Emergencies Act 2004*. The Audit Office is neither the owner nor manager of Territory land and, therefore, has no reporting responsibilities.

Further information can be obtained from:

Dr David Hughes	Director, Performance Audits and Corporate Services	(02) 6207 0818	david.hughes@act.gov.au
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C.13 STRATEGIC ASSET MANAGEMENT

Assets managed

The Office's plant and equipment assets are comprised of the office fit-out, senior executive motor vehicle, equipment and furniture such as audio visual equipment, workstations and chairs. As at 30 June 2013, these assets valued \$234 000 (down from \$331 000 at 30 June 2012,).

No major asset upgrades were undertaken during 2012-13.

The Audit Office conducted stocktakes of its portable and attractive assets (mainly computer assets) to ensure these were properly accounted for.

As disclosed in the Audit Office's financial statements, the office fit-out valuation included the estimated cost of returning the premises occupied by the Office to a similar condition to that which existed prior to the occupancy (\$75 000).

Accommodation

There was no change in office accommodation during the year.

At 30 June 2013, the Audit Office occupied 500 square metres at 11 Moore St, Canberra City and employed 42 (41.3 full-time equivalent) staff. This equates to approximately 11.9 square metres per employee.

This is below the ACT Government target of at least 15 square metres per employee. However, 11.9 square metres per employee does not accurately reflect the space available for staff for most of the year, as most Office staff work offsite and it is unusual for all staff to be in the office at the same time. During periods of the year when staff are not working offsite, the Audit Office faces challenges accommodating all staff in its premises. The Office is in the process of examining options for re-developing workstation and accommodation arrangements. This is expected to be progressed throughout 2013-14.

Further information can be obtained from:

Mr Bernie Sheville	Director, Financial Audits	(02) 6207 0821	bernie.sheville@act.gov.au
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C.14 CAPITAL WORKS

The Audit Office had no projects included in the Capital Works Program for 2012-13.

Further information can be obtained from:

Mr Bernie Sheville	Director, Financial Audits	(02) 6207 0821	bernie.sheville@act.gov.au
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C.15 USE OF CONTRACTORS

In 2012-13, the Audit Office engaged financial audit contractors and performance audit contractors to complement the Office's in-house audit capacity. The Office also used external firms to provide internal audit services, quality assurance services and administration support.

Selection and management of audit contractors complied with the *Government Procurement Act 2001* and subordinate guidelines and circulars.

Table C.15.1: External sources of labour and services

Firm	Type	Date contract let	Financial audits \$ Note 1	Performance audits \$ Note 2	Other services \$ Note 3	Total \$
Deloitte Touche Tohmatsu	Open tender	20 December 2010	286 595	12 630		299 224
Deloitte Touche Tohmatsu	Select tender	24 May 2012	31 636			31 636
Deloitte Touche Tohmatsu	Single Select	6 July 2011	16 500			16 500
Deloitte Touche Tohmatsu	Single Select	31 August 2012	12 955			12 955
Deloitte Touche Tohmatsu	Open tender	7 May 2012	78 222			78 222
Deloitte Touche Tohmatsu	Select tender	16 August 2012	5 682			5 682
KPMG	Single Select	13 February 2012	9 400			9 400
KPMG	Single Select	18 February 2013	5 000			5 000
KPMG	Select tender	9 May 2012	50 076			50 076
Cumpston Sarjeant Pty Ltd	Select tender	10 June 2011	45 342			45 342
Ernst & Young	Single Select	20 March 2013	13 000			13 000
Axiom Associate Pty Ltd	Single Select	10 May 2013	9 000			9 000
Axiom Associate Pty Ltd	Select tender	5 December 2012		74 480		74 480
Axiom Associate Pty Ltd	Select tender	12 June 2013		34 800		34 800
PWC Australia	Select tender	31 January 2012		7 697		7 697
Courage Partners	Single Select	21 September 2012		4 091		4 091
Bracton Consulting Services	Single Select	2 January 2013		3 000		3 000
Leading Emergency Services	Single Select	13 May 2013		2 727		2 727
Numerical Advantage	Single Select	27 May 2013		1 000		1 000
Bethomas Consulting	Single Select	23 September 2011			3 600	3 600
Protiviti	Select tender	15 October 2012			18 109	18 109
RSM Bird Cameron	Select tender	15 October 2012			8 773	8 773
RSM Bird Cameron	Single Select	16 April 2013			1 000	1 000
The Audit Office of New South Wales					2 112	2 112
Numerical Advantage	Single Select	7 December 2012			13 636	13 636
Humanoevre Pty Ltd	Single Select	14 May 2012			6 975	6 975
Richard Reilly	Single Select	9 May 2013			5 330	5 330
Intertec Consulting	Select tender	7 March 2013			20 772	20 772
Total			563 407	140 425	80 307	784 140

Source: Audit Office records.

Note 1 These suppliers assisted with the Audit Office’s financial audit activities.

Note 2 These suppliers assisted with the Audit Office’s performance audit activities.

Note 3 Bethomas Consulting, Protiviti and RSM Bird Cameron provided internal audit and related services to the Office. RSM Bird Cameron also prepared the Office’s 2012-13 fringe benefits tax return.

The Audit Office of New South Wales and Numerical Advantage provided quality assurance services to the Audit Office.

Intertec Consulting was the vendor of the Office’s new timesheet recording system. Humanoevre Pty Ltd provided administrative human resource management support to the Office. Richard Reilly was engaged to assist with the Office’s staff survey and surveys of members of the Legislative Assembly during 2012-13.

Details of the expenses incurred under contracts and the services supplied provided above do not represent the total value of contracts in 2012-13, since the contracts often covered more than one financial year and the work performed did not necessarily coincide with the financial year.

Further information can be obtained from:

Mr Bernie Sheville	Director, Financial Audits	(02) 6207 0821	bernie.sheville@act.gov.au
Dr David Hughes	Director, Performance Audits and Corporate Services	(02) 6207 0818	david.hughes@act.gov.au

C.16 COMMUNITY GRANTS, ASSISTANCE AND SPONSORSHIP

To raise awareness of the employment opportunities provided by the Audit Office, the Office continued to award prizes to the top students in auditing and accounting at the University of Canberra.

Table C.16.1: Student prizes

Organisation	Award	Amount
University of Canberra	Undergraduate prize	\$300 to the student who achieves the best academic result in the subject Auditing
University of Canberra	Postgraduate prize	\$300 to the student who achieves the best academic result in the subject Auditing PG (Post-Graduate)

Source: Audit Office records.

Further information can be obtained from:

Mr Bernie Sheville	Director, Financial Audits	(02) 6207 0821	bernie.sheville@act.gov.au
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C.17 TERRITORY RECORDS

In accordance with the *Territory Records Act 2002*, the Audit Office has an approved records management program consisting of a *Records Management Policy and Procedures* and *Records Disposal Schedule*. The *Records Disposal Schedule for Audit Services* was approved by the Director of Territory Records.

Staff are reminded at various meetings and forums of the importance of sound records management practices. In addition to the Audit Office's *Records Management Policy and Procedures* and internal guide (the *Records Management Quickguide*) standards, guidelines and advice is available from the Territory Records Office. New staff are introduced to record-keeping essentials as part of the Office's induction program.

The Audit Office has put in place a process to preserve records that may allow people to establish links with their Aboriginal or Torres Strait Islander heritage. The Audit Office's *Records Management Policy and Procedures* requires that these records are not to be destroyed. Where the record does contain such information it is to be retained and preserved as a Territory archive.

Part 3 of the *Territory Records Act 2002* provides for public access to records older than 20 years. Although the Audit Office does not hold any records of that age, the Office's records management procedures ensure that records identified for archival will be notated, with an appropriate access direction to establish the terms and conditions for public access after 20 years. Records to be exempted from public access under the provisions set out in Section 28 of the *Territory Records Act 2002* will be identified. To date, no records have been identified as exempt.

Table C.17.1: Records disposal

Records disposal schedule name	Effective	Year and No.
Territory Records (Records Disposal Schedule-Audit Services Records) Approval 2006 No. 1- see www.legislation.act.gov.au/	3 February 2006	NI 2006-26

Source: <http://www.legislation.act.gov.au/>.

Further information can be obtained from:

Dr David Hughes	Director, Performance Audits and Corporate Services	(02) 6207 0818	david.hughes@act.gov.au
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C.18 COMMISSIONER FOR SUSTAINABILITY AND THE ENVIRONMENT

The Office of the Commissioner for the Environment did not request information from the Audit Office in the preparation of the State of the Environment Report.

The Office of the Commissioner for the Environment did not carry out any investigation which directly related to the Audit Office's operations during 2012-13.

Further information can be obtained from:

Dr David Hughes	Director, Performance Audits and Corporate Services	(02) 6207 0818	david.hughes@act.gov.au
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C.19 ECOLOGICALLY SUSTAINABLE DEVELOPMENT

The *Environment Protection Act 1997* requires the Audit Office to report on how the Office's operations accorded with, and contributed to, the principles of ecologically sustainable development (ESD).

Performance audits that consider the delivery of public services may consider ESD issues in the delivery of public services.

Staff are encouraged to implement practices to reduce their ecological footprint by:

- using electronic audit work papers;
- using messaging and on-line technical and information services;
- recycling paper by using the appropriate bins;
- turning-off computer equipment and monitors when not in use; and
- minimising the number of printed documents.

The Office minimises its effect by:

- implementing a waste disposal system that separately disposes of recyclable material, organic waste and other non-recyclable material;
- using recycling toner cartridges;
- purchasing carbon neutral printing paper; and
- making use of a hybrid car, using public transport and encouraging staff to walk to audit locations.

Table C.19.1: General indicators

Line	General indicators	Unit	2011-12	2012-13	Change %
L1	Occupancy - staff FTE	Number (FTE)	37.9	41.3	9
L2	Area office space - net lettable area	Square metres	500	500	0

Source: Audit Office records and ACT Property Group advice.

Occupancy – staff FTE represents the number of full-time equivalent staff employed at the end of the 2011-12 and 2012-13 reporting periods.

The workforce at 30 June 2013 was larger than at 30 June 2012. This increase reflects the recruitment of financial and performance audit staff to replace departing staff.

Area office space – net lettable area has not changed since the 2010-11 financial year. The Audit Office is a co-tenant with other ACT Government agencies at 11 Moore Street and occupies approximately half a level of an eight-floor building.

Table C.19.2: Stationary energy indicators

Line	Stationary energy indicators	Unit	2011-12	2012-13	Change %
L3	Electricity use	Kilowatt hours	65 378	60 998	(6.7)
L4	Renewable electricity used	Kilowatt hours	9 098	0	(100)
L5	Percentage of renewable electricity used (L4 / L3 x 100)	Percentage	14%	0	(100)
L6	Natural gas use	Megajoules	80 908	68 142	(15.8)
L7	Stationary energy use	Megajoules	316 270	287 732	(9.0)
L8	Energy intensity per FTE (L7 / FTE L1)	Megajoules / FTE	8 345	6 969	(16.5)
L9	Energy intensity per square metre (L7 / L2)	Megajoules per square metre	633	575	(9.2)

Source: ACT Property Group data. The Environment and Sustainable Development Directorate converted kilowatt hours into megajoules.

The reason for the decrease in **electricity use** is not specifically known. It may reflect general efforts on the part of Audit Office staff to decrease energy use.

The amount of **renewable electricity used** by the Audit Office is determined and managed by the ACT Property Group who consider whole-of-government practices and the availability of renewable energy. The ACT Property Group advised that no renewable energy was purchased for 2012-13.

Gas use is the Audit Office's allocated (estimated) share of gas. It is based on floor space occupied by the Office. The reason for the decrease in gas use is unknown, as there have been no changes in the Office's circumstances that would cause this decrease. It is possible that the decrease reflects a change in gas use by all building tenants (e.g. reduced need for heating).

The overall decrease in **stationary energy use**, **energy intensity per FTE** and **energy intensity per square metre** reflects the decrease in electricity and gas use.

Table C.19.3: Fleet transport indicators

Line	Fleet transport indicators	Unit	2011-12	2012-13	Change %
L10	Number of vehicles	Numeric	0	0	0
L11	Vehicle travel	Kilometres	0	0	0
L12	Transport fuel (petrol)	Kilolitres	0	0	0
L13	Transport fuel (diesel)	Kilolitres	0	0	0
L14	Transport fuel (LPG)	Kilolitres	0	0	0
L15	Transport fuel (CNG)	Kilolitres	0	0	0
L16	Transport energy use	Gigajoules	0	0	0

Source: Audit Office records.

The Office does not have fleet vehicles. A motor vehicle provided as part of the remuneration of a senior executive is available to Audit Office staff for business use. During 2012-13, this vehicle travelled approximately 5 312 kilometres for business purposes. The motor vehicle is a hybrid car which is fuel efficient and therefore, produces fewer emissions.

Table C.19.4: Water indicators

Line	Water indicators	Unit	2011-12	2012-13	Change %
L17	Water use	Kilolitres	287	235	(18.1)
L18	Water use per FTE (L17 / L1)	Kilolitres / FTE	7.6	5.7	(25.0)
L19	Water use per area (L17 / L2)	Kilolitres per square metre	0.57	0.47	(17.5)

Source: ACT Property Group obtained information on water use from the landlord.

Water use is the Audit Office's allocated (estimated) share of water used by all tenants in the building. It is based on floor space occupied by the Office. The reason for the decrease in water use is unknown, as there have been no changes in the Office's circumstances that would cause this decrease. It is possible that the decrease reflects changes in water use by other building tenants.

Table C.19.5: Resource efficiency and waste indicators

Line	Resource efficiency and waste indicators	Unit	2011-12	2012-13	Change %
L20	Reams of paper purchased	Reams	426	550	29.1
	Reams of paper used per FTE		11.2	13.3	18.8
L21	Recycled content of paper purchased	Percentage	0% Carbon neutral paper is used	0% Carbon neutral paper is used	-
L22	Estimate of discarded waste	Litres	Not known	Not known	Not known
L23	Estimate of recycled co-mingled material	Litres	17 520	21 720	24
L24	Estimate of paper recycled	Litres	Not known	Not known	Not known
L25	Estimate of organic material recycled	Litres	0	1 800	100

Source: Audit Office records.

The Audit Office’s resource management practices seek to minimise the use of paper by, for example, scanning and emailing documents and using electronic audit work papers. There was no change to this practice in 2012-13. The increase in the **estimate of recycled co-mingled material** (i.e. recycled cardboard and paper) is likely to reflect greater staff awareness of recycling initiatives and the Office’s participation in the ACTSmart Business Recycling Program.

The Audit Office commenced the ACTSmart Business Recycling Program in March 2012. General waste that was previously disposed of into landfill is now being sorted into:

- organic material;
- recyclable material; and
- non-recyclable material.

As a result of this program, the Office started to use one 120 litre mixed recycled bin. There was an increase of approximately 24 percent in the **estimate of co-mingled recycled material** (cardboard, paper and mixed recyclable material) from 17 520 litres in 2011-12 to 21 720 litres in 2012-13. Between March 2013 and June 2013, 70 kilograms of recyclable material has been collected and diverted from waste to landfill and 94 kilograms of organic material has been collected and diverted from waste to landfill.

During 2012-13, the Office commenced purchasing Carbon Neutral paper for the Office’s printing and copying needs. The Carbon Neutral paper used has been certified under the Australian Government’s National Carbon Offset Standard Carbon Neutral Program. This means that all direct and indirect greenhouse gas emissions used to produce the paper have been reduced and then offset.

The Audit Office is unable to provide an **estimate of discarded waste** as no records of the Office's waste are maintained by the contract cleaners.

The Audit Office is unable to estimate the amount of paper recycled because paper is recycled along with cardboard in the same containers.

Table C.19.6: Greenhouse gas emissions indicators

Line	Greenhouse gas emissions indicators	Unit	2011-12	2012-13	Change %
L26	Stationary energy greenhouse gas emissions	Tonnes CO ₂ -e	65.3	69.46	6.4
L27	Fleet transport greenhouse gas emissions	Tonnes CO ₂ -e	Not calculated	2.27	100
	Greenhouse gas emissions (L26+L27)	Tonnes CO ₂ -e	65.3	71.73	9.8
L28	Greenhouse gas emissions per FTE ((L26+L27) / L1)	Tonnes CO ₂ -e / FTE	1.7	1.7	(0)
L29	Greenhouse gas emissions per area (L26 / L2)	Tonnes CO ₂ -e / square metre	0.131	0.143	9.2
L30	Fleet transport greenhouse gas emissions per FTE (L27 / L1)	Tonnes CO ₂ -e / FTE	Not calculated	0.055	100

Source: ACT Property Group data. Environment and Sustainable Development Directorate converted kilowatt hours to tonnes of CO₂-e.

