

ACT AUDITOR-GENERAL'S REPORT

**ANNUAL REPORT 2020-21**

REPORT NO. 9 / 2021

This work is copyright. Apart from any use as permitted under the *Copyright Act 1968*, no part may be reproduced by any process without written permission from the Territory Records Office, Shared Services, Chief Minister, Treasury and Economic Development Directorate, ACT Government, GPO Box 158 Canberra City ACT 2601.

## **ACT Audit Office**

The roles and responsibilities of the Auditor-General are set out in the *Auditor-General Act 1996*.

The Auditor-General is an Officer of the ACT Legislative Assembly.

The ACT Audit Office undertakes audits on financial statements of Government agencies, and the Territory's consolidated financial statements.

The Office also conducts performance audits, to examine whether a Government agency is carrying out its activities effectively and efficiently and in compliance with relevant legislation.

The Office acts independently of the Government and reports the results of its audits directly to the ACT Legislative Assembly.

## **Accessibility Statement**

The ACT Audit Office is committed to making its information accessible to as many people as possible. If you have difficulty reading a standard printed document, and would like to receive this publication in an alternative format, please telephone the Office on (02) 6207 0833.

If English is not your first language and you require the assistance of a Translating and Interpreting Service, please telephone Access Canberra on 13 22 81.

If you are deaf or hearing impaired and require assistance, please telephone the National Relay Service on 13 36 77.

Produced for the Office of the ACT Legislative Assembly by the ACT Audit Office, ACT Government.

ACT Government Homepage address is: <http://www.act.gov.au>

# CONTENTS

---

|   |           |
|---|-----------|
| <b>CONTENTS .....</b>   | <b>i</b>  |
| <b>List of abbreviations and glossary .....</b>                               | <b>v</b>  |
| <b>A Transmittal certificate.....</b>   | <b>1</b>  |
| <b>B Organisational overview and performance .....</b>                        | <b>3</b>  |
| <b>B.1 Organisational overview .....</b>                                      | <b>3</b>  |
| B.1.1 Vision, role and values .....   | 3         |
| B.1.2 Organisation .....  | 7         |
| B.1.3 Performance and outlook .....   | 9         |
| B.1.4 Internal accountability .....   | 9         |
| B.1.5 Key internal accountability mechanisms .....                            | 12        |
| B.1.6 Strategic and organisational planning.....                              | 13        |
| B.1.7 Executive remuneration.....   | 13        |
| <b>B.2 Performance analysis .....</b>   | <b>13</b> |
| B.2.1 Audit Office's objectives .....   | 13        |
| B.2.2 Financial results of the ACT Audit Office.....                          | 14        |
| B.2.3 Performance audits.....   | 14        |
| B.2.4 Meeting targets.....  | 15        |
| B.2.5 Performance audits tabled in 2020-21 .....                              | 15        |
| B.2.6 Timeliness of performance audits.....                                   | 19        |
| B.2.7 Satisfaction with performance audits .....                              | 20        |
| B.2.8 Performance Audit Forum .....   | 21        |
| B.2.9 Monitoring and improving the quality of performance audit work<br>..... | 22        |
| B.2.10 Financial audits .....   | 24        |
| B.2.11 Meeting targets .....  | 24        |
| B.2.12 Improving reporting.....   | 25        |

|   |           |
|---|-----------|
| B.2.13 Financial audit webinar.....                               | 26        |
| B.2.14 Improving the quality of financial audit work .....        | 27        |
| B.2.15 Comparison with other jurisdictions .....                  | 28        |
| <b>B.3 Scrutiny .....</b>   | <b>29</b> |
| B.3.1 ACT Legislative Assembly inquiries and reports .....        | 29        |
| B.3.2 Reports of the Ombudsman.....                               | 30        |
| <b>B.4 Risk management .....</b>                                  | <b>30</b> |
| B.4.1 Risk management.....  | 30        |
| <b>B.5 Internal audit.....</b>                                    | <b>31</b> |
| B.5.1 Audit and Review Committee .....                            | 31        |
| <b>B.6 Fraud prevention .....</b>                                 | <b>33</b> |
| <b>B.7 Freedom of information.....</b>                            | <b>34</b> |
| B.7.1 Open access information .....                               | 34        |
| B.7.2 FOI applications received and decision type.....            | 35        |
| B.7.3 FOI processing timeframe .....                              | 35        |
| B.7.4 Amendment to personal information .....                     | 35        |
| B.7.5 Reviews and fees.....                                       | 35        |
| B.7.6 Process to lodge a request.....                             | 35        |
| <b>B.8 Community engagement and support .....</b>                 | <b>36</b> |
| B.8.1 Community engagement activities .....                       | 36        |
| B.8.2 Community support initiatives: Grants and sponsorship ..... | 36        |
| <b>B.9 Aboriginal and Torres Strait Islander reporting .....</b>  | <b>36</b> |
| <b>B.10 Work health and safety.....</b>                           | <b>37</b> |
| B.10.1 Workplace safety representatives.....                      | 37        |
| B.10.2 Health and well-being initiatives .....                    | 37        |
| B.10.3 Legislative compliance .....                               | 39        |
| <b>B.11 Human resources management.....</b>                       | <b>39</b> |
| B.11.1 Workforce planning .....                                   | 39        |

|  |            |
|--|------------|
| B.11.2 Forward work and human resource planning .....  | 39         |
| B.11.3 Staffing profile .....                          | 40         |
| B.11.4 Workplace diversity .....                       | 41         |
| B.11.5 Age profile.....                                | 41         |
| B.11.6 Learning and development.....                   | 42         |
| <b>B.12 Ecologically sustainable development .....</b> | <b>43</b>  |
| <b>C Financial management reporting.....</b>           | <b>47</b>  |
| <b>C.1 Financial management analysis.....</b>          | <b>47</b>  |
| C.1.1 Operating results.....                           | 47         |
| C.1.2 Financial results.....                           | 47         |
| C.1.3 Income.....                                      | 48         |
| C.1.4 Financial position .....                         | 49         |
| <b>C.2 Financial statements .....</b>                  | <b>51</b>  |
| <b>C.3 Capital works .....</b>                         | <b>84</b>  |
| <b>C.4 Asset management .....</b>                      | <b>84</b>  |
| C.4.1 Assets managed .....                             | 84         |
| C.4.2 Asset maintenance and upgrade .....              | 84         |
| C.4.3 Accommodation .....                              | 84         |
| <b>C.5 Government contracting .....</b>                | <b>85</b>  |
| <b>C.6 Statement of performance .....</b>              | <b>87</b>  |
| <b>Appendix A: Financial audit fees.....</b>           | <b>109</b> |
| <b>Appendix B: Compliance index .....</b>              | <b>115</b> |
| <b>Appendix C: Audit Office reports .....</b>          | <b>117</b> |