Stationary energy greenhouse gas emissions have increased by 6.4 percent. The specific reasons for this are unknown, although it may relate to the increased number of staff employed in the Office in 2012-13.

For completeness, the Audit Office has included data associated with the senior executive vehicle that is used for business purposes in calculations for greenhouse gas emissions in 2012-13. This data was not used in 2011-12.

Further information can be obtained from:

Dr David Hughes	Director, Performance Audits and Corporate Services	(02) 6207 0818	david.hughes@act.gov.au
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C.20 CLIMATE CHANGE AND GREENHOUSE GAS REDUCTION POLICIES AND PROGRAMS

The *Climate Change and Greenhouse Gas Reduction Act 2010* requires the Office to provide details of any policies or programs which address climate change, greenhouse gas emissions and the ACT targets set out in that Act.

The *Auditor-General Act 1996* includes a provision for the Auditor-General in the conduct of a performance audit, to consider environmental issues and the principles of environmentally sustainable development.

As outlined in section C.19, the Audit Office has implemented a number of work practices aimed at reducing greenhouse gas emissions and consider the impact on climate change.

Further information can be obtained from:

Dr David Hughes	Director, Performance Audits and Corporate Services	(02) 6207 0818	david.hughes@act.gov.au
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C.21 ABORIGINAL AND TORRES STRAIT ISLANDER REPORTING

Performance audits that consider the delivery of public services may consider equity issues in providing services to various groups, including Aboriginal or Torres Strait Islanders.

No staff member has advised that they are an Aboriginal or a Torres Strait Islander.

Further information can be obtained from:

Dr David Hughes	Director, Performance Audits and Corporate Services	(02) 6207 0818	david.hughes@act.gov.au
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C.22 ACT MULTICULTURAL STRATEGY 2010-13

The Audit Office does not deliver services directly to the community. Therefore, the Office's actions to implement the ACT Government's multicultural strategy are limited.

Performance audits that consider the delivery of public services may address matters of relevance to the multicultural strategy.

A significant proportion (43 percent in 2012-13) of the Audit Office's workforce have advised that they are from culturally and linguistically diverse (CALD) backgrounds. This profile appears consistent with the cultural and linguistic backgrounds of those applying for positions within the Office.

Further information can be obtained from:

Dr David Hughes	Director, Performance Audits and Corporate Services	(02) 6207 0818	david.hughes@act.gov.au
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C.23 ACT STRATEGIC PLAN FOR POSITIVE AGEING 2010-14

The Audit Office does not deliver services directly to individuals in the community.

Specific actions implemented by the Audit Office to address the initiatives in the Strategic Plan for Positive Ageing are limited due to the small size of the Office and its legislated mandate. However, performance audits may review ACT Government activities that support this plan.

The Audit Office’s non-discriminatory recruitment policy offers flexible opportunities to older persons who seek continued engagement in the workforce.

Table C.23.1: Positive ageing strategies

Focus area	Progress
Information and communication	Information about the Audit Office, including copies of the Office’s reports, is available to all members of the community in print and online through the Office’s website. The Audit Office deals with representations from a wide range of correspondents, responding to their concerns as appropriate.
Health and wellbeing	The Audit Office’s performance audit activities may examine the full range of ACT Government activities, including services to the disadvantaged and older persons. Where appropriate, performance audits are planned to review ACT Government activities that support positive ageing and encourage an age-friendly city. The Audit Office’s non-discriminatory recruitment policy offers flexible opportunities to older persons who seek continued engagement in the workforce.
Respect, valuing and safety	
Housing and accommodation	
Support services	
Transport and mobility	
Work and retirement	

Source: Audit Office records.

Further information can be obtained from:

Dr David Hughes	Director, Performance Audits and Corporate Services	(02) 6207 0818	david.hughes@act.gov.au
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C.24 ACT WOMEN’S PLAN 2010-2015

The ACT Women’s Plan sets out three priority areas – economic, social and environmental – that contribute to the improvement of the status of all women and girls in the community.

The Audit Office does not have a direct responsibility for the delivery of policy outcomes specified in the ACT Government’s Women’s Plan. Performance audits may review ACT Government activities that support initiatives implemented under the Women’s Plan.

The Audit Office has a workplace environment where women are encouraged to take part in development activities to raise their awareness of opportunities available to women.

Women also have access to flexible working arrangements to assist with maintaining work/life balance.

Further information can be obtained from:

Dr David Hughes	Director, Performance Audits and Corporate Services	(02) 6207 0818	david.hughes@act.gov.au
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C.25 MODEL LITIGANT GUIDELINES

The Audit Office was not involved in legal proceedings during 2012-13. Should there be a possibility of the Office becoming involved in legal proceedings the Office will seek advice and support from the ACT Government Solicitor and Justice and Community Safety Directorate as appropriate.

Further information can be obtained from:

Dr David Hughes	Director, Performance Audits and Corporate Services	(02) 6207 0818	david.hughes@act.gov.au
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C.26 NOTICES OF NONCOMPLIANCE

During the reporting period, the Audit Office did not commit any offences against the *Dangerous Substances Act 2004*.

Further information can be obtained from:

Dr David Hughes	Director, Performance Audits and Corporate Services	(02) 6207 0818	david.hughes@act.gov.au
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C.27 PROPERTY CRIME REDUCTION

The Audit Office does not have a direct responsibility for the delivery of action items specified in the ACT Property Crime Reduction Strategy 2012-15.

Further information can be obtained from:

Dr David Hughes	Director, Performance Audits and Corporate Services	(02) 6207 0818	david.hughes@act.gov.au
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APPENDIX A: FINANCIAL AUDIT FEES

Subsection 16(6) of the *Auditor-General Act 1996* requires the Audit Office's annual report to disclose the basis on which the Auditor-General decided fees for financial audits conducted during the reporting period.

The Audit Office charges fees to agencies for financial audits based on the estimated time needed to complete an audit. These estimates are prepared using information on actual time taken in previous years. They also take into account any factors that would cause major changes to time needed to complete each audit such as:

- changes to information systems used by the agency to prepare its financial statements;
- variations to the number and type of accountability indicators;
- changes to requirements of accounting and auditing standards; and
- administrative restructures.

Fees for an audit undertaken principally by contractors are set on the basis of amounts payable to contractors plus the time and associated cost of work of Audit Office staff in managing the audit.

The Audit Office aims to provide budget consistency and certainty, especially for small agencies, by minimising fee variations between years. This practice means that the Office, with few exceptions, charges agencies the advised estimated fees, notwithstanding that surpluses or losses will subsequently be recorded for an audit.

Audit fees also contribute to meeting the costs of other activities such as developing the Office's financial audit method, working with agencies on emerging audit and accounting issues and quality assurance work.

In 2012-13 audit fees are expected to increase by \$318 392 (9.3 percent) to \$3 743 518, from \$3 425 126 in 2011-12, mainly resulting from:

- new audits (Commerce and Works Directorate, ACT Local Hospital Network Directorate and National Health Funding Pool Account);
- indexing audit fees by around 3.5 percent to recover higher costs; and
- fee increases on some audits to reduce deficits incurred on those audits.

Agencies, on average, paid around \$110 per hour for the completion of their financial audits in 2011-12. This compares to rates quoted by private audit firms for financial audit work outsourced by the Office ranging from \$102 to \$109 per hour. Rates for staff provided by private audit firms have ranged from \$125 to \$136 per hour.

Financial Audit Fees

Financial audit fees charged to agencies are presented in Appendix A, Tables 1 to 6. These audit fees vary from that reported in the Audit Office's financial statements because the financial statements include amounts owing to the Office at the end of each of the reporting periods covered by the Office's financial statements.

Estimated financial audit fees (excluding GST) shown for 2011-12 are for audits with reporting periods ending 31 December 2011 and 30 June 2012.

Appendix A Table 1: Summary of financial audit fees

	2011-12 Actual Audit Fees \$	2012-13 Estimated Audit Fees \$
Territory (see Appendix A Table 2)	144 669	139 317
Directorates (see Appendix A Table 2)	1 650 738	1 877 123
Statutory authorities (see Appendix A Table 3)	882 882	934 499
Territory-owned corporations and other companies (see Appendix A Table 4)	358 962	380 865
Joint ventures and partnerships (see Appendix A Table 5)	330 189	330 907
Other audits (see Appendix A Table 6)	57 686	80 807
Total financial audit fees	3 425 126	3 743 518

Appendix A Table 2: Financial audit fees – Territory and directorates

	Note	2011-12 Actual Audit Fees \$	2012-13 Estimated Audit Fees \$
Territory financial statements			
Territory's consolidated annual financial statements	1	144 669	139 317
Total financial audit fees – Territory		144 669	139 317
Directorates			
Territory Banking Account		40 188	41 595
Chief Minister and Treasury Directorate (formerly Chief Minister and Cabinet Directorate)	2	94 817	130 000
Community Services Directorate		101 452	105 003
Commerce and Works Directorate	3	-	80 000
Economic Development Directorate	4	120 000	135 000
Education and Training Directorate		120 217	124 425
Environment and Sustainable Development Directorate	5	105 727	125 000
Executive		18 115	18 749
Health Directorate		197 243	204 147
Home Loan Portfolio		15 734	16 285
Housing ACT	6	102 282	102 282
Shared Services Centre		80 608	83 429
Justice and Community Safety Directorate		217 417	221 837
Legislative Assembly Secretariat	7	30 730	36 806
Local Hospital Network Directorate	8	-	45 000
Superannuation Provision Account	9	52 186	49 902
Treasury Directorate		104 024	107 665
Territory and Municipal Services Directorate	10	249 998	249 998
Total		1 650 738	1 877 123

Explanatory notes are provided on pages 82 to 83.

Appendix A Table 3: Financial audit fees – statutory authorities

	Note	2011-12 Actual Audit Fees \$	2012-13 Estimated Audit Fees \$
Statutory authorities			
ACTION Authority	11	98 102	106 536
Building and Construction Industry Training Fund Authority		17 492	18 105
Canberra Institute of Technology	12	120 000	114 000
Public Cemeteries Authority and Related Perpetual Care Trusts		37 780	39 102
Compulsory Third Party Insurance Regulator	13	8 600	13 000
Long Service Leave Authority	14	58 940	56 682
Cultural Facilities Corporation		34 309	35 510
Exhibition Park Corporation	15	28 277	34 267
Gambling and Racing Commission		33 687	34 866
Independent Competition and Regulatory Commission	16	17 492	23 104
Insurance Authority		54 823	54 495
Land Development Agency	17	107 044	102 044
Legal Aid Commission	18	42 305	42 305
Nominal Defendant		26 894	25 988
Public Trustee for the ACT - Office Account		19 667	20 355
University of Canberra	19	151 600	188 000
Default Insurance Fund		25 870	26 140
Total		882 882	934 499

Explanatory notes are provided on pages 82 to 83.

Appendix 1 Table 4: Financial audit fees – Territory-owned corporations and other companies

	Note	2011-12 Actual Audit Fees \$	2012-13 Estimated Audit Fees \$
Territory-owned corporations and other companies			
ACTEW Corporation Limited	20	129 000	146 000
ACTEW Distribution Limited		11 610	12 016
ACTEW Retail Limited		11 610	12 016
ACTTAB Limited		51 097	52 885
CIT Solutions Pty Limited		27 455	28 334
Community Housing Canberra Limited		40 690	42 114
Totalcare Industries Limited	21	15 000	-
University of Canberra College Pty Limited	22	20 300	25 300
UCU Ltd	23	30 000	35 000
NATSEM Pty Limited	24	22 200	27 200
Total		358 962	380 865

Explanatory notes are provided on pages 82 to 83.

Appendix A Table 5: Financial audit fees – joint ventures and partnerships

	Note	2011-12 Actual Audit Fees \$	2012-13 Estimated Audit Fees \$
Joint ventures and partnerships			
ActewAGL Joint Venture	25	270 900	265 000
Crace Joint Venture (30 June)	26	9 834	13 178
Crace Joint Venture (31 December)		9 291	9 662
Forde Joint Venture (30 June)		9 834	10 178
Forde Joint Venture (31 December)		9 291	8 113
Woden East Joint Venture		9 834	10 178
Lyons Estate Redevelopment Joint Venture	27	11 205	14 598
Total		330 189	330 907

Explanatory notes are provided on pages 82 to 83.

Appendix A Table 6: Financial audit fees – other audits

	Note	2011-12 Actual Audit Fees \$	2012-13 Estimated Audit Fees \$
Other audits			
Canberra Business Development Fund		11 924	12 341
Commonwealth Funding for Roads Program (several small grant acquittal audits)		11 880	12 296
University of Canberra Research Income Return		3 767	4 000
National Health Funding Pool Account	28	-	16 000
Nicholls Primary School Joint Facilities		3 073	3 181
Public Trustee for the ACT - Trust Account	29	21 634	27 391
Capital Region Foundation Gift Fund		2 704	2 799
Capital Region Foundation Open Fund		2 704	2 799
Total		57 686	80 807

Note 1: The fee for the audit of the Territory's consolidated annual financial statements was reduced. This lower audit fee was mainly due to a reduction in information technology specialist costs to review the reporting system used to prepare the financial statements.

Note 2: The increase in the audit fee for the Chief Minister and Treasury Directorate is largely due to the increased size and complexity of the Directorate resulting from the transfer of some Treasury Directorate functions to the Directorate following an administrative restructure in November 2012.

Note 3: The Commerce and Works Directorate was created as a result of changed administrative arrangements effective 10 November 2012.

- Note 4: The audit fee for the Economic Development Directorate was increased to address deficits incurred on audits in previous years.
- Note 5: The audit fee for the Environment and Sustainable Development Directorate was increased to address deficits incurred on audits in previous years.
- Note 6: The audit fee for Housing ACT was unchanged after a review of the costs of performing this audit.
- Note 7: The audit fee for the Legislative Assembly Secretariat was increased to address ongoing deficits incurred on this audit.
- Note 8: The ACT Local Hospital Network Directorate was established under an amendment to the *Health Act 1993*, effective from 2 July 2012.
- Note 9: The fee for the audit of the financial statements of the Superannuation Provision Account was reduced due to a decrease in the actuary costs to assess the estimated superannuation liability.
- Note 10: The audit fee for the Territory and Municipal Services Directorate was unchanged after a review of the estimated costs of performing the audit.
- Note 11: The audit fee for the ACTION Authority was increased to minimise deficits incurred on previous audits.
- Note 12: The reduction in the audit fee for the Canberra Institute of Technology is mostly due to a valuation of the Institute's land and buildings not being required in 2012.
- Note 13: The increase in the audit fee for the Compulsory Third Party Insurance Regulator is to address the deficit incurred on the prior year's audit.
- Note 14: The audit fee for the Long Service Leave Authority was reduced after a review of the estimated costs of performing the 2012-13 audit.
- Note 15: The audit fee for the Exhibition Park Corporation was increased to reduce the deficit incurred on audits in previous years.
- Note 16: The audit fee for the Independent Competition and Regulatory Commission was increased to reduce the deficit incurred on audits in previous years.
- Note 17: The audit fee for the Land Development Agency was reduced after a review of the estimated costs of performing the 2012-13 audit.
- Note 18: The audit fee for the Legal Aid Commission was unchanged after a review of the estimated costs of performing the 2012-13 audit.
- Note 19: The audit fee for the University of Canberra was increased to address ongoing deficits incurred on audits in previous years.
- Note 20: The audit fee for ACTEW Corporation limited was increased to cover additional audit costs as a result of the transfer of the Water Division from the ActewAGL Joint Venture to ACTEW Corporation Limited.
- Note 21: An audit of Totalcare Industries Limited is no longer required following its deregistration.
- Note 22: The audit fee for the University of Canberra College Pty Limited was increased to address ongoing deficits incurred on audits in previous years.
- Note 23: The audit fee for the UCU Ltd was increased to address ongoing deficits incurred on audits in previous years.
- Note 24: The audit fee for the NATSEM Pty Limited was increased to address ongoing deficits incurred on audits in previous years.
- Note 25: The audit fee for the ActewAGL Joint Venture was decreased as a result of the transfer of the Water Division from the ActewAGL Joint Venture to ACTEW Corporation Limited.
- Note 26: The audit fee for the Grace Joint Venture (30 June) was increased to reduce ongoing deficits incurred on audits in previous years.
- Note 27: The audit fee for the Lyons Estate Redevelopment Joint Venture was increased to reduce ongoing deficits incurred on audits in previous years.
- Note 28: The audit of the National Health Funding Pool Account for the ACT is required by the *Health (National Health Funding Pool and Administration) Act 2013*, effective 21 February 2013.
- Note 29: The audit fee for the Public Trustee for the ACT - Trust Account was increased to reduce the deficits incurred on audits in previous years.