## LIST OF ABBREVIATIONS AND GLOSSARY

---

|                          |  |
|--------------------------|--|
| ACAG                     | Australasian Council of Auditors-General   |
| A-G Act                  | <i>Auditor-General Act 1996</i>  |
| ACT                      | <i>Australian Capital Territory</i>  |
| ASE                      | Agency Security Executive  |
| ASPIRE                   | Auditing Systems by Planning, Implementation, Reporting and Evaluation             |
| Audit Office             | ACT Audit Office   |
| Auditees                 | ACT Government agencies and other entities subject to audit by the Auditor-General |
| CO <sub>2</sub> -e       | Carbon dioxide equivalent  |
| CA                       | Chartered Accountants Australia and New Zealand                                    |
| CPA                      | CPA Australia  |
| CPSU                     | Community and Public Sector Union  |
| ESD                      | Ecologically sustainable development   |
| ESP                      | Enterprise sustainability platform   |
| FA                       | Financial Audit  |
| FTE                      | Full-time equivalent(s)  |
| FOI                      | Freedom of Information   |
| FOI Act 2016             | <i>Freedom of Information Act 2016</i>   |
| GST                      | Goods and services tax   |
| HR                       | Human Resources  |
| IT                       | Information Technology   |
| Kwh                      | Kilowatt-hour  |
| ACT Legislative Assembly | Legislative Assembly for the ACT   |
| MLAs                     | Members of the ACT Legislative Assembly  |
| PA                       | Performance Audit  |
| PAC                      | Standing Committee on Public Accounts  |
| PAMPr                    | Performance Audit Methods and Practices  |
| PID                      | Public interest disclosure   |
| PID Act                  | <i>Public Interest Disclosure Act 2012</i>   |
| SERBIR                   | Senior Executive Responsible for Business Integrity Risk                           |
| Strategic Plan           | <i>Strategic Plan 2019-2022</i> of the ACT Audit Office                            |





# A TRANSMITTAL CERTIFICATE



AUDITOR-GENERAL AN OFFICER  
OF THE ACT LEGISLATIVE ASSEMBLY 

Ms Joy Burch MLA  
Speaker  
Legislative Assembly for the ACT  
London Circuit  
CANBERRA ACT 2601

Dear Madam Speaker

I have pleasure in submitting the 2020-21 Annual Report of the ACT Audit Office (Audit Office). The Annual Report has been prepared to fulfil the requirements of section 7A of *the Annual Reports (Government Agencies) Act 2004*. While paragraph 8(2)(b) of the Act advises that an annual report direction does not apply to Officers of the ACT Legislative Assembly, this report has been prepared to respect the directions outlined in the *Annual Reports (Government Agencies) Directions 2021*.

I certify that the information in the attached 2020-21 Annual Report, and information for whole of government reporting, is an honest and accurate account of the management of the Audit Office and that all material information on the operations of the Audit Office has been included for the period from 1 July 2020 to 30 June 2021.

I also hereby certify that fraud prevention in 2020-21 was managed in accordance with *Public Sector Management Standards 2006 (repealed)*, Part 2.3 (see section 113, *Public Sector Management Standards 2016*).

Section 15 of the *Annual Reports (Government Agencies) Act 2004* requires that you present a copy of the Annual Report to the ACT Legislative Assembly within 15 weeks after the end of the reporting year.

Yours sincerely

A handwritten signature in black ink, appearing to read 'M. Harris'.

Michael Harris  
Auditor-General  
7 October 2021

*The ACT Audit Office acknowledges the Ngunnawal people as traditional custodians of the ACT and pays respect to the elders; past, present and future. The Office acknowledges and respects their continuing culture and the contribution they make to the lift of this city and this region.*

Level 7, 5 Constitution Avenue Canberra ACT 2601

PO Box 275 Civic Square ACT 2608

T 02 6207 0833 F 02 6207 0826 E [actauditorgeneral@act.gov.au](mailto:actauditorgeneral@act.gov.au) W [www.audit.act.gov.au](http://www.audit.act.gov.au)



## B ORGANISATIONAL OVERVIEW AND PERFORMANCE

---

### B.1 Organisational overview

The *Auditor-General Act 1996* (A-G Act) governs the functions and powers of the Auditor-General. It also establishes that the Auditor-General is an independent Officer of the ACT Legislative Assembly. While this emphasises the important connection with the ACT Legislative Assembly, the Auditor-General is an independent statutory position with complete discretion in how functions are undertaken.

The Auditor-General conducts independent financial and performance audits on ACT Government agencies and those entities in receipt of ACT Government funding or resources. The results of these audits are reported to the ACT Legislative Assembly and ACT community. Audits are, therefore, an important means of holding agencies and entities to account and encouraging them to continuously improve their activities.

Additionally, the Auditor-General receives representations and public interest disclosures under the *Public Interest Disclosure Act 2012* (PID Act), with some issues raised being examined through performance audits.

The ACT Audit Office (Audit Office) supports the Auditor-General in performing his functions.

#### B.1.1 Vision, role and values

The Audit Office's *Strategic Plan 2019-2022* (Strategic Plan) sets out the vision, role, and values of the Audit Office and defines its objectives. It is available on the Audit Office's website ([www.audit.act.gov.au](http://www.audit.act.gov.au)).

The vision is 'an accountable and highly performing ACT Public Sector' and the Audit Office's role is to:

- provide an independent view to the ACT Legislative Assembly and the community on the accountability, efficiency and effectiveness of the ACT Public Sector;
- foster accountability in the public administration of the Territory; and
- promote the efficiency and effectiveness of public services and programs provided by the Territory.

#### B.1.1.1 Values

The values which guide the Audit Office's work and the behaviour 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.

These values align with those of the ACT Public Service; a difference arises due to the Audit Office's core value of *independence* which takes precedence over the ACT Public Service value of *collaboration*. While the Audit Office uses collaborative approaches in undertaking its work, attention is given to doing this within the context of the Audit Office's independence.

#### B.1.1.2 Independence

The independence of the Auditor-General and the quality and objectivity of the Audit Office's work form the foundation of the Audit Office's standing and reputation.

Provisions in the A-G Act support the Auditor-General to undertake financial and performance audits independent of the agency or entity being audited. The A-G Act mandates that the Auditor-General is not subject to direction in the exercise of the Auditor-General's functions. A similar provision applies to 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.

While having legislation that enshrines independence is important, so are the professional auditing standards that require auditors' attestations of independence, adopted by the Audit Office. Also of importance is the commitment by staff to an independent spirit in the conduct and reporting of audits. This ability is tested at recruitment and re-enforced by ongoing professional development activities supported by the Office's learning and development program. Importantly, the values of the Audit Office are fostered in all activities staff undertake.

### B.1.1.3 Integrity

Integrity, honesty, truthfulness and fairness are achieved primarily through the quality of the people we recruit and are emphasised through ongoing professional development activities and regular internal communication.

Integrity is routinely examined through the Audit Office's strong quality assurance and quality control processes for financial and performance audits and is considered an important aspect of the governance arrangements for the Audit Office. There is also a program of internal audits, overseen by the Audit and Review Committee, which assists in strengthening the governance of the Audit Office. The Committee's membership includes two independent external members in addition to a senior officer. One of these external members is appointed as the Chair of the Committee.

In addition to the above, the Audit Office places continuing emphasis on risk management (covered in Section B.4.1 'Risk management'). One of the key risks in this area is the quality of audits. To address this risk, the Audit Office routinely undertakes a self-assessment against the requirements of the quality control standards issued by the Accounting Professional and Ethical Standards Board and the Auditing and Assurance Standards Board.

The Audit Office conducts quality assurance reviews of its financial and performance audit work every year in accordance with its *Quality Control and Assurance Policy*. The quality assurance work relating to performance audits and financial audits are discussed under Section B.2.9 'Monitoring and improving the quality of performance audit work' and Section B.2.14 'Improving the quality of financial audit work'.

### B.1.1.4 Professionalism

Professionalism includes a commitment for staff to fulfil obligations. Importantly, this involves the completion of an annual program of financial and performance audits. Information on the progress of the program is provided in Section B.2 'Performance analysis'.

A part of the Office's value of professionalism is to seek to deliver services despite any adverse events; therefore, risk management is important. For the Audit Office, a key risk arises from its small size which contributes to significant key person dependencies.

The Auditor-General is a member of the Australasian Council of Auditors-General (ACAG), which is a forum for all Auditors-General in Australia and some from the Pacific region, to share information. It fosters performance improvement through supporting targeted projects, such as mutual quality assurance reviews and benchmarking.

There are ACAG sub-committees which focus on financial audits; performance audits; financial reporting and accounting; and quality assurance and auditing. Sub-committees provide opportunities for executives and senior audit staff to share information and work together on key issues relevant to audit offices. The Auditor-General was recently appointed as the Chair of the ACAG Executive Committee.

#### **B.1.1.5 Respect**

This value reflects the Audit Office's concerted effort to strengthen the trust and respect of stakeholders through effective engagement.

The Audit Office serves the community through the elected representatives in the ACT Legislative Assembly to whom it reports. Each year, there are many interactions with Members of the ACT Legislative Assembly (MLAs). MLAs can provide their feedback to the Auditor-General at any time.

Engagement with the Speaker of the ACT Legislative Assembly and members of the Standing Committee on Public Accounts (PAC) occurs more frequently, given their respective roles.

Another way in which the Audit Office shows respect for the community is in the development of the annual performance audit program. Information received from representations, public interest disclosures under the PID Act, key community groups, the PAC, MLAs, the Head of Service and ACT Government directorates and other entities is considered.

Building confidence in the work of the Audit Office is also achieved through consultation at key stages of an audit and by seeking and responding to feedback provided by auditees. The Audit Office builds its understanding of the operations of agencies by routinely attending agencies' internal audit committee meetings. Attendance at these meetings improves communication with agencies and informs the Audit Office of emerging issues.

A financial audit reporting webinar was conducted by the Audit Office for auditees in 2020-21 on 3 March 2021 and was positively received. A wide range of audience attended the webinar. Additionally, briefings are provided to auditees routinely as part of audit planning processes and when requested.

Auditees' perceptions of audits are routinely collected through surveys of audited agencies and detailed information is included in the reporting on the Audit Office's Statement of Performance. In brief, all respondents thought financial audits and performance audits were conducted satisfactorily and in a professional manner.

The 2021 Audit Office Staff Survey reported that 92 percent of staff find their work satisfying. The staff survey is an important tool to identify areas of continuous improvement for the Office.

#### **B.1.1.6 Learning and innovation**

As discussed in Section B.11.6 'Learning and development', the Audit Office continued to give a high priority to improving staff capabilities. Under the Office's learning and development program, staff are provided with training covering diverse topics including requirements of the auditing and accounting standards; using computer information technology; and ways to improve their communication skills.

The Office has a Digital Committee, Accommodation Committee and Social Committee. Each committee is chaired by a senior staff member, has terms of reference and comprises staff from the different operational areas of the Office. These committees report directly to the Audit Office's Executive Committee and are tasked with developing strategic ideas to inform the development of the Audit Office's ongoing plans and implementation for digital, accommodation and social initiatives for staff. The committees provide an active and on-going learning and development opportunity for staff to participate in strategic decision-making to enhance and continually improve the Audit Office work environment. More information about these committees is available at Table B-1.

The Audit Office continued to support staff studying for tertiary and professional qualifications including covering the costs of up to two professional memberships for staff.

Staff undertaking the CPA and CA programs have continued to benefit from the Audit Office's accreditation as CPA Australia's Recognised Employer Partner (since 2016) and Chartered Accountants Australia and New Zealand's Recognised Training Employer (since 2017).

#### **B.1.2 Organisation**

The Audit Office consists of the following operational areas:

- Financial Audit;
- Performance Audit; and
- Professional Services.

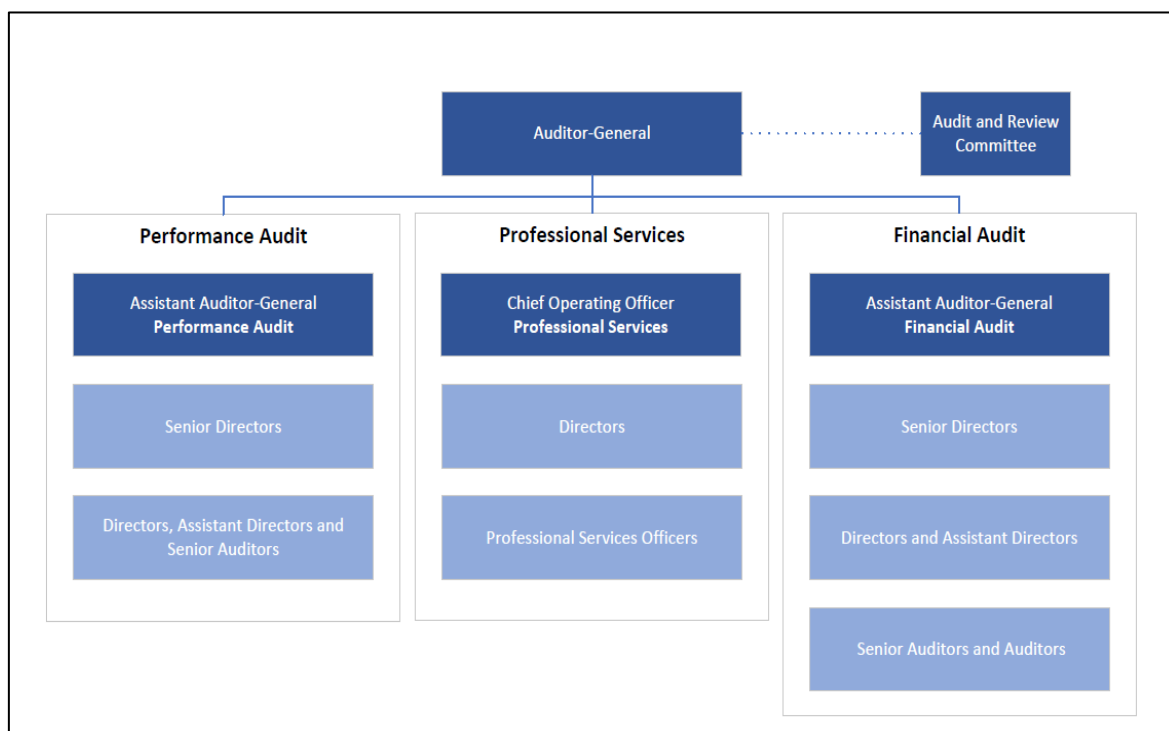
Figure B.1 shows the organisational structure of the Audit Office as of 30 June 2021.

The Audit Office's Senior Executives in 2020-21 were:

- Mr Michael Harris, Auditor-General;
- Mr Ajay Sharma, Assistant Auditor-General, Financial Audit;
- Mr Brett Stanton, Assistant Auditor-General, Performance Audit;
- Ms Caroline Smith, Chief Operating Officer, Professional Services (Ms Smith was Senior Director, Professional Services and appointed as Chief Operating Officer from 2 December 2020; however, Ms Smith was on leave for the duration of 2020-21); and
- Ms Erika Hudleston was appointed to act in the position of Senior Director, Professional Services from 1 July 2020 and Chief Operating Officer from 2 December 2020.

Further information on these, and other key management personnel, is provided in Section B.1.4.1 'Executive Committee'; and in Note 10: 'Related Parties' in Section C.2 'Financial statements'.