APPENDIX B: STAFF PROFILE

There were 42 staff employed in the Audit Office (including the Auditor-General) as at 30 June 2013 (41.3 full-time equivalent staff).

Tables in this appendix provide details on the Office's staffing profile. This information has been provided by the Shared Services Centre and represents the *paid headcount* as at 19 June 2013. The data has been adjusted to include two employees who commenced employment with the Audit Office between 19 June and 30 June.

The small size of the Audit Office's workforce means that the provision of information about some aspects of the Office's workforce could risk the privacy of individual staff. Therefore, the Audit Office has only provided general information on the following aspects of its workforce:

- the average length of service by gender and age group;
- age profile of staff; and
- certain equity and diversity groups. In particular, the number and percentage of staff who have advised that they are from designated groups – 'Aboriginal or Torres Strait Islander', 'culturally and linguistically diverse' and 'people with a disability'.

Full time equivalent staff and head count

Appendix B Table 1: Full time equivalent staff and head count

Classification	Female	Male	Total
FTE by gender	16.4	24.9	41.3
Headcount by gender	17	25	42
% of workforce (headcount)	40%	60%	100%

Source: Data from Shared Services Human Resources and Audit Office records.

Classification groups

Appendix B Table 2: Classification groups

Classification group	Female	Male	Total
Statutory office holder	1	0	1
Executive officers	0	3 ¹	3 ¹
Professional and administrative officers	16	22	38
Total	17	25	42

Source: Data from Shared Services Human Resources and Audit Office records.

Note 1: Two executive officers support the Auditor-General: the Director, Performance Audit and Corporate Services and the Director of Financial Audit. The total of three executive officers reported in the table reflects the existence of a short-term executive contract for a permanent staff member who had been acting as the Director, Performance Audit and Corporate Services. The short-term contract ceased on 30 June 2013.

Employment category by gender

Appendix B Table 3: Employment category by gender

Employment status	Female	Male	Total
Permanent part-time	2	1	3
Permanent full-time	14	17	31
Temporary full-time	1	7	8
Temporary part-time	0	0	0
Casual	0	0	0
Total	17	25	42

Source: Data from Shared Services Human Resources and Audit Office Records.

Average length of service

Most staff (57 percent of staff) have been with the Audit Office for periods of up to six years. Most of these staff are classified as ‘Generation Y’ (i.e. born in or after 1980).

Staff that have been with the Audit Office for periods of between six to ten years (26 percent) are also mostly classified as ‘Generation Y’ (born in or after 1980).

Staff who have been with the Office for 14 or more years (12 percent) are classified as ‘baby boomers’ (born 1946 to 1964) or ‘Generation X’ (born 1965 to 1979).

Appendix B Table 4: Average length of service by gender

Gender	Average length of service
Female	5.2
Male	6.1
Overall average	5.7

Source: Data from Shared Services Centre and Audit Office records.

The average length of service for males is 6.1 years compared to 5.2 years for females.

Age profile

Most staff (48 percent of staff) are classified as ‘Generation Y’ (i.e. born after 1980).

Twenty-six percent of staff are classified as ‘Generation X’ and a further 26 percent are ‘baby boomers’.

Agency profile

Appendix B Table 5: Agency profile

Branch / Division	FTE	Headcount
Executive	4.0 ¹	4 ¹
Financial Audits	22.6	23
Performance Audits and Corporate Services	14.7	15
Total	41.3	42

Source: Data from the Shared Services Centre and Audit Office records.

Note 1: The existence of four executives in the agency profile reflects the existence of a short-term executive contract for a permanent staff member who had been acting in the Director, Performance Audit and Corporate Services role. The short-term contract ceased on 30 June 2013.

Appendix B Table 6: Agency profile by employment type

Branch / Division	Permanent	Temporary	Casual
Executive	1 ¹	3	0
Financial Audits	18	5	0
Performance Audits and Corporate Services	14	1	0
Total	33	9	0

Source: Data from the Shared Services Centre and Audit Office records.

Note 1: The permanent staff member recognised as an executive in the table above reflects the existence of a short-term executive contract for a permanent staff member who had been acting in the Director, Performance Audit and Corporate Services role. The short-term contract ceased on 30 June 2013.

Equity and workplace diversity

Staff who have advised they are from culturally and linguistically diverse backgrounds represent 43 percent of the workforce. Staff who have indicated they have a disability are also part of the workforce. No staff member has advised that they are an Aboriginal or Torres Strait Islander.

APPENDIX C: FINANCIAL STATEMENTS

ACT AUDITOR-GENERAL'S OFFICE

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

STATEMENT OF RESPONSIBILITY

In my opinion, the accompanying financial statements for the ACT Auditor-General's Office for the year ended 30 June 2013, consisting of the:

Operating Statement;

Balance Sheet;

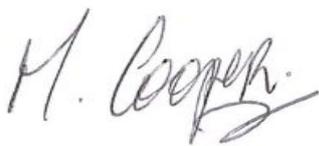
Statement of Changes in Equity;

Cash Flow Statement;

Statement of Appropriation; and

Notes to the Financial Statements;

fairly reflect the financial operations of the Office for the year ended 30 June 2013 and financial position of the Office on that date.



Dr Maxine Cooper
Auditor-General

2 August 2013

ACT AUDITOR-GENERAL'S OFFICE

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

STATEMENT BY THE CHIEF FINANCE OFFICER

In my opinion, the accompanying financial statements for the ACT Auditor-General's Office for the year ended 30 June 2013, consisting of the:

Operating Statement;

Balance Sheet;

Statement of Changes in Equity;

Cash Flow Statement;

Statement of Appropriation; and

Notes to the Financial Statements;

have been prepared in accordance with generally accepted accounting principles, are in agreement with the Office's accounts and records, and fairly reflect the financial operations of the Office for the year ended 30 June 2013 and financial position of the Office on that date.



Bernie Sheville
Chief Finance Officer

2 August 2013

Di Bartolo Diamond & Mihailaros

An Australian Capital Territory Partnership



Chartered Accountants
& Business Advisers

INDEPENDENT AUDIT REPORT ACT AUDITOR GENERAL'S OFFICE

To: The Members of the Legislative Assembly for the Australian Capital Territory

Report on the Financial Report

We have audited the accompanying financial report of the ACT Auditor General's Office, which comprises the balance sheet as at 30 June 2013 and the operating statement, statement of changes in equity, cash flow statement and statement of appropriation for the year ended on that date, a summary of significant accounting policies and other explanatory notes.

ACT Auditor General's Responsibilities for the Annual Financial Report

The ACT Auditor General is responsible for the preparation and true and fair presentation of the financial report in accordance with the Financial Management Act 1996. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Audit Approach

Our responsibility is to express an opinion on the financial report based on our audit under the Financial Management Act 1996. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we followed applicable independence requirements of the Australian professional ethical pronouncements.

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Ross Di Bartolo B.A (Accounting). FCA
George Diamond B.Ec. FCA
John Mihailaros B.Comm (Accounting). CA

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Audit Opinion

In our opinion, the financial report of the ACT Auditor General's Office:

- Gives a true and fair view of the financial position of the ACT Auditor General's Office as at 30 June 2013 and of its performance for the financial year ended on that date; and
- Is presented in accordance with the Financial Management Act 1996, Accounting Standards and other mandatory professional reporting requirements.

PKF Di Bartolo Diamond & Mihailaros



Ross Di Bartolo
Partner

Canberra

Dated: 2 August 2013

ACT AUDITOR-GENERAL'S OFFICE

OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2013

	Note	Actual 2012-13 \$ 000	Budget* 2012-13 \$ 000	Actual 2011-12 \$ 000
INCOME				
<i>Revenue</i>				
Appropriation (See Note (a) below)		2 545	2 545	2 222
Financial audit fees	6	3 376	3 607	3 679
Other income	7	202	88	105
Total revenue		6 123	6 240	6 006
Total income		6 123	6 240	6 006
EXPENSES				
Employees	8	4 360	4 229	4 072
Supplies and services	9	1 635	2 136	1 931
Depreciation	10	97	98	98
Other expenses	11	14	-	2
Total expenses		6 106	6 463	6 103
Operating surplus/(deficit)		17	(223)	(97)
Other comprehensive income				
Item that will not be reclassified subsequently to profit or loss:				
Increase in the asset revaluation surplus	20	-	-	-
Total other comprehensive income		-	-	-
Total comprehensive surplus/(deficit)		17	(223)	(97)

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

Note (a) Further information on appropriation income is provided in the Statement of Appropriation.

This Operating Statement should be read in conjunction with the accompanying notes.

*The budget amounts disclosed above are sourced from 2012-13 Budget Paper No. 4.

ACT AUDITOR-GENERAL'S OFFICE**OPERATING STATEMENT (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2013**

The Audit Office generated an operating surplus of \$17 000 compared to the budgeted operating deficit of \$223 000. The Office:

- incurred lower than estimated expenses particularly on audit contractors. The recruitment of additional staff meant that the Office was able to reduce its use of contractors to complete performance and financial audit programs; and
- received unbudgeted insurance recoveries.

These were partially offset by:

- lower than estimated financial audit fees as the stage of the completion of audits of financial statements at 30 June 2013, and therefore audit fees earned, was less than that estimated in the budget; and
- higher than estimated employee costs due to the recruitment of additional staff referred to above.

The Audit Office generated an operating surplus of \$17 000 compared to the prior year's deficit of \$97 000. The Office:

- received additional appropriation for performance audits (\$250 000) and annual indexation of the 2011-12 appropriation; and
- received unbudgeted insurance recoveries; and
- reduced its use of contractors to complete performance and financial audit programs.

These were partially offset by:

- lower financial audit fees as the stage of the completion of audits of financial statements at 30 June 2013, and therefore audit fees earned, was less than that at 30 June 2012; and
- higher employee costs due mainly to the recruitment of staff referred to above.

Information on major variances from the previous year's results is also provided in the accompanying notes.

ACT AUDITOR-GENERAL'S OFFICE

BALANCE SHEET
AS AT 30 JUNE 2013

	Note	Actual 2013 \$ 000	Budget* 2013 \$ 000	Actual 2012 \$ 000
ASSETS				
Current Assets				
Cash	12	1 639	1 497	1 461
Receivables	13	1 486	1 386	1 670
Other assets	14	11	13	30
Total current assets		3 136	2 896	3 161
Non-current assets				
Plant and equipment	15	234	311	331
Total non-current assets		234	311	331
Total assets		3 369	3 207	3 492
LIABILITIES				
Current liabilities				
Payables	16	60	127	257
Finance leases	17	20	8	5
Employee benefits	18	1 536	1 654	1 398
Total current liabilities		1 616	1 789	1 660
Non-current liabilities				
Finance leases	17	-	8	20
Employee benefits	18	80	148	155
Other liabilities	19	75	75	75
Total non-current liabilities		155	231	250
Total liabilities		1 770	2 020	1 910
NET ASSETS		1 599	1 187	1 582
EQUITY				
Accumulated funds		1 516	1 104	1 499
Asset revaluation surplus	20	83	83	83
TOTAL EQUITY		1 599	1 187	1 582

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

This Balance Sheet should be read in conjunction with the accompanying notes.

*The budget amounts disclosed above are sourced from 2012-13 Budget Paper No. 4.

ACT AUDITOR-GENERAL'S OFFICE

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

Year ended 30 June 2013	Accumulated Funds Actual 2012-13 \$ 000	Asset Revaluation Surplus Actual 2012-13 \$ 000	Total Equity Actual 2012-13 \$ 000	Budget* 2012-13 \$ 000
Balance at the beginning of the reporting period	1 499	83	1 582	1 410
<i>Comprehensive surplus/(deficit)</i>				
Operating surplus/(deficit)	17	-	17	(223)
Increase in the asset revaluation surplus	-	-	-	-
<i>Total comprehensive surplus/(deficit)</i>	17	-	17	(223)
Transfer from asset revaluation surplus relating to disposed plant and equipment	-	-	-	-
	-	-	-	-
Balance at the end of the reporting period	1 516	83	1 599	1 187

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

This Statement of Changes in Equity should be read in conjunction with the accompanying notes.

*The budget amounts disclosed above are sourced from 2012-13 Budget Paper No. 4.

ACT AUDITOR-GENERAL'S OFFICE

STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2013

<u>Year ended 30 June 2012</u>	Accumulated Funds Actual 2011-12 \$ 000	Asset Revaluation Surplus Actual 2011-12 \$ 000	Total Equity Actual 2011-12 \$ 000
Balance at the beginning of the reporting period	1 597	83	1 680
<i>Comprehensive (deficit)</i>			
Operating (deficit)	(97)	-	(97)
Increase in the asset revaluation surplus	-	-	-
<i>Total comprehensive (deficit)</i>	(97)	-	(97)
Transfer from asset revaluation surplus relating to disposed plant and equipment	-	-	-
	-	-	-
Balance at the end of the reporting period	1 499	83	1 582

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

This Statement of Changes in Equity should be read in conjunction with the accompanying notes.

*The budget amounts disclosed above are sourced from 2011-12 Budget Paper No. 4.

ACT AUDITOR-GENERAL'S OFFICE

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2013

	Note	Actual 2012-13 \$ 000	Budget* 2012-13 \$ 000	Actual 2011-12 \$ 000
CASH FLOWS FROM OPERATING ACTIVITIES				
RECEIPTS				
Appropriation		2 545	2 545	2 222
Financial audit fees		3 469	3 600	3 462
Interest and distribution received		61	88	89
Goods and Services Tax collected from auditees		347	348	348
Goods and Services Tax refunded from the Australian Taxation Office		60	118	17
Other		138	-	13
Total receipts from operating activities		6 620	6 699	6 150
PAYMENTS				
Employees		(4 309)	(4 001)	(3 901)
Supplies and services		(1 746)	(2 441)	(1 862)
Goods and Services Tax paid on goods and services		(169)	(173)	(186)
Goods and Services Tax remitted to the Australian Taxation Office		(227)	(112)	(184)
Total payments from operating activities		(6 450)	(6 727)	(6 133)
Net cash inflows/(outflows) from operating activities	(a)	170	(28)	17

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

Note (a) A reconciliation of the operating (deficit) to the net cash inflows from operating activities is presented in Note 26: 'Cash Flow Reconciliation'.

This Cash Flow Statement should be read in conjunction with the accompanying notes.

*The budget amounts disclosed above are sourced from 2012-13 Budget Paper No. 4.

ACT AUDITOR-GENERAL'S OFFICE

**CASH FLOW STATEMENT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2013**

The Audit Office's generated net cash inflows from operating activities of \$170 000 compared to budgeted operating cash outflows of \$28 000. This was mostly due to:

- lower than estimated supplies and services costs. The Office was able to reduce its use of contractors and consultants to undertake its performance and financial audit programs as a result of recruiting employees to undertake these programs; and
- higher than estimated other receipts largely consisting of unbudgeted workers' compensation recoveries.

These were partially offset by:

- higher than estimated employee payments. As noted above, the Audit Office recruited employees to undertake performance and financial audit programs; and
- lower than estimated financial audit fees as the stage of the completion of audits of financial statements at 30 June 2013, and therefore audit fees received, was less than that estimated in the budget.

The Audit Office's net cash inflows from operating activities of \$170 000 exceeded the prior year's inflows of \$17 000. This was mainly due to:

- an increase in appropriation funding. Additional funding was received for performance audits (\$250 000) and annual indexation of the 2011-12 appropriation;
- an increase in other receipts largely due to the unbudgeted workers' compensation recoveries referred to above; and
- a decrease in supplies and services payments. As noted above, the Office was able to reduce its use of contractors and consultants to undertake its performance and financial audit programs as a result of recruiting employees to undertake these programs.

This was partially offset by higher employee payments explained above.

ACT AUDITOR-GENERAL'S OFFICE
CASH FLOW STATEMENT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2013

	Note	Actual 2012-13 \$ 000	Budget* 2012-13 \$ 000	Actual 2011-12 \$ 000
CASH FLOWS FROM INVESTING ACTIVITIES				
RECEIPTS				
Proceeds from sale of plant and equipment		14	-	-
Proceeds from transfer of funds from investments to the bank account		-	-	1 211
Total receipts from investing activities		14	-	1 211
Cash inflows from investing activities		14	-	1 211
CASH FLOWS FROM FINANCING ACTIVITIES				
PAYMENTS				
Payment of finance leases		(7)	(28)	(25)
Total payments from financing activities		(7)	(28)	(25)
Cash (outflows) from financing activities		(7)	(28)	(25)
Net increase/(decrease) in cash		177	(56)	1 203
Cash at the beginning of the reporting period		1 461	1 553	259
Cash at the end of the reporting period	(b)	1 639	1 497	1 461

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

Note (b) A reconciliation of cash in the Cash Flow Statement to the related items in the Balance Sheet is presented in Note 26: 'Cash Flow Reconciliation'.