**Figure B.1: Organisational structure**





## **B.1.3 Performance and outlook**

### **B.1.3.1 Delivery of the Office's program of audits**

In 2020-21, the Audit Office delivered 60 financial auditor's reports and 30 limited assurance reports and tabled 8 performance audit reports. The Audit Office expected to table three other performance audit reports in 2020-21. However, as the delivery of these were impacted by different factors they have been included in the Office's planned program of performance audits for tabling in 2021-22.

Information on the Audit Office's operating results is provided in Section C.1 'Financial management analysis'.

## **B.1.4 Internal accountability**

The Audit Office has sound internal accountability and governance arrangements, including risk and fraud management. These are overseen by the Audit Office's Executive Committee and other internal committees and management groups.

### **B.1.4.1 Executive Committee**

The Executive Committee is responsible for the management of the Audit Office, including the implementation of the Audit Office's risk management, business continuity and fraud prevention plans.

The Executive Committee comprises the Auditor-General; Assistant Auditor-General, Performance Audit; Assistant Auditor-General, Financial Audit; and Chief Operating Officer, Professional Services.

The Executive Committee is supported by the Executive Officer.

Executive Committee members at 30 June 2021 were the:

- Auditor-General: Mr Michael Harris, responsible for carrying out functions under the A-G Act, including promoting public accountability and undertaking audits;
- Assistant Auditor-General, Performance Audit: Mr Brett Stanton, responsible for managing Performance Audit operations. This includes management of performance audits and representations and public interest disclosures received by the Audit Office. Mr Stanton also fulfils the roles of Senior Executive Responsible for Business Integrity Risk (SERBIR) and Agency Security Executive (ASE);
- Assistant Auditor-General, Financial Audit: Mr Ajay Sharma, responsible for managing Financial Audit operations; and

- Acting Chief Operating Officer, Professional Services: Ms Erika Hudleston, responsible for managing the day-to-day running of the Audit Office; providing advice on auditing standards; accounting and human resource matters; conducting quality assurance reviews on performance and financial audits; developing learning and development programs; and fulfilling the role of Chief Audit Executive.

The Audit Office's organisational structure is shown in Figure B.1.

#### B.1.4.2 Internal committees, management and staff groups

The Executive Committee is supported by internal committees, management and staff groups. Management of the Audit Office is coordinated through regular meetings between the Executive, Senior Directors, Directors, Assistant Directors, Senior Auditors and other staff. Table B-1 outlines the internal committees in the Audit Office.

**Table B-1: Internal committees**

| Committee name and meeting frequency                 | Committee purpose  | Committee membership in 2020-21  |
|--|--|--|
| Executive Committee<br>Generally meets fortnightly   | The Executive Committee is the senior group responsible for the governance and management of the Audit Office.<br><br>The Committee considers strategic and operational matters, monitors the Audit Office's performance and determines the strategic and operational priorities for the Office.   | Chaired by Auditor-General<br>Assistant Auditor-General, Financial Audit<br><br>Assistant Auditor-General, Performance Audit (and Agency Security Executive)<br>Chief Operating Officer, Professional Services (and Chief Audit Executive)<br>Executive Officer provides secretariat services  |
| Audit and Review Committee<br>Five meetings per year | The Committee provides assurance to the Auditor-General that the Audit Office's governance, internal audit and risk management arrangements are adequate.<br><br>The Committee considers the Audit Office's financial statements and statement of performance and monitors the implementation of relevant recommendations from internal audit reports, reports from the Risk Manager, the Audit Office's performance audit reports and Assembly Committees' reports. | Two independent external members, one of which is the Chair of the Committee<br><br>One senior audit staff member from Financial Audit<br><br>The Auditor-General and the Chief Audit Executive (Chief Operating Officer, Professional Services) have standing invitations to attend the meeting as observers<br><br>The Executive Officer provides secretariat services |

| Committee name and meeting frequency  | Committee purpose   | Committee membership in 2020-21  |
|---|---|--|
| <p>Agency Security Committee</p> <p>Generally meets fortnightly</p>   | <p>The Committee monitors key protective security risks and provides oversight of the Audit Office's protective security practices.</p> <p>The Committee is a sub-committee of the Executive Committee.</p> <p>The Committee considers reports from the Risk Manager and Security Adviser.</p>  | <p>Chaired by the Agency Security Executive (Assistant Auditor-General, Performance Audit)</p> <p>Executive Committee</p> <p>Risk Manager and Security Adviser</p>   |
| <p>Quality Assurance and Review Committee</p> <p>Generally meets fortnightly</p>                              | <p>The Committee discusses quality assurance matters and monitors changes to auditing standards.</p> <p>The Committee is a sub-committee of the Executive Committee.</p>  | <p>Chaired by Chief Audit Executive (Chief Operating Officer, Professional Services)</p> <p>Executive Committee</p>  |
| <p>Office Consultative Committee</p> <p>Meets at least four times annually or more frequently as required</p> | <p>The Committee is a formal forum for liaison between the Office Executive and staff for effective consultation and staff participation in decisions that affect employment; these include changes to organisational policies and work practices. Through it, staff have input to such policies and practices.</p>   | <p>Three staff representatives</p> <p>One representative from the Executive Committee (Assistant Auditor-General, Financial Audit)</p> <p>One representative from the Community and Public Sector Union (CPSU)</p> |
| <p>Accommodation Committee</p> <p>Meets as required</p>   | <p>The Committee was established as a sub-committee of the Executive Committee to allow for staff representation in the decision making of the Office's new accommodation fit-out and related matters. The Committee consults and considers staff suggestions and requests related to accommodation. The Committee provides support to the Professional Services team with the Audit Office's relocation.</p> | <p>Five staff representatives, including a staff member as Chair</p>   |
| <p>Digital Committee</p> <p>Meets as required</p>   | <p>The Committee was established as a sub-committee of the Executive Committee to support the planning, prioritising and implementation of technological improvements for the Office.</p>   | <p>Six staff representatives, including a staff member as Chair</p>  |

| Committee name and meeting frequency  | Committee purpose  | Committee membership in 2020-21                               |
|---------------------------------------|--|---|
| Social Committee<br>Meets as required | <p>The Committee was established as a sub-committee of the Executive Committee to help maintain a positive, inclusive and supportive workplace atmosphere by creating a sense of community, harmony, familiarity and friendship amongst all staff of the Office.</p> <p>The Social Committee does this by organising social and recreational events for the enjoyment of staff members. This may include an end of year celebration, multicultural days and other ad hoc events throughout the year.</p> | Four staff representatives, including a staff member as Chair |

Table B-2 outlines the management and staff groups in the Audit Office.

**Table B-2: Management and staff groups**

| Group name and meeting frequency   | Purpose  | Participants   |
|--|--|--|
| Financial Audit Management meeting<br>Generally meets fortnightly or as required | Considers strategic and operational matters relating to financial audit activities.      | Chaired by Assistant Auditor-General, Financial Audit<br>Senior Directors, Financial Audit<br>Directors, Financial Audit |
| Financial Audit forum<br>Generally meets monthly                                 | Considers operational and technical issues affecting financial audit activities.         | Chaired by various financial audit staff<br>Financial audit staff  |
| Performance Audit team meeting<br>Generally meets fortnightly or as required     | Considers operational issues affecting the performance audit function.                   | Chaired by Assistant Auditor-General, Performance Audit<br>Performance audit staff                                       |
| Professional Services team meeting<br>Generally meets weekly                     | Considers strategic and operational issues affecting the professional services function. | Chaired by Chief Operating Officer, Professional Services<br>Professional Services staff                                 |
| Staff meetings<br>Generally bi-monthly   | A forum in which to share information and discuss Audit Office issues with all staff.    | Chaired by Chief Operating Officer, Professional Services<br>All staff   |

### B.1.5 Key internal accountability mechanisms

The Audit and Review Committee (the Committee) is an important internal accountability mechanism for the Audit Office. The Committee reports directly to the Auditor-General and provides assurance on the Audit Office's risk, control and compliance framework and its external accountability responsibilities.

This Committee's membership consists of an independent Chair (external), an external member and one senior Audit Office staff member. The activities of the Audit and Review Committee are discussed in Section B.5 'Internal audit'.

The Audit Office has internal review processes that 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 under Section B.2.9 'Monitoring and improving the quality of performance audit work' and Section B.2.14 'Improving the quality of financial audit work'.

### B.1.6 Strategic and organisational planning

The Audit Office's future corporate direction, planned outcomes and objectives are set out in the Strategic Plan. The Strategic Plan provides a means of ensuring that management and staff share a common view about the Audit Office's objectives and areas of responsibility. It is supported by reporting mechanisms for financial audit, performance audit and professional services activities and monitored regularly by the Executive Committee.

### B.1.7 Executive remuneration

Executive remuneration is determined by 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 2016*. The Tribunal's Determinations are available from its website at <http://www.remunerationtribunal.act.gov.au/>.

Information on the remuneration of executives in the Audit Office is provided in Note 10: 'Related Parties' in Section C.2 'Financial statements'.

#### Further information can be obtained from:

|                    |  |                |                            |
|--------------------|--|----------------|----------------------------|
| Ms Erika Hudleston | Acting Chief Operating Officer,<br>Professional Services | (02) 6205 4075 | erika.hudleston@act.gov.au |
|--------------------|--|----------------|----------------------------|

## B.2 Performance analysis

### B.2.1 Audit Office's objectives

The Audit Office's strategic direction is based on the *Auditor-General Act 1996* (A-G Act) and is set out in its *Strategic Plan 2019-2022* (Strategic Plan).

Under paragraph 12(2)(b) of the *Financial Management Act 1996*, the requirement imposed on directorates to have performance criteria (i.e. accountability indicators) does

not apply to the Audit Office. While the Audit Office is not required to have strategic or accountability indicators, it does so as better practice. Each year, the Audit Office also:

- advises the Speaker of the ACT Legislative Assembly and Standing Committee on Public Accounts (PAC) of its planned levels of performance by reference to specific accountability indicators and related targets; and
- prepares a Statement of Performance which compares the Audit Office's actual performance to planned levels of performance. This statement is independently reviewed by the external auditor engaged by the Speaker and is included in the Audit Office's annual report.

The following sections describe performance based on financial results, data from the Statement of Performance and qualitative information relating to the Audit Office's Strategic Plan.

## **B.2.2 Financial results of the ACT Audit Office**

In 2020-21, income (\$9.365 million) largely consisted of financial audit fees (\$5.737 million) and appropriation (\$3.546 million); expenses (\$8.703 million) largely comprised of employee expenses (\$6.541 million) and supplies and services costs (\$2.121 million).

The Audit Office made an *operating surplus* of \$662,000 in 2020-21 compared to the budgeted operating deficit of \$647,000.

The Audit Office is continually working on measures to improve its financial position. These measures include a combination of seeking additional appropriation, revisiting the costs to be recovered in financial audit fees from agencies and reviewing the Audit Office's overall operating costs.

Further information on the Audit Office's financial results is provided in Section C.1 'Financial management analysis'.

## **B.2.3 Performance audits**

Performance audits seek to promote public accountability in the public administration of the Territory by providing the ACT Legislative Assembly and broader ACT community with an independent assessment of the management of public resources and delivery of services. Performance audits also identify areas where public administration and services could be improved and usually include recommendations that address identified issues.

The Audit Office has robust planning, consultation and topic selection processes for the annual performance audit program. The consultation involves the Standing Committee on Public Accounts, Members of the Legislative Assembly, the Head of Service,

directors-general and chief executives of ACT Government directorates and agencies, statutory officers and representatives of community groups.

The performance audit program is flexible and responsive to new and emerging issues, including those identified from representations or public interest disclosures from the ACT Legislative Assembly or broader community.

In surveys undertaken by the Audit Office, auditees advised that they were satisfied with the way performance audits were conducted. Auditees' comments were largely positive and indicated satisfaction with the professional and constructive way in which audits were conducted. Suggestions for improvements to Audit Office practices were also received and have been carefully considered and addressed where possible.

### B.2.4 Meeting targets

**Table B-3: Accountability indicators for performance audits**

| Accountability indicators  | 2019-20<br>Actual | 2020-21<br>Actual | 2020-21<br>Target |
|--|-------------------|-------------------|-------------------|
| Number of performance audit reports presented to the ACT Legislative Assembly  | 6                 | 8                 | 9                 |
| Average period of completion of performance audits   | 8.4 months        | 10.3 months       | 7.0 months        |
| Percentage of agencies satisfied with performance audits   | 100%              | 94%               | 95%               |
| Percentage of agencies agreeing that the performance audit will help their organisation improve administration of the audited activity | 100%              | 89%               | 80%               |

### B.2.5 Performance audits tabled in 2020-21

Eight performance audit reports were tabled in the ACT Legislative Assembly in 2020-21. These were:

- *Management of care for people living with serious and continuing illness* (Report No. 7/2020)
- *Land Management Agreements* (Report No. 1/2021)
- *Total Facilities Management contract implementation* (Report No. 2/2021)
- *Court Transport Unit vehicle – Romeo 5* (Report No. 3/2021)
- *ACT Government's vehicle emissions reductions activities* (Report No. 4/2021)

- *Management of closed-circuit television systems* (Report No. 5/2021)
- *Teaching quality in ACT public schools* (Report No. 6/2021)
- *Procurement exemptions and value for money* (Report No. 7/2021)

The Audit Office expected to table other audits in 2020-21, including audits in relation to Light Rail Stage 2a economic analysis, the provision of mental health services to detainees in the Alexander Maconochie Centre and the ACT Government's digital record-keeping initiatives. The delivery of these audits was impacted by different factors as detailed under Section B.2.6 'Timeliness of Performance Audits' and are expected to be tabled in 2021-22.

An overview of the reports tabled is as follows.

*Management of care for people living with serious and continuing illness (Report No. 7/2020)*

The growing public health challenge in the developed world in the latter part of the 20th century and the first two decades of the 21st century has been the management of chronic disease. The audit acknowledged that various Commonwealth and ACT-specific strategies had been in place over the last 15 years to improve chronic disease management. The audit considered the activities of the ACT Health Directorate and Canberra Health Services with respect to four commitments made since 2013 to improve the delivery of care for people living with serious and continuous illness:

- *ACT Chronic Conditions Strategy — Improving Care and Support 2013-2018* (14 May 2013);
- *the ACT Statement of Commitment for Primary Health Care and Chronic Conditions* (12 November 2016);
- *the National Strategic Framework for Chronic Conditions* (13 January 2017); and
- *the Bilateral Agreement between Commonwealth and the ACT Government* (10 May 2018).

The audit made 5 recommendations for improvement.