This Cash Flow Statement should be read in conjunction with the accompanying notes.

*The budget amounts disclosed above are sourced from 2012-13 Budget Paper No. 4.

ACT AUDITOR-GENERAL'S OFFICE

**STATEMENT OF APPROPRIATION
FOR THE YEAR ENDED 30 JUNE 2013**

	2012-13 Budget*	2012-13 Total Appropriated	2012-13 Appropriation Drawn	2011-12 Appropriation Drawn
	\$ 000	\$ 000	\$ 000	\$ 000
Appropriation	2 545	2 545	2 545	2 222
Total appropriation	2 545	2 545	2 545	2 222

This Statement of Appropriation should be read in conjunction with the accompanying notes.

*The budget amounts disclosed above are sourced from 2012-13 Budget Paper No. 4.

Appropriation funding received by the Audit Office in 2012-13 (\$2 545 000) exceeded the amount received in 2011-12 (\$2 222 000) by \$323 000 (14.5 percent) due to additional funding being received for performance audits (\$250 000) and annual indexation of the 2011-12 appropriation.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2013**

Note Index

1. Objectives of the Audit Office	105
2. Significant Accounting Policies	105
3. Changes to Significant Accounting Policies and Accounting Estimates and Corrections of Prior Period Errors	115
4. Impact of Accounting Standards Issued but yet to be Applied	116
5. Significant Accounting Estimates and Judgements	116
6. Financial Audit Fees.....	117
7. Other Income	118
8. Employees	119
9. Supplies and Services	121
10. Depreciation.....	122
11. Other Expenses.....	123
12. Cash.....	123
13. Receivables.....	124
14. Other Assets	129
15. Plant and Equipment	129
16. Payables	131
17. Finance Leases.....	133
18. Employee Benefits.....	134

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2013**

19.	Other Liabilities	136
20.	Asset Revaluation Surplus	136
21.	Auditor's Remuneration	137
22.	Commitments	137
23.	Contingent Liabilities	139
24.	Act of Grace Payments, Waivers, Write-Offs and Impairment Losses	139
25.	Financial Instruments	140
26.	Cash Flow Reconciliation	146
27.	Related Party Disclosures	147
28.	Events Occurring after Balance Date	148

ACT AUDITOR-GENERAL'S OFFICE

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2013****2. Objectives of the Audit Office**

The Audit Office's objectives are to inform the ACT Legislative Assembly and community of the performance of the ACT public services, promote accountability and contribute to improving the administration of ACT public services.

3. Significant Accounting Policies

The significant accounting policies adopted in the preparation of the financial statements are set out below. Unless otherwise stated, these policies have been consistently applied to all reporting periods presented in these financial statements.

(a) Basis of Preparation**(i) Application of Generally Accepted Accounting Principles**

These general-purpose financial statements have been prepared in accordance with 'Generally Accepted Accounting Principles' as required by the *Financial Management Act 1996*.

'Generally Accepted Accounting Principles' are Australian Accounting Standards and accounting interpretations issued by the Australian Accounting Standards Board.

The Audit Office is an individual reporting entity.

(ii) Accrual Accounting

The financial statements have been prepared using the accrual basis of accounting. This basis of accounting recognises the effects of transactions and events when they occur.

(iii) Historical Cost Convention

The financial statements have been prepared in accordance with the historical cost convention except for assets which have been valued under the valuation policies applicable to the Audit Office during the reporting period.

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2013**

2. Significant Accounting Policies (Continued)

(a) Basis of Preparation (Continued)

(iv) Significant Accounting Estimates

The preparation of the financial statements requires the use of certain significant accounting estimates and exercise of judgement in applying the Audit Office's significant accounting policies.

The areas involving a higher degree of judgement and complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5: 'Significant Accounting Estimates and Judgements'.

(v) The Reporting Period

The financial statements present the Audit Office's financial performance, changes in equity and cash flows for the year ended 30 June 2013 and its financial position as at 30 June 2013.

(b) Comparatives

(iii) Budget Information

The *Financial Management Act 1996* requires the financial statements to facilitate a comparison with the Budget Papers. Budget figures contained in 2012-13 Budget Paper No. 4 have been included in these financial statements to allow easy comparison to the Budget Papers.

(iv) Prior Year Comparatives

Comparative information for the previous reporting period has been presented in these financial statements. Where the classification of items in the financial statements has been amended, the comparative amounts have also been reclassified where practical.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2013****2. Significant Accounting Policies (Continued)****(c) Revenue Recognition**

Revenue is recognised at the fair value of the consideration received or receivable.

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that the future economic benefits will flow to the Audit Office and the recognition criteria described below for the Office's sources of revenue have been met.

(i) Appropriation

The Audit Office's performance audit function and other activities related to its objectives are generally funded by an appropriation, while the cost of conducting financial audits is recovered from audit fees. The presiding member of the Standing Committee on Public Accounts may advise the Treasurer of the appropriation that should be made for the operations of the Office for the year.

Appropriation is recognised as revenue in the Operating Statement on receipt.

(ii) Financial Audit Fees

The Audit Office charges fees for auditing financial statements and reviewing statements of performance. Revenue is recognised in the Operating Statement by reference to the stage of completion of each audit at the end of the reporting period and the budgeted fee for each audit. For audits performed in-house, the stage of completion for each financial audit is estimated by reference to the staff hours incurred to date as a percentage of total budgeted staff hours for each audit. For audits where contractors are used, revenue is recognised for amounts recovered or recoverable from auditees for amounts billed to the Office by audit contractors, information technology consultants, tax specialists, actuaries or other specialists engaged to assist the completion of the financial audit program.

(iii) Interest and Distributions

Interest income is recognised using the effective interest rate method. Interest and distributions are recognised when earned.

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2013**

2. Significant Accounting Policies (Continued)

(c) Revenue Recognition (Continued)

(iv) Workers' Compensation Recoveries

Workers' compensation recoveries are recognised when Comcare advises the Audit Office of the amounts to be received by the Office.

(d) Cash

Cash is stated at its nominal amount. For Cash Flow Statement presentation purposes, cash includes petty cash and cash at bank.

(e) Receivables

Receivables mainly consist of billed and unbilled amounts owing to the Audit Office in relation to financial audits and interest accrued on cash up until the end of the reporting period.

Receivables are initially measured at fair value and subsequently measured at amortised cost with any adjustments to the carrying amount being recorded in the Operating Statement. Receivables are stated at amounts that are after any allowance for impairment.

Accrued financial audit income represents amounts earned but not yet billed on financial audits and is recognised according to the estimated stage of completion of each financial audit. For audits performed in-house, each financial audit's stage of completion is estimated by reference to the audit hours incurred at the end of the reporting period as a percentage of total budgeted hours to complete each audit. For audits where contractors are used, accrued income includes amounts recoverable from auditees, at the end of the reporting period, for amounts billed to the Audit Office by the audit contractors, information technology consultants, tax specialists, actuaries or other specialists engaged to assist the completion of the financial audit program.

Any allowance for impairment losses represents the amount of receivables that the Audit Office estimates will not be repaid.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2013****2. Significant Accounting Policies (Continued)****(e) Receivables (Continued)**

The allowance for impairment losses is based on a review of overdue balances and objective evidence of impairment. Objective evidence of impairment includes debts being more than 60 days overdue, a failure to make expected payments, disputed amounts and financial difficulties of the debtor. Any receivables that have been renegotiated because they are past due or impaired are accounted for based on the renegotiated terms.

The amount of any allowance for impairment is the difference between the carrying amount owing from each debtor and estimated future cash flows. As all receivables are short-term, the estimated future cash flows relating to receivables are not discounted, because the effect of discounting is immaterial.

The amount for any allowance for impairment of receivables is recorded as an expense in the Operating Statement.

(f) Plant and Equipment**(iii) Acquisition and Recognition of Plant and Equipment**

Plant and equipment is initially recorded at cost. Cost includes the purchase price, the directly attributable costs of acquisition and estimated cost of dismantling and removing the asset when, upon acquisition, there is an obligation to remove the asset. Plant and equipment acquired at minimal or no cost is recognised at fair value.

Plant and equipment is capitalised as an asset in the Balance Sheet when the value exceeds the plant and equipment capitalisation threshold of \$2 000. Amounts under this threshold are expensed in the Operating Statement.

(iv) Measurement of Plant and Equipment after Initial Recognition

Plant and equipment consists of the office fit-out and motor vehicles under finance leases. These assets are measured at fair value.

Fair value is the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. Fair value is measured using market prices when a market price is available for that asset or a similar asset, as this is the best evidence of an asset's fair value.

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2013**

2. Significant Accounting Policies (Continued)

(f) Plant and Equipment (Continued)

(ii) Measurement of Plant and Equipment after Initial Recognition (Continued)

Where a market price cannot be obtained for an asset, because the asset is specialised and is rarely sold, fair value is measured using the estimated depreciated replacement cost for that asset.

Plant and equipment is revalued every three years. However, if at any time, the Audit Office considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the revaluation last took place.

Plant and equipment was last revalued at 30 June 2011. The next revaluation will be performed at 30 June 2014.

(iii) Depreciation

The Audit Office's plant and equipment assets have limited useful lives and are therefore systematically depreciated down to their estimated residual values, on a straight-line basis over their estimated useful lives, using rates that are reviewed annually.

The useful lives of assets commences when they are ready for use. When plant and equipment assets are revalued they are depreciated over their remaining useful lives.

Leasehold improvements and motor vehicles under finance leases are depreciated over their useful lives or the unexpired period of the relevant leases, whichever is the shorter period.

Depreciation of plant and equipment is estimated as follows:

Class of Asset	Unexpired Period of the Lease
Office fit-out	3 years
Motor vehicles under a finance lease	1 year

ACT AUDITOR-GENERAL'S OFFICE

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2013****2. Significant Accounting Policies (Continued)****(g) Intangible Assets**

Intangible assets are recorded at cost. Intangible assets may include internally developed and externally acquired software. Software is capitalised where it is probable that expected economic benefits will flow to the Audit Office and the cost of the software can be measured reliably.

Intangible assets are capitalised as an asset in the Balance Sheet when the value exceeds the intangible asset capitalisation threshold of \$50 000.

(h) Impairment

At each reporting date, the Audit Office assesses whether there is any indication that an asset may be impaired. Each asset is also assessed for impairment whenever events or circumstances indicate that its carrying amount may not be recoverable.

If this assessment indicates that an asset is impaired, then the carrying amount of the asset is reduced to its recoverable amount. The recoverable amount of an asset is the higher of its 'fair value less the cost to sell' and its 'value in use'. An asset's 'value in use' is its depreciated replacement cost where the Audit Office would, if deprived of the asset, replace its remaining future economic benefits.

Impairment losses are the amount by which an asset's carrying amount exceeds its recoverable amount. Any impairment loss is recognised against any available asset revaluation surplus. Where there is no available asset revaluation surplus, any impairment loss is recognised as an expense in the Operating Statement.

(i) Payables

Payables represent liabilities for goods and services provided to the Audit Office prior to the end of the reporting period that are unpaid. Payables are initially recognised at the fair value of the consideration to be provided by the Audit Office for these goods and services.

Payables are unsecured and are usually paid within 28 days of recognition.

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2013**

2. Significant Accounting Policies (Continued)

(j) Employee Benefits

Employee benefits include wages and salaries, annual leave, long service leave and applicable on-costs. When employees take annual and long service leave on-costs include annual leave, long service leave, superannuation and other costs that continue to accrue while employees are on leave. These benefits accrue as a result of services provided by employees up to the reporting date that remain unpaid. They are recorded as a liability and an expense.

No provision has been made for sick leave, as the average sick leave taken by employees is less than the annual entitlement for sick leave.

(i) Wages and Salaries

Accrued wages and salaries are measured at the amount that remains unpaid to employees at the end of the reporting period.

(ii) Annual and Long Service Leave

Annual leave and long service leave that fall due wholly within the next 12 months are measured based on the estimated amount of remuneration payable when the leave is taken.

Annual and long service leave, including applicable on-costs, that do not fall due within the next 12 months, are measured at the present value of estimated future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to the future wage and salary levels, experience of employee departures and periods of service. At each reporting date, the estimated future payments are discounted using market yields on Commonwealth Government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash flows.

In 2012-13, the rate used to estimate the present value of these future payments was 101.3 percent compared to 106.6 percent in 2011-12. The use of a lower rate reduced the estimated long service leave liability and related expense by \$39 451.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2013****2. Significant Accounting Policies (Continued)****(j) Employee Benefits (Continued)****(ii) Annual and Long Service Leave (Continued)**

The long service leave liability is estimated with reference to the minimum period of qualifying service. For employees with less than the required minimum period of seven years qualifying service, the probability that employees will reach the required minimum period has been taken into account in estimating the liability for long service leave and applicable on-costs.

The liability for annual leave and long service leave includes estimated on-costs. As these on-costs only become payable if the employee takes annual and long service leave while in-service, the probability that employees will take annual and long service leave while in service has been taken into account in estimating the liability for on-costs.

Annual leave and long service leave liabilities are classified as current liabilities in the Balance Sheet where there is no unconditional right to defer the settlement of the liability for at least 12 months. However, where there is an unconditional right to defer settlement of the liability for at least 12 months, annual leave and long service leave have been classified as a non-current liability in the Balance Sheet.

(iii) Superannuation**Defined Benefit Superannuation Schemes**

Each year, the Audit Office makes a superannuation payment to the Territory Banking Account, to cover the Audit Office's liability for the Commonwealth Superannuation Scheme and the Public Sector Superannuation Scheme. This payment covers the required employer contribution to the Commonwealth Superannuation Scheme and Public Sector Superannuation Scheme. A three percent productivity component is paid directly to Comsuper.

The Commonwealth Superannuation Scheme and the Public Sector Superannuation Scheme are defined benefit schemes meaning that the defined benefits received by employees are based on an employee's years of service and final average salary.

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2013**

2. Significant Accounting Policies (Continued)

(j) Employee Benefits (Continued)

(iii) Superannuation (Continued)

Defined Benefit Superannuation Schemes (Continued)

No liability for superannuation for employees in these defined benefit schemes is recognised in the Balance Sheet as the Superannuation Provision Account recognises this liability for all agencies in the Territory.

Other Superannuation Schemes

Superannuation payments are also made to other superannuation schemes chosen by employees.

No liability is recognised in the Balance Sheet in relation to these accumulation plans as the Audit Office's liability is extinguished when superannuation payments are made to the plan.

(k) Leases

The Audit Office has entered into finance leases and operating leases. Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement to reflect the risks and benefits incidental to ownership.

(i) Finance Leases

Leases of plant and equipment are classified as finance leases where the risks and benefits of ownership are substantially transferred to the Audit Office.

Finance leases are capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments at the inception of the lease. Each lease payment is allocated between the lease liability and the borrowing cost.

Borrowing costs are expensed in the Operating Statement as they are incurred.

Lease liabilities are classified as a current liability in the Balance Sheet, unless the Audit Office has an unconditional right to defer the settlement of the liability for at least 12 months after the end of the reporting period.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2013****2. Significant Accounting Policies (Continued)****(k) Leases (Continued)****(ii) Operating Leases**

Operating leases are leases where the lessor effectively retains substantially the risks and benefits of ownership of the leased assets. The minimum lease payments of operating leases are recognised as an expense on a straight-line basis.

(l) Other Liabilities - Provision for Make Good

The Audit Office has recorded a liability and a corresponding asset for the estimated cost of returning the premises occupied by the Office to a similar condition to that which existed prior to the occupancy if the Office was to leave the premises.

The liability is based on an estimate provided by an independent valuer.

Provision for make good is assessed every three years as part of the revaluation of plant and equipment. The provision for make good was last estimated at 30 June 2011. The next estimation will be performed at 30 June 2014.

3. Changes to Significant Accounting Policies and Accounting Estimates and Corrections of Prior Period Errors

There were no changes to significant accounting policies during the reporting period.

As disclosed in Note 2(j) (ii): 'Annual and Long Service Leave', the rate used to estimate the present value of the long service leave decreased from 106.6 percent in 2011-12 to 101.3 percent in 2012-13. The lower rate resulted in a reduction to the estimate of the long service leave liability and the related expense by \$39 451.

There were no other changes to accounting estimates that had a material impact during the reporting period.

There were no material corrections to the financial statements for prior period errors during the reporting period.

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2013**

4. Impact of Accounting Standards Issued but yet to be Applied

It is expected that new and revised accounting standards and interpretations issued by the Australian Accounting Standards Board that apply to future reporting periods will not have a material financial impact on the Audit Office's future financial statements.