*Land Management Agreements (Report No. 1/2021)*

Land Management Agreements provide a basis for cooperative land management between rural leaseholders and ACT Government agencies responsible for managing non-urban land on behalf of the Territory. The Agreements are intended to facilitate cooperation between ACT Government agencies and rural leaseholders with a view to establishing appropriate sustainable agricultural management practices and good farm biodiversity whilst



maintaining the ecological and cultural values of the land and protecting the environment from harm. The audit considered the management and administration arrangements that are in place for Land Management Agreements including the monitoring, regulation and enforcement of agreement requirements.

The audit made six recommendations for improvement.

On 5 May 2021 the audit was adopted for further inquiry by the Public Accounts Committee. The inquiry is underway.

#### *Total Facilities Management contract implementation (Report No. 2/2021)*

Since November 2018, Housing ACT has maintained its social housing portfolio through a total facilities management contract with Programmed Facility Management. The contract is one of the ACT Government's highest value service contracts and may operate for up to 14 years, if options to extend the contract are taken. The audit considered Housing ACT's management of the contract including the governance and administrative arrangements of the contract and processes to manage and monitor contract performance.

The audit made one recommendation for improvement.

#### *Court Transport Unit vehicle – Romeo 5 (Report No. 3/2021)*

In June 2018 ACT Corrective Services (ACTCS) took possession of a vehicle (Romeo 5) that was intended to transport up to eight detainees and two custodial officers at a time. In November 2019 it was identified that the vehicle did not comply with weight requirements when loaded with detainees to its full capacity and ACTCS instructed its staff that the vehicle was only to be used to carry a maximum of four detainees and two custodial officers at a time. The audit considered the effectiveness of ACTCS' procurement processes for the Romeo 5 vehicle and whether there have been effective management arrangements for the operation of the vehicle since the weight restrictions have been imposed.

The audit made two recommendations for improvement.

On 30 June 2021 the audit was adopted for further inquiry by the Public Accounts Committee. The inquiry is underway.

#### *ACT Government's vehicle emissions reductions activities (Report No. 4/2021)*

The ACT Government has prepared and implemented four plans and strategies since April 2018 which aim to reduce transport-related greenhouse gas emissions by increasing the uptake of zero emissions vehicle technologies in the ACT:

- *The ACT's Transition to Zero Emissions Vehicles Action Plan 2018–21;*
- *the ACT Climate Change Strategy 2019-25;*

- the *ACT Transport Strategy 2020*; and
- the *Zero-Emission Transition Plan for Transport Canberra*.

This audit considered the implementation of 18 zero emissions vehicle-related commitments identified in these plans, including the working arrangements across ACT Government agencies to plan and implement the commitments, and the progress made between April 2018 and December 2020 in delivering the commitments.

The audit made five recommendations for improvement.

#### *Management of closed-circuit television systems (Report No. 5/2021)*

At least 4,800 cameras are operated by ACT Government agencies in a variety of locations. CCTV cameras are operated as part of a CCTV system and multiple CCTV systems are operated by ACT Government agencies.

The audit considered the effectiveness of the management of CCTV systems by the Justice and Community Safety Directorate and Transport Canberra and City Services Directorate. The audit focused on the management of CCTV systems that are installed in the public safety network, on board Transport Canberra buses and at Libraries ACT sites.

The audit made six recommendations for improvement.

On 30 June 2021 the audit was adopted for further inquiry by the Public Accounts Committee. The inquiry is underway.

#### *Teaching quality in ACT public schools (Report No. 6/2021)*

The impact teaching practices have on a student's learning outcomes outweighs the effect of every other factor outside the student's socio-economic and family background. As such, teaching quality is acknowledged as the single most important factor influencing student performance within the control of education systems.

The audit considered the effectiveness of the ACT Education Directorate's strategies and activities to improve the quality of teaching practices in ACT public schools.

The audit made 14 recommendations for improvement.

#### *Procurement exemptions and value for money (Report No. 7/2021)*

The *Government Procurement Regulation* (2007) (the Regulation) sets out the processes for government purchasing, including the need to seek three quotes or conduct an open tender process for the procurement of goods and services valued at more than \$25,000. The Regulation also allows entities to exercise an exemption to these requirements and conduct a select tender process.

The audit considered 33 high value procurements undertaken by ACT Government entities in 2019 and 2020 that used exemptions. The audit considered:

- how entities documented the rationale for using exemptions and justified not adopting an open and competitive process; and
- how effectively the procurement process considered risks, ensured a high level of integrity and accounted for the whole of costs of the purchasing decision.

The audit made four recommendations for improvement.

On 23 September 2021 the audit was adopted for further inquiry by the Public Accounts Committee.

### B.2.6 Timeliness of performance audits

The average time taken to complete performance audits in 2020-21 was 10.3 months. This exceeded the targeted completion timeframe of 7.0 months.

In 2020-21, two of the eight performance audits were completed between seven and eight months, two were completed between nine and ten months, two were completed between 10 and 12 months and two were completed between 12 and 14 months.

Reasons for exceeding the target time varied according to the audit. A key factor that influenced the length of time was the complexity of the audit topic and subject matter. This was particularly the case for the *Management of care for people living with serious and continuing illness* (Report No. 7/2020) and *ACT Government's vehicle emissions reductions activities* (Report No. 4/2021).

An additional key factor influencing the tabling of audits was the impact of the COVID-19 pandemic from March 2020, which resulted in some delays to the audits that were underway including *Management of care for people living with serious and continuing illness* (Report No. 7/2020), *Land Management Agreements* (Report No. 1/2021) and *Management of closed-circuit television systems* (Report No. 5/2021). Organisational attention and effort on the part of the Audit Office and auditee agencies was, for a time, focused on responding to the pandemic and identifying and implementing alternative ways of working. Some delay was due to this as well as the development and implementation of alternative ways of information and evidence-gathering. The *Management of closed-circuit television systems* (Report No. 5/2021) audit was formally suspended for a period of four months to allow the auditee agencies to manage and deal with the COVID-19 pandemic.

The Audit Office continues to explore ways to provide the capacity needed to deliver its performance audit program. The use of contractors and consultants in the delivery of performance audits, and subject matter experts when appropriate, is a means by which capacity for the delivery of audits can be increased.