5. Significant Accounting Estimates and Judgements

The Audit Office has made significant estimates which include assumptions about the future in preparing these financial statements.

The resulting accounting estimates will therefore seldom equal the related actual results. These estimates and assumptions have been based on the most current information available.

(a) Receivables - Accrued Financial Audit Income

Note 2(e): 'Receivables' discloses that accrued financial audit income is recognised according to the estimated stage of completion of each financial audit. The estimation of each financial audit's stage of completion requires an estimate of total hours that will eventually be required to complete each audit.

(b) Plant and Equipment - Fair Value

Note 2(f) (ii): 'Measurement of Plant and Equipment after Initial Recognition' discloses that plant and equipment is measured at fair value.

The fair value of the Office fit-out has been estimated by an independent valuer. See Note 15: 'Plant and Equipment' for further information.

(c) Plant and Equipment - Depreciation

Note 2(f) (iii): 'Depreciation' discloses that plant and equipment is systematically depreciated over its estimated useful life. The estimated useful life of plant and equipment is reassessed each year and adjusted when the condition and other factors affecting the useful life of plant and equipment indicate an adjustment is warranted.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2013**

5. Significant Accounting Estimates and Judgements (Continued)**(d) Employee Benefits**

Significant judgements have been applied in estimating the liability for employee benefits. The estimated liability for employee benefits requires a consideration of the future wage and salary levels, experience of employee departures and periods of service. The estimate of this liability also includes an assessment of the probability that employees will meet the minimum service period required to qualify for long service leave and that on-costs will become payable and the rate used to estimate the present value of the long service leave liability. Further information on this estimate is provided in Note 2(j): 'Employee Benefits'.

(e) Employee Benefits - Amounts Estimated to be Payable within 12 Months and after 12 Months

Note 18: 'Employee Benefits' provides information on employee benefits estimated to be payable within 12 months and after 12 months.

This estimate requires an assessment of the timing of the settlement of this liability.

(f) Other Liabilities - Provision for Make Good

Note 2(l): 'Other liabilities - Provision for Make Good' discloses that an independent valuer has estimated the cost of returning the premises occupied by the Audit Office to a similar condition to that which existed prior to the occupancy if the Office was to leave the premises.

6. Financial Audit Fees

	2012-13 \$ 000	2011-12 \$ 000
General Government Sector	2 121	2 308
Public Trading Enterprises	544	560
Other	711	811
Total Financial Audit Fees	3 376	3 679

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2013**

6. Financial Audit Fees (Continued)

Financial audit fees decreased by \$303 000 (8.2 percent). This largely consisted of a reduction in fees from the General Government Sector of \$187 000 (8.1 percent) and other fees of \$100 000 (12.3 percent).

These reductions mostly reflect the stage of the completion of audits of financial statements compared to the stage of the completion in previous financial year.

In the period leading up to 30 June 2012, the financial audit program was commenced earlier to facilitate the completion of the audit of the Territory's financial statements in the earlier timeframe that applies in elections years. This brought forward income from financial audit fees into the 2011-12 reporting period which would otherwise have been earned in the 2012-13 reporting period.

These reductions were partially offset by the indexation of most audit fees by a wage price index to recover higher costs.

7. Other Income

	2012-13 \$ 000	2011-12 \$ 000
Workers' compensation recoveries	112	9
Interest and distributions	60	82
Legal services received free of charge from the ACT Government Solicitor's Office	27	14
Other	3	-
Total Other Income	202	105

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2013**

7. Other Income (Continued)

The increase of \$97 000 (92.4 percent) in other income largely resulted from higher workers' compensation recoveries and legal services received free of charge from the ACT Government Solicitor; partially offset by a reduction in interest income.

The amount of workers' compensation recoveries will vary according to the progress of individual workers' compensation cases and decisions made by the insurer (Comcare) and the timing of those decisions.

Interest fell by \$22 000 (26.8 percent) due mainly to lower interest rates and average cash balances held during the reporting period. As shown in Note 25(h): 'Maturity Analysis and Exposure to Interest Rates', the weighted average interest rate fell from 3.9 percent at 30 June 2012 to 2.6 percent at 30 June 2013.

Legal services received free of charge from the ACT Government Solicitor's Office increased as the Audit Office sought legal advice on employment matters, policies and procedures on public interest disclosures, access to financial audit working papers, and one representation.

8. Employees

	2012-13 \$ 000	2011-12 \$ 000
Salaries	3 757	3 414
Superannuation	535	465
Annual leave	47	72
Long service leave	(21)	80
Fringe Benefits Tax	15	13
Motor vehicle running costs	4	3
Borrowing costs on finance leases – motor vehicles	1	1
Workers' compensation insurance premium	22	23
Total Employees	4 360	4 072

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2013**

8. Employees (Continued)

Employee expenses increased by \$288 000 (7.1 percent) in 2012-13 as the Audit Office recruited employees to undertake the financial and performance audit programs. As shown in Note 9: 'Supplies and Services', the additional employees enabled the Office to reduce its use of contractors to undertake these programs.

The average number of full-time equivalent staff in 2012-13 of 38.7 exceeded the average number of full-time equivalent staff in 2011-12 of 33.9.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2013**

9. Supplies and Services

	2012-13 \$ 000	2011-12 \$ 000
Contractors and consultants:		
– Performance audits	140	197
– Financial audits	563	823
– Other	59	84
Sub-total	763	1 104
Accommodation lease	239	229
Information technology	292	258
Training	58	77
Printing	20	27
Payroll and recruitment processing	20	21
Recruitment and advertising costs	54	52
Electricity, gas and cleaning	34	27
Telephones	16	17
Travel	9	13
Library journals and subscriptions	17	17
Security	11	10
Computer software and consumables	2	1
Insurance	8	7
Audit fees	12	10
Stationery	4	7
Legal services received free of charge from the ACT Government Solicitor's Office	27	14
Office equipment	1	2
Venue and equipment hire	1	1
Other	49	35
Sub-total	872	827
Total Supplies and Services	1 635	1 931

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2013**

9. Supplies and Services (Continued)

Supplies and services costs decreased by \$296 000 (15.3 percent) due largely to a reduction in contractors and consultant costs.

Contractors and consultant costs decreased by \$341 000 (30.9 percent). As explained in Note 8: Employees, the Audit Office recruited employees to undertake performance and financial audit programs, and this enabled the Office to reduce its use of contractors to undertake these programs.

This cost reduction was partially offset by increases in other operating costs.

10. Depreciation

	2012-13 \$ 000	2011-12 \$ 000
Office fit-out	92	92
Motor vehicles under a finance lease	5	6
Total Depreciation	97	98

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2013**

11. Other Expenses

	2012-13 \$ 000	2011-12 \$ 000
Loss from the sale of an asset	1	-
Write-off	13	-
Impairment loss on an asset held for sale	-	2
Total other expenses	14	2

In 2012-13, employee costs include remuneration paid to the Auditor-General relating to services provided to other agencies by the Auditor-General prior to commencing with the Audit Office. The Office therefore billed these agencies to recover these costs. Amounts were recovered from two of the three agencies, however, one agency declined to pay the billed amount of \$12 796 on the basis that the amount related to services provided many years ago and any appropriation being currently received by the agency did not include funding for such payments.

12. Cash

	2013 \$ 000	2012 \$ 000
Bank	1 638	1 461
Petty cash	1	1
Total Cash	1 639	1 461

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2013**

12. Cash (Continued)

Bank represents cash held with the Commonwealth Bank. Cash at bank earned an average floating interest rate of 2.6 percent during the 2012-13 reporting period (3.9 percent in the 2011-12 reporting period).

Bank funds may be withdrawn upon request.

Cash increased by \$178 000 (12.2 percent) due largely to an increase in the net cash inflows generated from the Audit Office's operating activities. This increase is explained in the Cash Flow Statement.

13. Receivables

	2013 \$ 000	2012 \$ 000
Invoiced financial audit debtors (i)	147	1 145
Accrued financial audit income (ii)	1 309	493
Sub-total	1 456	1 638
Goods and Services Tax net receivable (iii)	22	-
Fringe Benefits Tax receivable (iv)	-	-
Workers' compensation recoveries (v)	4	5
Other receivables (vi)	-	22
Accrued interest	4	5
Sub-total	30	32
Total Receivables	1 486	1 670

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2013****13. Receivables (Continued)**

- (i) Invoiced financial audit debtors – represents amounts billed to auditees for the audits of their financial statements. Credit terms are net 30 days.
- (ii) Accrued financial audit income – represents unbilled amounts receivable from auditees for audit work performed up until the end of the reporting period. It includes amounts recoverable from auditees for amounts billed to the Audit Office by audit contractors, information technology consultants, tax specialists, actuaries or other specialists engaged to assist the completion of the financial audit program.
- (iii) Goods and Services Tax net receivable – is the amount receivable from the Australian Taxation Office when the Business Activity Statement is lodged on a quarterly basis. The amount is the net of the Goods and Services Tax paid on supplies and the Goods and Services Tax collected from financial audits payable to the Australian Taxation Office.

As disclosed in Note 16: 'Payables' there was no net amount payable to the Australian Taxation Office at 30 June 2013.
- (iv) Fringe Benefits Tax receivable – are amounts recoverable from the Australian Taxation Office and Shared Services relating to staff salary packaging arrangements.
- (v) Workers' compensation recoveries are amounts recoverable from Comcare relating to workers' compensation claims.
- (vi) Other receivables are amounts to be refunded from Shared Services ICT.

Credit risk relating to receivables is disclosed in Note 25(b): 'Credit Risk Exposure'. Receivables are non-interest bearing.

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2013**

13. Receivables (Continued)

Receivables decreased by \$206 000 (12.3 percent). This reduction mostly reflects the lower stage of the completion of audits of financial statements at 30 June 2013 compared to the stage of the completion at 30 June 2012.

In the period leading up to 30 June 2012, the financial audit program was commenced earlier to facilitate the completion of the audit of the territory's financial statements in the earlier timeframe that applies in elections years. This brought forward income from financial audit fees into the 2011-12 reporting period would otherwise have been earned in the 2012-13 reporting period. These reductions were partially offset by the indexation of most audit fees by a wage price index to recover higher costs.

The reduction in invoiced financial audit debtors and corresponding increase in accrued financial audit income mainly results from the invoicing of more debtors after 30 June 2013 compared the amount invoiced prior to 30 June 2012.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2013**

13. Receivables (Continued)

	Not overdue	Past Due			Total
		Less than 30 Days	30 to 60 Days	Greater than 60 Days	
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
2013					
Not Impaired					
Receivables	1 486	-	-	-	1 486
Impaired					
Receivables	-	-	-	-	-
2012					
Not Impaired					
Receivables	1 670	-	-	-	1 670
Impaired					
Receivables	-	-	-	-	-

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2013**

13. Receivables (Continued)

Receivables with ACT Government Entities	2013	2012
	\$ 000	\$ 000
Invoiced financial audit debtors	-	1 031
Accrued financial audit income	1 076	286
Other receivables	-	22
Sub-total	1 076	1 338
Less: Allowance for impairment	-	-
Total Receivables with ACT Government Entities	1 076	1 338
Receivables with Non-ACT Government Entities		
Invoiced financial audit debtors	147	114
Accrued financial audit income	233	207
Accrued interest	4	5
Goods and Services Tax net receivable	22	-
Workers' compensation recoveries	4	5
Sub-total	410	332
Less: Allowance for impairment	-	-
Total Receivables with Non-ACT Government Entities	410	332
Total Receivables	1 486	1 670

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2013**

14. Other Assets

	2013 \$ 000	2012 \$ 000
Prepayments	11	15
Asset held for sale - motor vehicle	-	15
Total Other Assets	11	30

Prepayments consist of a licence to use a financial audit method (IPSAM) and subscriptions to various professional organisations.

The asset held for sale at 30 June 2012 was a motor vehicle that was previously provided as part of the remuneration of an executive under a finance lease. At the end of the term of the finance lease, the motor vehicle was returned to the fleet manager for sale.

15. Plant and Equipment

	2013 \$ 000	2012 \$ 000
Office fit-out (at fair value)	399	399
Less: Accumulated depreciation	(184)	(92)
Sub-total	215	307
Motor vehicles under a finance lease (at fair value)	24	24
Less: Accumulated depreciation	(5)	-
Sub-total	19	24
Total Plant and Equipment	423	423
Less: Accumulated Depreciation	(190)	(92)
Total Plant and Equipment	234	331

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2013**

15. Plant and Equipment (Continued)

The office fit-out was measured at fair value. An independent valuation of these assets was performed at 30 June 2011 by Mr Kashyap Budhbhatti (MRICS, AAPI CPV (P&M)), Senior Valuer Plant and Equipment, Australian Valuation Office.

As disclosed in Note 2(l): 'Other Liabilities – Provision for Make Good', the Audit Office has included in the office fit-out valuation, the estimated cost of returning the premises occupied by the Office to a similar condition to that which existed prior to the occupancy in the event the office were to leave the premises.

The fair valuation of the office fit-out is based on its assessed estimated depreciated replacement cost.

Computer equipment used by the Audit Office is provided under the operating lease arrangements disclosed in Note 22: 'Commitments'.

Reconciliation of the Movements in the Carrying Amounts of Plant and Equipment	2012-13 \$ 000	2011-12 \$ 000
Office fit-out		
Carrying amount at the beginning of the reporting period	307	399
Additions	-	-
Increase in the provision for make good (Note 19: 'Other Liabilities')	-	-
Revaluation increment	-	-
Depreciation	(92)	(92)
Write-offs	-	-
Carrying amount at the end of the reporting period	215	307

The decrease in the plant and equipment balance is due to depreciation charges.

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2013**

15. Plant and Equipment (Continued)

Reconciliation of the Movements in the Carrying Amounts of Plant and Equipment (Continued)	2012-13 \$ 000	2011-12 \$ 000
Motor vehicles under a finance lease		
Carrying amount at the beginning of the reporting period	24	-
Additions	-	48
Asset classified as held for sale	-	(17)
Disposals	-	-
Depreciation	(5)	(6)
Carrying amount at the end of the reporting period	19	24

16. Payables

	2013 \$ 000	2012 \$ 000
Creditors and accruals	60	199
Goods and Services Tax – net payable (i)	-	57
Total Payables	60	257

Creditors and accruals – represents amounts payable for goods and services provided to the Audit Office prior to the end of the reporting period.

Creditors and accruals are recognised at the amount to be paid for these goods and services when the liabilities are settled.

Creditors and accruals are settled on 28-day terms and non-interest bearing.

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2013**

16. Payables (Continued)

- (i) Goods and Services Tax net payable – is the amount payable to the Australian Taxation Office when the Business Activity Statement is lodged on a quarterly basis. The amount is the net of the Goods and Services Tax paid on supplies and the Goods and Services Tax collected from financial audits payable to the Australian Taxation Office.

As disclosed in Note 13: 'Receivables' there was a net amount receivable from the Australian Taxation Office at 30 June 2013.

Payables fell by \$197 000 (76.7 percent). This was mainly due to reduction in amounts owed to audit contractors and consultants engaged to assist in the completion of performance audits and financial audits and there being no net amount payable to the Australian Taxation Office for Goods and Services Tax at the end of the reporting period. The amount payable to the Australian Taxation Office for Goods and Services Tax arises when the Audit Office invoices agencies for audit fees before the end of the reporting period.

Aging of Payables	2013 \$ 000	2012 \$ 000
Not overdue	59	257
Overdue for less than 30 days	-	-
Overdue for 30 to 60 days	-	-
Overdue for more than 60 days	1	-
Total Payables	60	257

One supplier's invoice became overdue due to negotiations with the supplier. The invoice was paid on 8 July 2013.

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2013**

16. Payables (Continued)

Payables with ACT Government Entities	2013	2012
	\$ 000	\$ 000
Creditors and accruals	17	16
Total Payables with ACT Government Entities	17	16
Payables with Non-ACT Government Entities		
Creditors and accruals	42	183
Goods and Services Tax – net payable (i)	-	57
Total Payables with Non-ACT Government Entities	42	241
Total Payables	60	257

17. Finance Leases

	2013	2012
	\$ 000	\$ 000
Current - due at the reporting date	20	5
Non-current - not due at the reporting date	-	20
Total Finance Leases	20	25

Finance leases relate to motor vehicles provided as part of the remuneration of senior executives.

One motor vehicle was provided as part of the remuneration of senior executives under a finance lease in the 2012-13 reporting period.