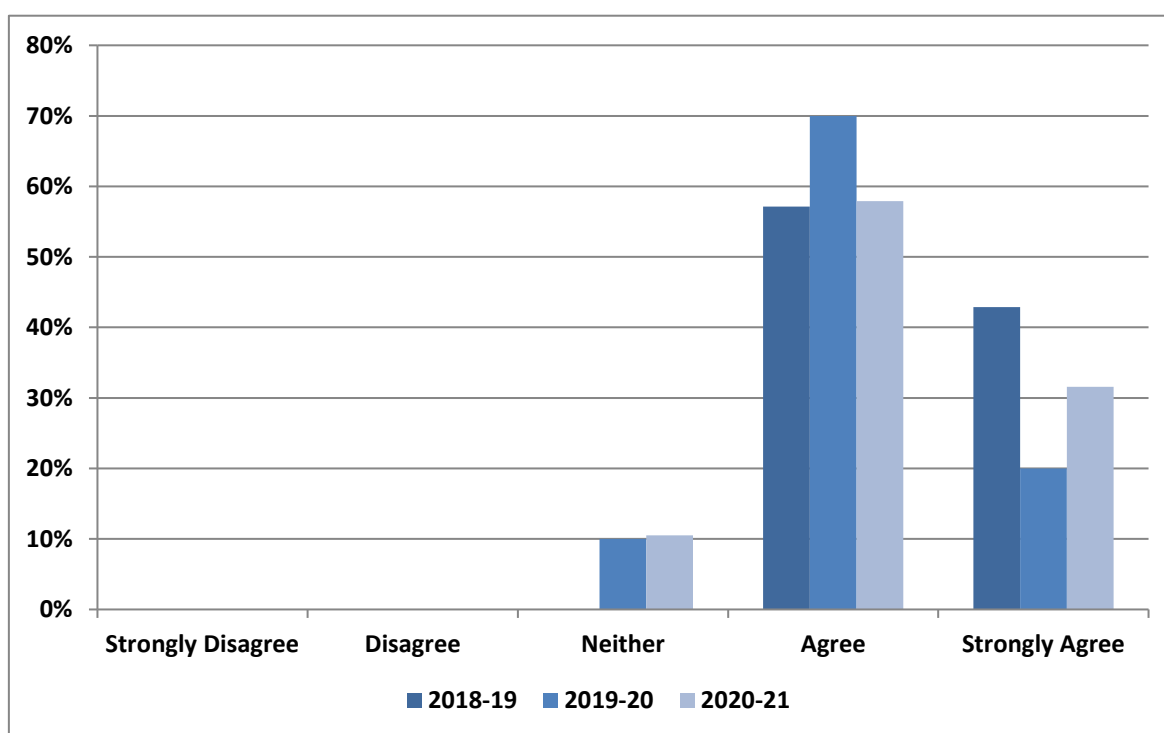
## B.2.7 Satisfaction with performance audits

Auditees are surveyed following the completion of each performance audit. Survey responses showed that agencies in general value the work of the Audit Office. Comments provided by agencies in 2020-21 were generally positive and indicated high levels of satisfaction with the way in which audits were conducted. Comments from agencies are in Note 7 of the Audit Office's Statement of Performance in Section C.6 'Statement of performance'.

Figure B.2 and Figure B.3 is based on a total of 19 agency responses to satisfaction surveys. The data in the Audit Office's Statement of Performance in Section C.6 'Statement of performance' is based on a total of 18 survey responses. The 19<sup>th</sup> survey response was received after the finalisation of the Statement of Performance.

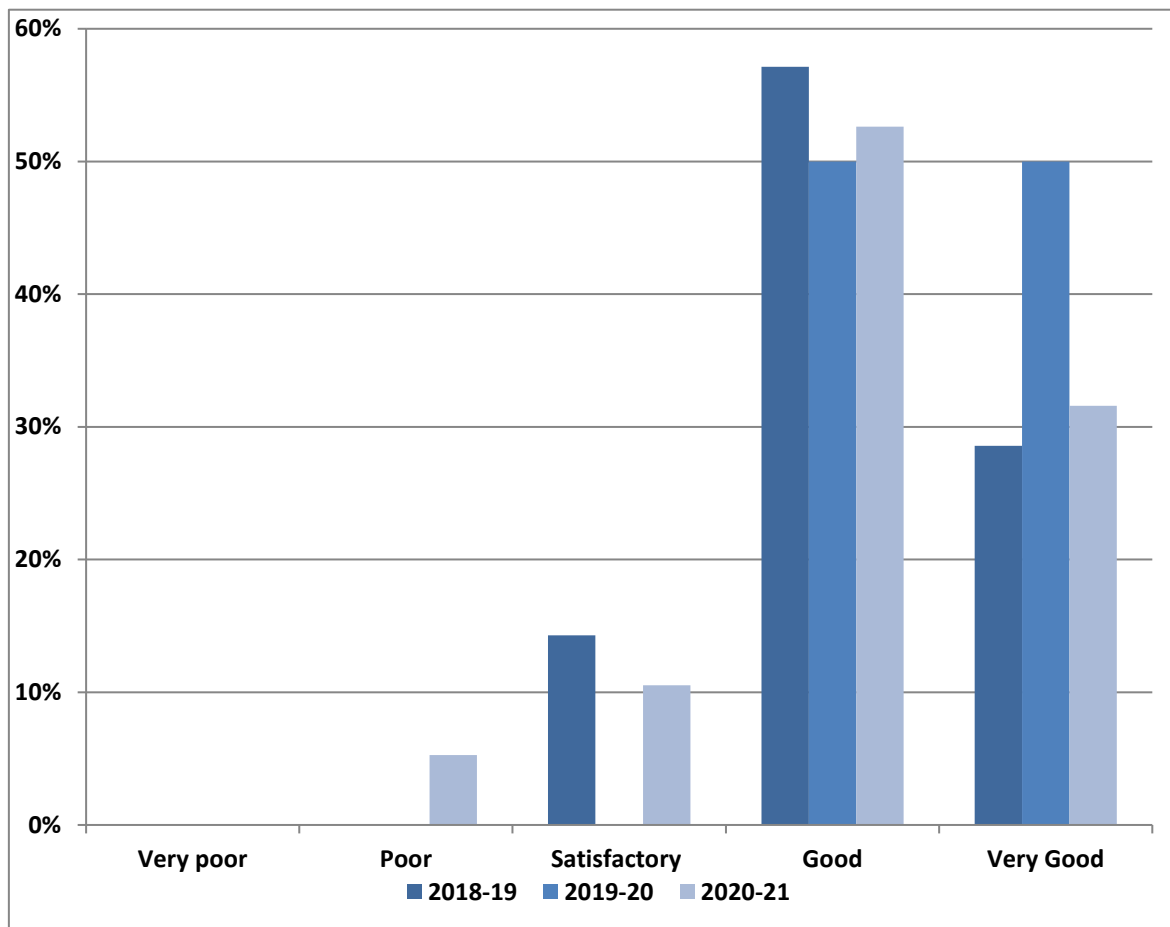
Figure B.2 indicates agencies' perceptions of audit contributions to improving administration of the audited activity.

**Figure B.2: Auditees' responses: 'The performance audit will help our organisation to improve administration of the audited activity'**



Source: Performance audit satisfaction survey responses.

Figure B.2 shows that, in 2020-21, auditees generally responded positively to the statement 'the audit will help our organisation to improve administration of the audited activity'. Figure B.2, which is based on 19 survey responses received, shows that 17 out of 19 respondents agreed (eleven responses) or strongly agreed (six responses) with the statement.

**Figure B.3: Auditees' responses: 'Performance audit - overall performance'**

Source: Performance audit satisfaction survey responses.

Figure B.3 shows that most agencies continued to have a positive performance audit experience. Figure B.3, which is based on 19 survey responses received, shows that 16 out of 19 respondents rated overall performance as 'good' (10 responses) or 'very good' (six responses). One respondent identified the Office's overall performance as 'poor'. The Audit Office sought further feedback from the auditee in relation to this response in order to identify opportunities to improve performance.

The Audit Office uses the survey process as a means to identify auditees' concerns and, where appropriate, modify methods and practices. This is part of a continuous improvement process to implement more effective work practices.

### **B.2.8 Performance Audit Forum**

In 2020-21, due to the COVID-19 pandemic, the Audit Office did not proceed with a Performance Audit Forum. The Audit Office is exploring opportunities for a Performance Audit Forum in 2021-22.

## **B.2.9 Monitoring and improving the quality of performance audit work**

The Audit Office seeks to improve the quality of its performance audits by undertaking:

- engagement quality control reviews, sometimes referred to as ‘hot’ reviews as they involve a review of audit work, and any findings being addressed, before the audit is completed; and
- quality assurance reviews, sometimes referred to as ‘cold’ reviews. These involve a review of audit work after the audit has been completed.