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2013**

18. Employee Benefits

	2013 \$ 000	2012 \$ 000
Current - due at the reporting date		
Accrued salaries	140	104
Salary packaging expenses	4	3
Annual leave	636	589
Long service leave	757	703
Sub-total	1 536	1 398
Non-current - not due at the reporting date		
Long service leave	80	155
Sub-total	80	155
Total Employee Benefits	1 616	1 553

Total employee benefits increased by \$63 000 (4.1 percent) due mainly to higher annual leave liabilities and accrued salaries.

Annual leave liabilities increased by \$47 000 (8.0 percent) because the leave loading payable when a staff member takes leave was included in the estimate of annual leave liabilities.

The increase in accrued salaries mainly results from higher salaries and an increased number of staff at 30 June 2013 (41.3 full-time equivalent staff) compared to 30 June 2012 (37.9 full-time equivalent staff).

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2013**

18. Employee Benefits (Continued)

As disclosed in Note 2(j): 'Employee Benefits', these liabilities are classified as current when they are due, irrespective of when the liability is expected to be settled. Information on employee benefits estimated to be payable within 12 months and after 12 months is disclosed below.

For information purposes only	2013	2012
	\$ 000	\$ 000
Estimated amount payable within 12 months		
Accrued salaries	140	104
Salary packaging expenses	4	3
Annual leave	323	298
Long service leave	83	-
Sub-total	550	405
Estimated amount payable after 12 months		
Annual leave	312	291
Long service leave	754	858
Sub-total	1 066	1 148
Total Employee Benefits	1 616	1 553

Staffing Levels

The number of full-time equivalent staff employed by the Audit Office at 30 June 2013 was 41.3 compared to 37.9 at 30 June 2012.

The *average* number of full-time equivalent staff employed in 2012-13 was 38.7 compared to 33.9 in 2011-12.

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2013**

19. Other Liabilities

	2013 \$ 000	2012 \$ 000
Non-current		
Provision for make good	75	75
Sub-total	<u>75</u>	<u>75</u>
Total Other Liabilities	<u>75</u>	<u>75</u>

	2013 \$ 000	2012 \$ 000
Reconciliation of the Provision for Make Good		
Balance at the beginning of the reporting period	75	75
Additional provision recognised	-	-
Reduction in provision as a result of payments	-	-
Balance at the end of the reporting period	<u>75</u>	<u>75</u>

20. Asset Revaluation Surplus

	2013 \$ 000	2012 \$ 000
Balance at the beginning of the reporting period	83	83
Revaluation increment	-	-
Balance at the end of the reporting period	<u>83</u>	<u>83</u>

Totals shown above may not add due to rounding errors resulting from reported figures being rounded to the nearest thousand dollars.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2013**

21. Auditor's Remuneration

An independent auditor was appointed to audit the Audit Office's financial statements and review the Office's statement of performance.

The auditor's remuneration for 2012-13 is \$11 000 excluding Goods and Services Tax (2011-12: \$10 500).

The auditor did not provide other services to the Audit Office.

The independent auditor was selected by the Chief Minister under section 27 of the *Auditor-General Act 1996* to conduct audits of the Audit Office's financial statements and reviews of the Office's statement of performance for the 2012-13, 2013-14 and 2014-15 financial years.

The Audit Office will pay the auditor \$35 000 excluding GST for these services over this three-year period.

22. Commitments**(a) Finance Lease Commitments**

Finance lease commitments for motor vehicles are as follows:

	2013 \$ 000	2012 \$ 000
Not later than one year	21	6
Later than one year and not later than five years	-	21
Sub-total	<u>21</u>	<u>27</u>
Less: Future interest charges	1	2
Total Finance Lease Commitments	<u><u>20</u></u>	<u><u>25</u></u>

One motor vehicle was provided as part of the remuneration of senior executives.

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2013**

22. Commitments (Continued)**(b) Operating Lease Commitments**

Operating lease commitments for information technology equipment and accommodation are as follows:

	2013 \$ 000	2012 \$ 000
Not later than one year	367	402
Later than one year and not later than five years	363	700
Later than five years	-	-
Total Operating Lease Commitments	730	1 102

Most information technology equipment is under three-year leases and accommodation is under a five-year lease.

Operating lease commitments fell because the Audit Office made payments during the 2012-13 reporting period.

(c) Other Commitments

Other commitments to contractors are as follows.

	2013 \$ 000	2012 \$ 000
Not later than one year	561	612
Later than one year and not later than five years	580	803
Later than five years	-	-
Total Other Commitments	1 141	1 415

Other commitments fell as the payments made to financial audit contractors exceeded the commitments from contracts entered into during the 2012-13 reporting period.

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2013****23. Contingent Liabilities**

No contingent liabilities are known to exist.

24. Act of Grace Payments, Waivers, Write-Offs and Impairment Losses**(a) Act of Grace Payments**

No act of grace payments were made during the 2012-13 or 2011-12 reporting periods.

(b) Waivers

Under the *Financial Management Act 1996*, the Treasurer may, in writing, waive the right to payment of an amount owing to the Audit Office. A waiver results in the relinquishment of a legal claim to an amount owed to the Office.

There were no waivers of public monies during the 2012-13 or 2011-12 reporting periods.

(c) Write-Offs and Impairment Losses

The write-off of a debt is the accounting action taken to remove a debt from the accounting records but does not relinquish the legal right of the Audit Office to recover the debt.

As disclosed in Note 10: 'Other Expenses' in 2012-13, employee costs include remuneration paid to the Auditor-General relating to services provided to other agencies by the Auditor-General prior to commencing with the Audit Office. The Office therefore billed these agencies to recover these costs. Amounts were recovered from two of the three agencies. One agency declined to pay the billed amount of \$12 796 on the basis that the amount related to services provided many years ago and any appropriation received from the agency did not include funding for such payments.

As disclosed in Note 10: 'Other Expenses' there was an impairment loss of \$2 000 in 2011-12 relating to an asset that was held for sale. No impairment loss was incurred in the 2012-13 reporting period.

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2013**

25. Financial Instruments

The main financial risks to the Audit Office and how these risks are managed are described in this note.

(a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to movements in market interest rates.

The Audit Office's financial assets consist of cash, receivables and its financial liabilities are comprised of payables and finance leases.

The Audit Office's maximum exposure to interest rate risk relating to these financial assets and liabilities is shown in Note 25(h): 'Maturity Analysis and Exposure to Interest Rates'.

As investments, receivables and payables are held in non-interest bearing arrangements and finance leases are held in fixed interest arrangements, the Audit Office is not exposed to movements in interest rates in respect of these financial assets and liabilities.

The Audit Office is exposed to movements in the amount of interest it may earn on cash. As the Office's operating cash flows are not significantly dependant on interest earned from cash, a sensitivity analysis of the interest rate risk has not been performed.

(b) Credit Risk Exposure

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Financial assets consist of cash and receivables. The Audit Office's maximum exposure to credit risk is limited to the amount of these financial assets, net of any allowance made for impairment. This is shown below in Note 25(h): 'Maturity Analysis and Exposure to Interest Rates'.

Cash is held with a high credit quality financial institution (Commonwealth Bank).

Nearly all receivables consist of financial audit fees charged to ACT Government agencies and other entities with strong credit histories. Most of these agencies are required by legislation to pay the audit fees charged by the Audit Office.

Credit risk is therefore considered to be low with no significant concentrations of credit risk.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2013****25. Financial Instruments (Continued)****(c) Liquidity Risk**

Liquidity risk is the risk that the Audit Office will encounter difficulties in meeting its financial obligations as they fall due.

The Audit Office holds sufficient cash on hand to meet its immediate operating requirements. Appropriations received to fund performance audit and other activities are drawn down progressively throughout the year, and financial audit fees are invoiced progressively to ensure the Office can meet its obligations throughout the year.

Note 25(h): 'Maturity Analysis and Exposure to Interest Rates' discloses when the Audit Office expects its financial assets and financial liabilities to mature. It shows that, at the end of the reporting period, the Office held sufficient financial assets to meet its financial liabilities when they fall due.

(d) Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price.

The Audit Office ceased being exposed to price risk after the balance of funds held in the Territory Banking Account's Cash Enhanced Portfolio was transferred to the Audit Office's bank account during the 2011-12 reporting period.

(e) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Audit Office is not exposed to currency risk as all of its transactions are conducted in Australian dollars.

(f) Unrecognised Financial Assets and Financial Liabilities

There were no unrecognised financial assets or financial liabilities.

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2013**

25. Financial Instruments (Continued)**(g) Fair Values of Financial Assets and Financial Liabilities**

The carrying amounts and fair values of financial assets and financial liabilities at the end of the reporting period are:

	Note	Carrying 2013 \$ 000	Fair Value 2013 \$ 000	Carrying 2012 \$ 000	Fair Value 2012 \$ 000
Financial Assets					
Cash	11	1 639	1 639	1 461	1 461
Receivables	13	1 486	1 486	1 670	1 670
Total Financial Assets		3 125	3 125	3 131	3 131
Financial Liabilities					
Payables	16	60	60	257	257
Finance leases	17	20	20	25	25
Total Financial Liabilities		79	79	282	282

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

(h) Maturity Analysis and Exposure to Interest Rates

The following tables set out the Audit Office's maturity analysis for financial assets and financial liabilities as well as the exposure to interest rates, including the weighted average interest rates by maturity period, as at 30 June 2013 and 30 June 2012.

All financial assets and financial liabilities that have a floating interest rate, or are non-interest rate bearing, will mature in one year or less. All amounts appearing in the following maturity analysis are shown on an undiscounted cash flow basis.

The Audit Office does not hold any collateral as security relating to its financial assets. The Office does not hold any financial assets that are past due or impaired.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2013**

25. Financial Instruments (Continued)**(h) Maturity Analysis and Exposure to Interest Rates (Continued)**

As at 30 June 2013	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Rate Maturing in One Year or Less	Fixed Interest Rate Maturing in One to Two Years	Non-Interest Bearing	Total
	%	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
Financial Assets						
Cash	2.6%	1 638	-	-	1	1 639
Receivables		-	-	-	1 486	1 486
Total		1 638	-	-	1 487	3 125
Financial Liabilities						
Payables		-	-	-	60	60
Finance leases		-	20	-	-	20
Total		-	20	-	60	79
Net Financial Assets/(Liabilities)						
		1 638	(20)	-	1 427	3 045

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2013**

25. Financial Instruments (Continued)**(h) Maturity Analysis and Exposure to Interest Rates (Continued)**

As at 30 June 2012	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Rate Maturing in One Year or Less	Fixed Interest Rate Maturing in One to Two Years	Non-Interest Bearing	Total
	%	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
Financial Assets						
Cash	3.9%	1 461	-	-	1	1 461
Receivables		-	-	-	1 670	1 670
Total		1 461	-	-	1 670	3 131
Financial Liabilities						
Payables		-	-	-	257	257
Finance leases		-	6	21	-	27
Total		-	6	21	257	283
Net Financial Assets/(Liabilities)						
		1 461	(6)	(21)	1 414	2 848

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2013**

25. Financial Instruments (Continued)**(i) Carrying Amount of Each Category of Financial Asset and Financial Liability**

	2013 \$ 000	2012 \$ 000
Financial Assets		
Loans and receivables measured at amortised cost	1 486	1 670
Financial Liabilities		
Financial liabilities measured at amortised cost	79	282

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

The Audit Office does not have any financial assets in the 'available for sale' or held to maturity' category, or any financial liabilities in the 'fair value through the operating statement' category. Therefore, these categories are not shown above.

(j) Gains or Losses on Each Category of Financial Asset and Liability

There were no gains or losses on financial assets and liabilities.

ACT AUDITOR-GENERAL'S OFFICE

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2013**

26. Cash Flow Reconciliation**Note (a): Reconciliation of Operating Surplus/(Deficit) to Net Cash Inflows from Operating Activities**

	Actual 2012-13 \$ 000	Actual 2011-12 \$ 000
Operating surplus/(deficit)	17	(97)
Depreciation	97	98
Borrowing costs on finance leases – motor vehicles	1	1
Loss from sale of a motor vehicle	1	
Impairment losses on a motor vehicle held for sale	-	2
Changes in assets and liabilities		
Decrease/(increase) in receivables	184	(285)
Decrease/(increase) in other current assets	4	(2)
(Decrease)/increase in payables	(197)	130
Increase in employee benefits	63	168
Net cash inflows from operating activities	170	17

Note (b): Reconciliation of Cash in the Cash Flow Statement to the Related Items in the Balance Sheet

	Actual 2012-13 \$ 000	Actual 2011-12 \$ 000
Cash	1 638	1 461
Petty cash	1	1
Cash in the Cash Flow Statement and Balance Sheet	1 639	1 461

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars

ACT AUDITOR-GENERAL'S OFFICE

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2013**

27. Related Party Disclosures

Australian Accounting Standard AASB 124: 'Related Party Disclosures' requires the financial statements of private sector entities to disclose transactions that have taken place between the key management personnel of an entity and parties that are related to these personnel. 'Key management personnel' are those persons that have the authority and responsibility for planning, directing and controlling the activities of the entity.

The Audit Office considers that it represents better practice to include related party disclosures in its financial statements.

The Audit Office's key management personnel are represented by its Executive consisting of the Auditor-General, Director, Performance Audits and Corporate Services and Director, Financial Audits.

Remuneration of key management personnel is set out below:

Remuneration of Key Management Personnel	2012-13	2011-12
	\$ 000	\$ 000
Short-term employee benefits	807	771
Long-term employee benefits	15	21
Total Employee Benefits	822	792

The remuneration of key management personnel reflects increases determined by the ACT Remuneration Tribunal.

Totals shown above may not add due to rounding errors resulting from figures being rounded to the nearest thousand dollars.

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2013**

27. Related Party Disclosures (Continued)

The remuneration paid to the Auditor-General, Director, Performance Audits and Corporate Services and Director, Financial Audits is determined by the ACT Remuneration Tribunal and tabled in the ACT Legislative Assembly.

Mr Bernie Sheville was Acting Auditor-General and Director, Financial Audits during the reporting periods covered by these financial statements. Mr Sheville's brother was a Partner of PwC Australia for part of the 2012-13 reporting period. PwC Australia provides services under a contract with the Audit Office from time to time. To address any potential conflict of interest, Mr Sheville is not involved in the selection of audit contractors.

In 2012-13, the Audit Office paid \$32 023 (including GST) to PwC Australia for the provision of financial audit and performance audit services (\$140 706 in 2011-12). All transactions between PwC Australia and the Office were made on normal commercial terms and conditions.

28. Events Occurring after Balance Date

There were no events after balance date that had a material impact on the financial statements for the 2012-13 reporting period or future reporting periods.

APPENDIX D: STATEMENT OF PERFORMANCE

ACT AUDITOR-GENERAL'S OFFICE

STATEMENT OF PERFORMANCE YEAR ENDED 30 JUNE 2013

STATEMENT OF RESPONSIBILITY

In my opinion, the Statement of Performance is in agreement with the ACT Auditor-General's Office's records and fairly reflects the operational performance of the Office for the year ended 30 June 2013.



Dr Maxine Cooper
Auditor-General

2 August 2013

ACT AUDITOR-GENERAL'S OFFICE

**STATEMENT OF PERFORMANCE
YEAR ENDED 30 JUNE 2013**

STATEMENT BY THE CHIEF FINANCE OFFICER

In my opinion, the Statement of Performance is in agreement with the ACT Auditor-General's Office's records and fairly reflects the operational performance of the Office for the year ended 30 June 2013.



Bernie Sheville
Chief Finance Officer

2 August 2013

REPORT OF FACTUAL FINDINGS

Di Bartolo Diamond & Mihailaros

An Australian Capital Territory Partnership

Chartered Accountants
& Business Advisers
**REPORT OF FACTUAL FINDINGS
ACT AUDITOR GENERAL'S OFFICE**
To the Members of the ACT Legislative Assembly**Findings**

Based on our procedures, no matters have come to our attention, which indicate the Statement of Performance of the ACT Auditor General's Office for the year ended 30 June 2013 does not fairly present the performance of the Department in accordance with the *Financial Management Act 1996*.

Responsibility for the Statement of Performance

The ACT Auditor General is responsible for the Statement of Performance. This includes responsibility for the maintenance of adequate supporting records and internal controls that are designed to prevent and detect fraud and error, and for the measurement policies and estimates used in the preparation of the Statement of Performance.

The Auditor's Responsibility

In accordance with the *Financial Management Act 1996* and *Financial Management (Statement of Performance Scrutiny) Guidelines 2005*, our responsibility is to provide a report of factual findings on the performance measures included in the ACT Auditor General's Office Statement of Performance.

Scope

We have reviewed the Statement of Performance of the ACT Auditor General's Office for the year ended 30 June 2013, in order to report on whether any matters have come to our attention that would indicate that the Statement of Performance is not fairly presented in accordance with the *Financial Management Act 1996*.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is primarily limited to inquiries of the ACT Auditor General's Office representatives, analytical procedures and the examination of other available evidence. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the Statement of Performance. Our procedures also did not include an assessment of the relevance or appropriateness of the measures contained within the Statement of Performance. We have not expressed an opinion on the accuracy of explanations provided for variations between actual and budgeted performance due to the essential subjectivity of these explanations.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

PKF Di Bartolo Diamond & Mihailaros

Ross Di Bartolo
Partner

Dated: 2 August 2013

Tel: 02 6257 7500 | Fax: 02 6257 7599 | www.pkf.com.au
Level 7, 28 University Ave | Canberra City | ACT 2601
GPO Box 588 | Canberra City | ACT 2601

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George Diamond B.Ec. FCA
John Mihailaros B.Comm (Accounting), CA

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ACT AUDITOR-GENERAL'S OFFICE

STATEMENT OF PERFORMANCE

YEAR ENDED 30 JUNE 2013

The Audit Office's objectives are to inform the ACT Legislative Assembly and community of the performance of the ACT public service, promote accountability, contribute to improving agency performance, and operate in an efficient manner.

The Audit Office meets its objectives largely through auditing the annual financial statements of the Territory and its agencies and conducting performance audits and other reviews.

The accountability indicators provide information on the number and timeliness of reports and the quality and effectiveness of audit work.

Accountability indicators	Notes	Target 2012-13	Result 2012-13	Variance from target
Costs				
Audit costs per hour excluding audit contractor costs	1	\$129	\$135	5%
Quantity				
Number of audit reports issued on financial statements	2	68	68	0%
Number of reports of factual findings issued on statements of performance	3	27	28	4%
Number of performance audit reports presented to the Legislative Assembly	4	7*	7	0%

Targets for the above accountability indicators, except for the target for the number of performance audit reports presented to the Legislative Assembly, were obtained from the Audit Office's 2012-13 Proposed Budget provided to the Public Accounts Committee on 30 March 2012.

The targeted number of performance audit reports presented to the Legislative Assembly was revised from eight to seven reports. The Committee was advised of the revised target on 23 January 2013 in a progress report on the operations of the Office for the period from 1 July 2012 to 31 December 2012. See page 8 for more information.

This statement of performance should be read in conjunction with the accompanying explanations.

ACT AUDITOR-GENERAL'S OFFICE

STATEMENT OF PERFORMANCE

YEAR ENDED 30 JUNE 2013

Accountability indicators (continued)	Notes	Target 2012-13	Result 2012-13	Variance from target
Quality and effectiveness				
Percentage of agencies satisfied with financial audits	5	95%	98%	3%
Percentage of agencies satisfied with performance audits	6	95%	100%	5%
Percentage of recommendations accepted in financial audits*	7	95%	87%	(8%)
Percentage of recommendations accepted in performance audits*	8	95%	91%	(4%)
Percentage of employees that are satisfied with working for the Audit Office	9	85%	69%	(19%)
Timeliness				
Percentage of financial audits completed within the required timetable	10	100%	88%	(12%)
Average period of completion of performance audits	11	7 months	7.5 months	7%
Presentation of the summary report on financial audits to the Legislative Assembly	12	December 2012	December 2012	0%

* In measuring these accountability indicators, 'partial agreements', 'agreed-in-principle', unclear responses, and 'noted' responses provided by agencies to audit recommendations have been excluded from the count of 'accepted' recommendations.

The method of measuring the percentage of recommendations accepted in performance audits was changed in 2012-13. See page 13 for more information.

Targets for the above accountability indicators were obtained from the Audit Office's 2012-13 Proposed Budget provided to the Public Accounts Committee on 30 March 2012.

This statement of performance should be read in conjunction with the accompanying explanations.

ACT AUDITOR-GENERAL'S OFFICE

**Explanations Accompanying the Statement of Performance)
for the Year Ended 30 June 2013**

1. Audit costs per hour excluding audit contractor costs

This accountability indicator represents the Audit Office's internal cost per hour for financial audit and performance audit functions.

It is calculated by taking the total expenses of the Office less audit contractor costs, and dividing by the number of hours spent by the Office's staff on audits.

The 2012-13 target of \$129 for audit costs per hour excluding audit contractor costs, is calculated as budgeted total expenses less audit contractor costs of \$5 558 000 (\$6 578 000 minus audit contractor costs of \$1 020 000) divided by the estimated number of hours charged to audits (43 055 hours) for 2012-13. The estimated audit hours (43 055) used to calculate the 2012-13 target of \$129 for audit costs per hour excluding audit contractor costs is calculated as the total number of standard hours for the budgeted number of full time equivalent staff for 2012-13 (1 906 standard hours per full time equivalent x 38.88 full time equivalent staff) multiplied by an average of the percentage of standard hours charged to audits during the last three financial years (61.2 percent in 2008-09, 57.2 percent in 2009-10, and 56.0 percent in 2010-11).

The actual audit costs per hour excluding audit contractor costs of \$135 was calculated as the actual total expenses minus audit contractor costs of \$5 403 000 (\$6 106 000 minus audit contractor costs of \$703 000), divided by the actual hours charged to audits for 2012- 13 (40 070 hours).

Audit costs per hour excluding audit contractor costs of \$135 were 5 percent higher than the targeted cost of \$129.

This was mainly due to the actual hours charged to audits (40 070 hours) being less than the estimated hours charged to audits (43 055 hours). The lower than expected hours charged to audits mainly reflects an increase in hours spent on non-audit activities. In particular, there was an increase in:

- leave taken. In particular, workers' compensation leave and maternity leave. Also, large accrued leave entitlements were taken by a long serving senior staff member;
- recruitment activities as the Audit Office recruited staff to complete its performance and financial audit programs;
- time spent in performance management activities, including the development of performance development plans, which include the learning and development activities of staff, and staff appraisals; and
- time spent on reviewing and updating the Audit Office's policies and procedures.

ACT AUDITOR-GENERAL'S OFFICE**Explanations Accompanying the Statement of Performance (Continued)
for the Year Ended 30 June 2013****2. Number of audit reports issued on financial statements**

This accountability indicator represents the number of audit reports issued on financial statements during 2012-13.

The Audit Office achieved the targeted result by issuing 68 audit reports on financial statements in 2012-13.

The audit of Totalcare Industries Limited was included in the 2012-13 target. This audit was completed in 2011-12 (earlier than expected) and included in the result for that year.

An audit of a special purpose financial report for the Crace Joint Venture was completed in 2012-13. As this audit was requested on 14 June 2013 it was not included in the 2012-13 target.

A listing of the audit reports issued on financial statements in 2012-13 is provided later in this statement of performance.

3. Number of reports of factual findings issued on statements of performance

This accountability indicator represents the number of reports of factual findings issued on statements of performance during 2012-13.

The Audit Office completed 28 reports of factual findings in 2012-13; one more than the 2012-13 target of 27.

A report of factual findings on the statement of performance of the ACT Compulsory Third Party Insurance Regulator was omitted from the 2012-13 target.

A listing of the reports of factual findings issued on statements of performance during 2012-13 is provided later in this statement of performance.

**Explanations Accompanying the Statement of Performance (Continued)
for the Year Ended 30 June 2013**

4. Number of performance audit reports presented to the Legislative Assembly

This accountability indicator represents the number of performance audit reports presented in the Legislative Assembly during 2012-13.

The original target of eight performance audit reports was included in the Audit Office's 2012-13 Proposed Budget provided to the Public Accounts Committee on 30 March 2012. This target was based on the Office's proposal to increase funding by \$383 000 for two additional performance audits. This funding would have increased the target number of performance audits from six to eight audits.

The Audit Office subsequently received an additional \$250 000 for performance audits during the 2012-13 budget process. As the amount of funding received is significantly less than the amount on which the target was based, the Office revised its target from eight to seven reports.

The Public Accounts Committee was advised of the revised target on 23 January 2013 in a progress report on the operations of the Office for the period from 1 July 2012 to 31 December 2012.

The targeted number of reports tabled in the Legislative Assembly was achieved with seven reports being tabled in 2012-13. The reports are:

- (i) Emergency Department Performance Information (Report No. 6 / 2012);
- (ii) Australian Capital Territory Public Service Recruitment Practices (Report No. 8 / 2012);
- (iii) Grants of Legal Assistance (Report No. 9 / 2012);
- (iv) Care and Protection System (Report No. 1 / 2013);
- (v) Executive Remuneration Disclosed in ACTEW Corporation Limited's (ACTEW) 2010-11 Financial Statements and Annual Report 2011 (Report No. 2 / 2013);
- (vi) ACT Government Parking Operations (Report No. 3 / 2013); and
- (vii) National Partnership Agreement on Homelessness (Report No. 4 / 2013).

ACT AUDITOR-GENERAL'S OFFICE

**Explanations Accompanying the Statement of Performance (Continued)
for the Year Ended 30 June 2013**

5. Percentage of agencies satisfied with financial audits

This accountability indicator provides information on reporting agencies' level of satisfaction with financial audits conducted by the Audit Office.

A survey of all reporting agencies is conducted to rate their satisfaction with financial audits completed during 2012-13.

This percentage is calculated as the number of reporting agencies that provide a satisfactory or better than satisfactory rating in relation to financial audits completed during 2012-13 divided by the number of agencies that responded to the survey.

The Audit Office received survey responses from 42 (86 percent) of the 49 reporting agencies surveyed.

The results of these surveys are presented on the following page.

Satisfaction rating	Number of responses	%
<u>Satisfied</u>		
Very good	13	31%
Good	21	50%
Satisfactory	7	17%
Sub-total	41	98%
<u>Not satisfied</u>		
Poor	1	2%
Very poor	0	0%
Sub-total	1	2%
Total	42	100

Source: Agency satisfaction surveys.

**Explanations Accompanying the Statement of Performance (Continued)
for the Year Ended 30 June 2013**

5. Percentage of agencies satisfied with financial audits (continued)

The percentage of reporting agencies satisfied with financial audits (98 percent) exceeded the target (95 percent), with 81 percent of responding agencies rating the Audit Office's performance as 'good' or 'very good'.

Comments provided by agencies were largely positive and indicated that agencies were generally satisfied with the professional and constructive way in which audits were conducted. As expected, individual agencies did identify areas for improvement. These included:

- improving the communication of issues identified during audits;
- greater involvement of senior audit staff during the audit process;
- providing more opportunity for agencies to comment on audit findings; and
- improving the coordination of the process of gathering information by the audit team. This included improving the coordination of information requests and improving the briefing of new audit team members to minimise the time spent by agencies in explaining their operations.

One agency rated the Audit Office's performance as 'poor'. The agency felt that audit issues needed to be identified earlier, the process for escalating such issues needs to be clarified and scheduling of planned audit activities be improved. This agency also requested senior audit staff be involved earlier in processing of resolving issues.

This feedback is carefully considered by the Audit Office and where appropriate, discussed with the agency to improve agency understanding of the audit process and identify ways of improving audit methods and practices.

ACT AUDITOR-GENERAL'S OFFICE

**Explanations Accompanying the Statement of Performance (Continued)
for the Year Ended 30 June 2013**

6. Percentage of agencies satisfied with performance audits

This accountability indicator provides information on audited agencies' level of satisfaction with performance audits conducted by the Audit Office.

A survey of all agencies subjected to a performance audit is performed to rate their satisfaction with performance audits completed during 2012-13.

This percentage is calculated as the number of agencies that provide a satisfactory or better than satisfactory rating for performance audits completed during 2012-13 divided by the number of agencies that responded to the survey.

The Audit Office received responses for 11 (61 percent) of the 18 surveys sent.

The results of these surveys are shown below.

Satisfaction rating	Number of Responses	%
<u>Satisfied</u>		
Very good	7	64%
Good	3	27%
Satisfactory	1	9%
Sub-total	11	100%
<u>Not satisfied</u>		
Poor	0	0%
Very poor	0	0%
Sub-total	0	0%
Total	11	100%

Source: Agency satisfaction surveys.

ACT AUDITOR-GENERAL'S OFFICE

**Explanations Accompanying the Statement of Performance (Continued)
for the Year Ended 30 June 2013**

6. Percentage of agencies satisfied with performance audits (continued)

The percentage of agencies satisfied with performance audits (100 percent) exceeded the target (95 percent).

Comments provided by agencies were largely positive and indicated that agencies were satisfied with the professional and constructive way in which audits were conducted.

While no systemic issues were identified in survey responses, a few agencies suggested improvements to the audit process. One agency felt that the communication during the development of detailed audit findings needed to be improved so that the agency views could be considered before the report was drafted. Three agencies indicated that the audit team did not have a sufficient understanding of their organisation and operating environment in the earlier stages of the audit but indicated that the audit team had acquired a sufficient understanding by the end of the audit.

The Audit Office carefully considers this feedback and opportunities to improve work practices are identified. Where appropriate, this feedback is discussed with the agency to develop a more effective working relationship for future audits.

7. Percentage of recommendations accepted in financial audits

This accountability indicator provides information on the level of acceptance with recommendations made in financial audits conducted by the Audit Office.

This percentage is calculated as the number of financial audit recommendations accepted by agencies in audit management reports issued during 2012-13, divided by the number of recommendations made in these reports.

In measuring a result for this accountability indicator, 'partial agreements', 'agreed in principle', unclear responses, and 'noted' responses provided by agencies to audit recommendations have been excluded from the count of 'accepted' recommendations.

Agencies accepted 457 (87 percent) of the 526 recommendations made in 2012-13. This is lower than the target acceptance rate of 95 percent.

This was mainly due to 48 (9 percent) of these recommendations being 'partially agreed' (29 or 6 percent) or 'agreed-in-principle' (19 or 4 percent). 16 (3 percent) recommendations were 'not agreed'.

ACT AUDITOR-GENERAL'S OFFICE

**Explanations Accompanying the Statement of Performance (Continued)
for the Year Ended 30 June 2013****8. Percentage of recommendations accepted in performance audits**

This accountability indicator provides information on the level of acceptance of recommendations made in performance audits conducted by the Audit Office.

This percentage is calculated as the number of recommendations accepted by agencies in performance audit reports issued during 2012-13, divided by the number of recommendations made in these reports. In measuring a result for this accountability indicator, 'partial agreements', 'agreed in principle', unclear responses, and 'noted' responses provided by agencies to audit recommendations have been excluded from the count of 'accepted' recommendations.

The percentage of recommendations accepted only includes a count of responses from agencies that are responsible for addressing the recommendation. If an agency has responded to a recommendation that the agency is not responsible for implementing, then the agency response is excluded from the measurement of the result.

In 2012-13, the method of measuring a result for the percentage of recommendations accepted was changed. Where there is more than one part to a recommendation, then the individual parts of the recommendation are counted as separate recommendations for the purpose of measuring a result for this indicator. For example, where a recommendation is comprised of ten parts and the relevant agency has agreed to eight of these parts, 'agreed-in-principle' to one part and not agreed to another part, the percentage of recommendations accepted is calculated as 80 percent. In previous years, the percentage would have been calculated as nil. The change in measurement was to ensure that the result for the percentage of recommendations accepted provided a reasonable reflection of the level of agreement by agencies.

Agencies agreed to 194 (91 percent) of the 213 recommendations made in 2012-13 compared to the target acceptance rate of 95 percent.

17 (8 percent) of these recommendations were 'agreed-in-principle' (8 recommendations) and 'partially agreed' (9 recommendations). One recommendation was 'not agreed'.

ACT AUDITOR-GENERAL'S OFFICE

**Explanations Accompanying the Statement of Performance (Continued)
for the Year Ended 30 June 2013**

9. Percentage of employees that are satisfied with working for the Audit Office

This accountability indicator provides information on the level of satisfaction with staff working in the Audit Office.

A staff survey is conducted annually to measure staff satisfaction with working for the Audit Office. Survey questions cover aspects of the Office, including its leadership, management, working conditions, learning and development, teamwork and communication.

This percentage is calculated as the number of employees who provide an 'agree' or 'strongly agree' rating to the survey question '**overall, I am satisfied with my job**' divided by the number of staff responses to the survey.

The results of these surveys are shown below.

Rating	Number of Responses	%
<u>Satisfied</u>		
Strongly agree	6	18.8
Agree	16	50.0
Sub-total	22	68.8
<u>Not satisfied</u>		
Neither agree or disagree	4	12.5
Disagree	4	12.5
Strongly disagree	2	6.2
Sub-total	10	31.2
Total	32	100%

Source: Annual staff survey.

The annual staff survey is conducted anonymously. Although 37 (95 percent) out of 39 staff submitted a response to the survey, 32 staff (82 percent) responded to this question.

ACT AUDITOR-GENERAL'S OFFICE

**Explanations Accompanying the Statement of Performance (Continued)
for the Year Ended 30 June 2013****9. Percentage of employees that are satisfied with working for the Audit Office
(continued)**

The staff survey was completed in May 2013. The survey indicates that a large majority of staff are satisfied with their job, however, some staff members are not 'satisfied'.

Twenty-two (68.8 percent) of the 32 staff that responded to the survey question were satisfied with working for the Audit Office compared to the target rate of 85 percent. Four (12.5 percent) staff 'neither agree nor disagree' that they were satisfied with their job, with six staff (18.7 percent) indicating they were 'not satisfied' with their job.

This indicator alone does not address other important elements of staff feedback. Survey responses indicated that a large majority of staff felt that their work was important to the success of the Audit Office, were motivated to do the best possible work, and could approach their supervisor about a problem. Despite these positive results, some staff indicated that they would like more attention to be given to physical working conditions and performance reviews, and would not recommend the Office as a place to work. Furthermore, 50 percent of staff did not expect to be in the Office in two years time.

10. Percentage of financial audits completed within the required timetable

The 'required timetable' refers to the reporting and audit timetable issued by the Chief Minister and Treasury Directorate to meet legislative requirements or, where there is no legislative timeframe, the timeframe agreed between the Audit Office and reporting agency.

This percentage is calculated as the percentage of financial audits completed within the required timetable divided by the number of audits completed.

**Explanations Accompanying the Statement of Performance (Continued)
for the Year Ended 30 June 2013**

11. Percentage of financial audits completed within the required timetable (continued)

The Audit Office completed 60 (88 percent) of the 68 financial audits within the required timetable. This result is less than the target of 100 percent.

Satisfactory financial statements and supporting workpapers need to be provided to the Audit Office by the scheduled date to allow sufficient time for the audit to be completed. In this context, the Office's target of completing all (100 percent) financial audits within the required timetable is challenging.

The Audit Office was unable to meet this target due mainly to factors outside the Office's control. The following audits were not completed within the 'agreed timeframe'.

- The audits of the financial statements of Community Housing Canberra Limited, Lyon Estate Redevelopment Joint Venture, UCU Ltd and Crace and Forde Joint Ventures for the six months ended 31 December 2012 were delayed because the financial statements were not provided to the Audit Office on time.
- The audits of the financial statements of NATSEM Pty Limited and University of Canberra College Pty Limited were delayed to enable accounting issues to be resolved.
- The audit of the financial statements of the Canberra Institute of Technology, due to a delay by the agency in amending disclosures in the financial statements.

Although the target result was not achieved, there were no instances where audits were not completed in time for agencies to meet their statutory reporting responsibilities.

12. Average period of completion of performance audits

This accountability indicator reports the average duration of a performance audit, from commencement to completion during the reporting period.

A performance audit is commenced when an engagement letter is sent to the relevant agency head or their equivalent – even though some planning activity is usually undertaken prior to the commencement of the audit. The completion date is the date the report is presented to the Speaker of the Legislative Assembly for tabling.

It is calculated as the total duration of all performance audits (in months) divided by the number of performance audit reports issued during the reporting period.

ACT AUDITOR-GENERAL'S OFFICE

**Explanations Accompanying the Statement of Performance (Continued)
for the Year Ended 30 June 2013**

12. Average period of completion of performance audits (continued)

Report	Months
Report No. 6 / 2012: Emergency Department Performance Information	2.0
Report No. 8 / 2012: Australian Capital Territory Public Service Recruitment Practices	8.7
Report No. 9 / 2012: Grants of Legal Assistance	11.7
Report No. 1 / 2013: Care and Protection System	15.2
Report No. 2 / 2013: Executive Remuneration Disclosed in ACTEW Corporation Limited's (ACTEW) 2010-11 Financial Statements and Annual Report 2011	0.8
Report No. 3 / 2013: ACT Government Parking Operations	5.9
Report No. 4 / 2013: National Partnership Agreement on Homelessness	8.5
Average period of completion of performance audits	7.5

The average period of completion of performance audits during 2012-13 was 7.5 months compared to the targeted average period of completion of 7 months.

As shown above, the average period of completion of audits varied widely. The average time to complete a performance audit will vary due to the size and complexity of the audit and circumstances under which the audit is performed.

There were delays in completing Report No.9/2012: Grants of Legal Assistance and Report No. 1 / 2013: Care and Protection System:

- Report No. 1/ 2013: Care and Protection System was a more complex audit than anticipated and resulted in one of the largest performance audit reports produced by this office; and
- Report No. 9 / 2012: Grants of Legal Assistance was delayed by the departure of an audit team member, followed by a decision to temporarily cease work on the audit while team members were engaged in the Emergency Department Performance Information audit.

ACT AUDITOR-GENERAL'S OFFICE

**Explanations Accompanying the Statement of Performance (Continued)
for the Year Ended 30 June 2013**

These delays highlight the challenge of completing audits with a comparatively small performance audit team. The timeliness of audits will be affected by the need to reassign resources to meet emerging operational priorities and circumstances.

13. Presentation of the summary report of financial audits to the Legislative Assembly

One report summarising the results of the financial audit program is scheduled to be tabled in the Legislative Assembly in December of each year.

The target was achieved as Report No. 10 of 2012: '2011-12 Financial Audits' being presented to the Legislative Assembly on 21 December 2012.

ACT AUDITOR-GENERAL'S OFFICE

**Explanations Accompanying the Statement of Performance (Continued)
for the Year Ended 30 June 2013**

FINANCIAL AUDITS COMPLETED IN 2012-13

This table represents the audit reports and reports of factual findings that were completed during the period from 1 July 2012 to 30 June 2013.

		Audit report on financial statements	Report of factual findings on statements of performance
	Territory financial statements		
1	Territory's Annual Financial Statements	Unqualified	Not applicable
	Directorates		
2	ACT Executive	Unqualified	Not applicable
3	ACTION	Unqualified	Qualified
4	Chief Minister and Cabinet Directorate	Unqualified	Unqualified
5	Community Services Directorate	Unqualified	Unqualified
6	Economic Development Directorate	Unqualified	Unqualified
7	Education and Training Directorate	Unqualified	Unqualified
8	Environment and Sustainable Development Directorate	Qualified	Qualified
9	Health Directorate	Unqualified	Unqualified
10	Home Loan Portfolio	Unqualified	Unqualified
11	Housing ACT	Unqualified	Unqualified
12	Justice and Community Safety Directorate	Unqualified	Qualified
13	Legislative Assembly Secretariat	Unqualified	Not applicable
14	Shared Services Centre	Unqualified	Unqualified
15	Superannuation Provision Account	Unqualified	Unqualified
16	Territory and Municipal Services Directorate	Unqualified	Qualified
17	Territory Banking Account	Unqualified	Unqualified
18	Treasury Directorate	Unqualified	Unqualified
	Authorities		
19	ACT Building and Construction Industry Training Fund Authority	Unqualified	Unqualified
20	ACT Compulsory Third-Party Insurance Regulator	Unqualified	Unqualified
21	ACT Insurance Authority	Unqualified	Unqualified
22	ACT Gambling and Racing Commission	Unqualified	Unqualified
23	ACT Long Service Leave Authority	Unqualified	Unqualified
24	ACT Public Cemeteries Authority	Unqualified	Unqualified
25	Canberra Institute of Technology	Unqualified	Unqualified
26	Cultural Facilities Corporation	Unqualified	Unqualified
27	Exhibition Park Corporation	Unqualified	Unqualified

ACT AUDITOR-GENERAL'S OFFICE

**Explanations Accompanying the Statement of Performance (Continued)
for the Year Ended 30 June 2013**

FINANCIAL AUDITS COMPLETED IN 2012-13 (CONTINUED)

		Audit report on financial statements	Report of factual findings on statements of performance
	Authorities (continued)		
28	Independent Competition and Regulatory Commission	Unqualified	Unqualified
29	Land Development Agency	Unqualified	Unqualified
30	Legal Aid Commission	Unqualified	Unqualified
31	Public Trustee for the ACT – Office Account	Unqualified	Unqualified
32	University of Canberra	Unqualified	Not applicable
	Territory-owned corporations and other companies		
33	ACTEW Corporation Limited	Unqualified	Not applicable
34	ACTEW Distribution Limited	Unqualified	Not applicable
35	ACTEW Retail Limited	Unqualified	Not applicable
36	ACTTAB Limited	Unqualified	Not applicable
37	CIT Solutions Pty Limited	Unqualified	Not applicable
38	Community Housing Canberra Limited	Unqualified	Not applicable
39	NATSEM Pty Limited	Unqualified	Not applicable
40	UCU Ltd	Unqualified	Not applicable
41	University of Canberra College Pty Limited	Unqualified	Not applicable
	Joint ventures and partnerships		
42	ActewAGL Distribution Partnership	Unqualified	Not applicable
43	ActewAGL Joint Venture Special Purpose Financial Report	Unqualified	Not applicable
44	ActewAGL Retail Partnership	Unqualified	Not applicable
45	ActewAGL Summary Financial Report	Unqualified	Not applicable
46	Crace Joint Venture 30 June	Unqualified	Not applicable
47	Crace Joint Venture 31 December	Unqualified	Not applicable
48	Forde Joint Venture 30 June	Unqualified	Not applicable
49	Forde Joint Venture 31 December	Unqualified	Not applicable
50	Lyons Estate Redevelopment Joint Venture	Unqualified	Not applicable
51	Nicholls Primary School Joint Facilities	Unqualified	Not applicable
52	Woden East Joint Venture	Unqualified	Not applicable

ACT AUDITOR-GENERAL'S OFFICE

**Explanations Accompanying the Statement of Performance (Continued)
for the Year Ended 30 June 2013**

FINANCIAL AUDITS COMPLETED IN 2012-13 (CONTINUED)

		Audit report on financial statements	Report of factual findings on statements of performance
	Other audits		
53	Canberra Business Development Fund	Unqualified	Not applicable
54	Capital Region Community Foundation Gift Fund	Unqualified	Not applicable
55	Capital Region Community Foundation Open Fund	Unqualified	Not applicable
56	Commonwealth Funding under the <i>Nation Building Program (National Land Transport) Act 2009</i> – Black Spot Projects	Unqualified	Not applicable
57	Commonwealth Funding under the <i>Nation Building Program (National Land Transport) Act 2009</i> – National Projects	Unqualified	Not applicable
58	Commonwealth Funding under the <i>Nation Building Program (National Land Transport) Act 2009</i> – Roads to Recovery	Unqualified	Not applicable
59	Commonwealth Funding under the <i>Interstate Road Transport Act 1985</i> – Expenditure Statement	Unqualified	Not applicable
60	Commonwealth Funding under the <i>Interstate Road Transport Act 1985</i> – Revenue Statement	Unqualified	Not applicable
61	Default Insurance Fund	Unqualified	Not applicable
62	Gungahlin Cemetery Perpetual Care Trust	Unqualified	Not applicable
63	Hall Cemetery Perpetual Care Trust	Unqualified	Not applicable
64	Nominal Defendant	Unqualified	Not applicable
65	Public Trustee for the ACT – Trust Account	Unqualified	Not applicable
66	University of Canberra Research Income Return	Unqualified	Not applicable
67	Woden Cemetery Perpetual Care Trust	Unqualified	Not applicable
68	Crace Joint Venture - Special Purpose Financial Report	Unqualified	Not applicable

APPENDIX E: AUDIT OFFICE REPORTS

Audit reports published in recent years are listed below.

Reports Published in 2012-13

Report No. 05 / 2013	Bushfire Preparedness
Report No. 04 / 2013	National Partnership Agreement on Homelessness
Report No. 03 / 2013	ACT Government Parking Operations
Report No. 02 / 2013	Executive Remuneration Disclosed in ACTEW Corporation reports
Report No. 01 / 2013	Care and Protection System
Report No. 10 / 2012	2011-12 Financial Audits
Report No. 09 / 2012	Grants of Legal Assistance
Report No. 08 / 2012	Australian Capital Territory Public Service Recruitment Practices
Report No. 07 / 2012	Annual Report 2011-12
Report No. 06 / 2012	Emergency Department Performance Information

Reports Published in 2011-12

Report No. 05 / 2012	Management of Recycling Estates and E-Waste
Report No. 04 / 2012	Development Application and Approval System for High Density Residential and Commercial Developments
Report No. 03 / 2012	Early Childhood Schooling
Report No. 02 / 2012	Whole-of-Government Information and ICT Security Management and Services
Report No. 01 / 2012	Monitoring and Minimising Harm Caused by Problem Gambling in the ACT
Report No. 06 / 2011	Management of Food Safety in the Australian Capital Territory
Report No. 05 / 2011	2010-11 Financial Audits
Report No. 04 / 2011	Annual Report 2010-11

Reports Published in 2010-11

Report No. 03 / 2011	The North Weston Pond Project
Report No. 02 / 2011	Residential land Supply and Development
Report No. 01 / 2011	Waiting Lists for Elective Surgery and Medical Treatment
Report No. 10 / 2010	2009-10 Financial Reports
Report No. 09 / 2010	Follow-up audit – Courts Administration
Report No. 08 / 2010	Delivery of Mental Health Services to Older Persons
Report No. 07 / 2010	Management of Feedback and Complaints
Report No. 06 / 2010	Annual Report 2009-10
Report No. 05 / 2010	Delivery of ACTION Bus Services

Reports Published in 2009-10

Report No. 04 / 2010	Water Demand Management: Administration of Selected Initiatives
Report No. 03 / 2010	Delivery of Budget Initiatives
Report No. 02 / 2010	Student Support Services for Public High Schools
Report No. 01 / 2010	Performance Reporting
Report No. 08 / 2009	2008-09 Financial Audits
Report No. 07 / 2009	Annual Report 2008-09
Report No. 06 / 2009	Government Office Accommodation
Report No. 05 / 2009	Administration of employment issues for staff of Members of the ACT Legislative Assembly

Details of reports published prior to 2009-10 can be obtained from the ACT Auditor-General's Office or the ACT Auditor-General's homepage: <http://www.audit.act.gov.au>.

APPENDIX G: COMPLIANCE INDEX FOR THE 2012-13 REPORT

This index is required to comply with Attachment 3 of Notifiable Instrument N12013-243 issued on 28 May 2013.

	Contents	Page No.
	Transmittal Certificate (letter)	-
SECTION A	PERFORMANCE AND FINANCIAL MANAGEMENT REPORTING	1
	The organisation	2
	Overview	3
	Highlights	5
	Outlook	10
	Management discussion and analysis	11
	Financial report	17
	Statement of performance	17
	Strategic indicators	17 ¹
	Analysis of performance	17
	Triple Bottom Line report	34
SECTION B	CONSULTATION AND SCRUTINY REPORTING	39
	Community engagement	39
	Internal and external scrutiny	40
	Legislative Assembly committee inquiries and reports	41
	Legislation report	44
SECTION C	LEGISLATIVE AND POLICY BASED REPORTING	45
	Risk management and internal audit	45
	Fraud prevention	48
	Public interest disclosures	48
	Freedom of information	51
	Internal accountability	53
	Human resource performance	55
	Staffing profile	58
	Learning and development	58
	Workplace health and safety	59
	Workplace relations	61
	<i>Human Rights Act 2004</i>	63
	Strategic Bushfire Management Plan	64 ²
	Strategic asset management	64
	Capital works	65 ³

	Contents	Page No.
	Government contracting	65
	Community grants, assistance, sponsorships	67
	<i>Territory Records Act 2002</i> reporting	67
	Commissioner for the Environment	68
	Ecologically sustainable development	68
	Climate Change and Greenhouse Gas reduction policies and programs	73
	Aboriginal and Torres Strait Islander reporting	74
	ACT Multicultural Strategy	74
	ACT Strategic Plan for positive ageing 2010-2014	75
	ACT Women's Plan 2010-2015	75
	Model Litigant Guidelines	76
	Notices of noncompliance	76
	Property crime reduction	76

Note 1: The Audit Office did not publish specific strategic indicators. However, its strategic direction was taken into account in determining the performance indicators included in the Statement of Performance.

Note 2: Due to the nature of the audit work, the Audit Office does not provide services to the ACT community that meet the specific Government objectives under the Strategic Bushfire Management Plan.

Note 3: The Audit Office does not undertake capital works.

AVAILABILITY OF REPORTS

Copies of reports issued by the ACT Auditor-General's Office are available from:

ACT Auditor-General's Office
Level 4, 11 Moore Street
Canberra City ACT 2601

or

PO Box 275
CIVIC SQUARE ACT 2608

Phone (02) 62070833 / Fax (02) 62070826

Copies of reports are also available from the
ACT Auditor-General's Office Homepage: <http://www.audit.act.gov.au>