### *Engagement quality control reviews*

All audits completed in 2020-21 were subject to an engagement quality control review. These reviews sought to provide assurance that the:

- performance audit report conclusions were supported by audit findings;
- audit findings were supported by sufficient and appropriate evidence; and
- audit work was subjected to an appropriate level of review.

Findings relating to individual audits were addressed prior to the tabling of reports in the ACT Legislative Assembly.

### *Quality assurance reviews*

The quality assurance review process primarily focuses on whether the selected performance audits were conducted in accordance with the Office’s performance audit methods and practices. Additionally, these reviews assess the implementation of any matters identified from previous quality assurance reviews, including those from the Office’s external reviews and engagement quality control reviews. These reviews are undertaken and finalised after an audit has been completed.

In 2020-21 quality assurance reviews were conducted on two performance audits tabled in 2019-20. The reviewer concluded that the performance audits complied with the Office’s performance audit methods and practices and included appropriate audit evidence to support their findings and conclusions.

### *Performance Audit Methods and Practices*

Performance Audit Methods and Practices (PAMPr) is the Audit Office’s method for the conduct of performance audits. PAMPr is incorporated in ASPIRE (an electronic document management system). The use of PAMPr and ASPIRE contributes to compliance with relevant auditing standards and consistency in Audit Office practice.

PAMPr and ASPIRE are continuously reviewed and modified to identify any required changes to practices.

#### B.2.9.1 Comparison with other jurisdictions

While a comparison with other jurisdictions is provided, it should be interpreted with caution as variations are likely to be due to jurisdictional differences such as legislative mandate and operational context. As a result, the costs and timeliness of audits will vary.

##### *Cost*

In 2020-21, the average cost of a performance audit for all state and territory offices in Australia was \$365,951. The Audit Office's average cost per performance audit for 2020-21 was \$266,078, which was lower than the 2019-20 average of \$296,407.

The average cost of performance audits reflects the methodology for the calculation of individual staff members' charge-out rates that were in use at the time. The methodology was reviewed in late 2020-21 and a revised methodology for the calculation of individual staff members' charge-out rates will be applied from 2021-22 onwards. The cost of performance audits will increase in future years to reflect the revised methodology for the calculation of individual staff members' charge-out rates.

##### *Timeliness*

The Audit Office's average period of completion of performance audits in 2020-21 was 10.3 months compared to the average of 12.1 months for all state and territory audit offices in Australia.

#### Further information can be obtained from:

|                  |   |                |                          |
|------------------|---|----------------|--------------------------|
| Mr Brett Stanton | Assistant Auditor-General,<br>Performance Audit | (02) 6207 9534 | brett.stanton@act.gov.au |
|------------------|---|----------------|--------------------------|

### B.2.10 Financial audits

The Audit Office provides auditor's reports on financial statements and limited assurance reports on statements of performance of ACT Government directorates, authorities and companies.

Most financial statements audits are required by the *Financial Management Act 1996* or *Corporations Act 2001* with a small number of audits such as grant acquittals and land joint venture audits performed under other requirements. Limited assurance engagements on statements of performance for ACT Government directorates and authorities are required by the *Financial Management Act 1996*.

ACT Government agencies are required to include auditor's reports and limited assurance reports in their annual reports along with the financial statements and statements of performance that have been examined by the Audit Office. The reports are issued in accordance with the Australian Auditing Standards and include an independent opinion on whether information reported in financial statements and statements of performance are fairly presented.

The results and findings from the Office's work on financial statements audits and limited assurance engagements on statements of performance are summarised in the following reports published on the Office's website:

- *Report No. 8/2020: 2019-20 Financial Audits – Overview*
- *Report No. 9/2020: 2019-20 Financial Audits – Financial Results and Findings*

### B.2.11 Meeting targets

**Table B-4: Accountability indicators for financial audits**

| Accountability indicators   | 2020-21 Actual | 2020-21 Target |
|---|----------------|----------------|
| Number of auditor's reports issued on financial statements and compliance auditor's reports | 60             | 63             |
| Number of limited assurance reports issued on statements of performance                     | 30             | 30             |
| Percentage of recommendations accepted in financial audits                                  | 90%            | 95%            |
| Percentage of financial audits completed within the required timetable                      | 100%           | 100%           |
| Percentage of agencies satisfied with financial audits and compliance audits                | 100%           | 95%            |



| Accountability indicators   | 2020-21<br>Actual | 2020-21<br>Target |
|---|-------------------|-------------------|
| Presentation of the summary reports on financial audits to the ACT Legislative Assembly |                   |                   |
| 1. Financial Audits – Overview  | Nov 2020          | Nov 2020          |
| 2. Financial Audits – Financial Results and Audit Findings                              | Dec 2020          | Dec 2020          |

Overall, the Audit Office satisfactorily delivered against all its financial audit accountability indicators in 2020-21. More details on these are disclosed in Section C.6 ‘Statement of performance’.

### B.2.12 Improving reporting

As in prior years, in 2020-21, the Audit Office continued to work with reporting agencies to improve their financial statements and statements of performance submitted for examination by the Audit Office. This was done with the aim of supporting reporting agencies to publish high quality financial statements and statements of performance in their annual reports.

The Chief Minister, Treasury and Economic Development Directorate (Directorate) issues financial reporting guidance and policies to agencies. The Directorate consults with the Audit Office to address any significant matters before issuing these to agencies. This consultation process provides increased assurance that reporting agencies using this guidance material will comply with Australian Accounting Standards and other reporting requirements.

Reporting agencies also consult with the Audit Office to gain its views on complex accounting and reporting matters on their financial statements or statements of performance. This consultation process reduces the risk of:

- modified reports on financial statements<sup>1</sup> or statements of performance<sup>2</sup>;
- errors or misstatements in financial statements or statements of performance; and/or
- agencies not complying with legislative reporting deadlines.

<sup>1</sup> A modified audit opinion is issued where the Audit Office disagrees with management about reported amounts or disclosures or has been unable to gain sufficient evidence, or perform sufficient work, to form an opinion in relation to the information reported in the financial statements.

<sup>2</sup> A modified limited assurance report will be issued where a reported result of an accountability indicator is not accurate or cannot be independently verified.

The Audit Office may use accounting specialists to assist in its review of accounting and reporting practices used by reporting agencies. The Audit Office is more likely to use an accounting specialist where the:

- Audit Office assesses that it does not have sufficient internal expertise; and/or
- transactions and arrangements are significant and complex or will have a significant financial impact over several years.

Consistent with previous years, the Audit Office used accounting specialists to assist in performing its review of accounting and reporting practices when necessary, and IT audit specialists to review information technology general controls and controls over various applications used by reporting agencies to prepare their financial statements.

The Audit Office also used experts to review:

- estimates of reported actuarial liabilities, including superannuation liabilities (Superannuation Provision Account), claims liabilities (ACT Insurance Authority, Default Insurance Fund, Public Sector Workers Compensation Fund, Office of the Nominal Defendant of the ACT, and Lifetime Care and Support Fund), and portable long service leave scheme liabilities (ACT Long Service Leave Authority); and
- tax affected accounting balances and disclosures (Suburban Land Agency, City Renewal Authority and Transport Canberra Operations).

### **B.2.13 Financial audit webinar**

The Audit Office held its annual Financial Audit Seminar on 3 March 2021. The seminar was delivered via a webinar due to COVID-19 pandemic restrictions.

The webinar was opened by the Chair of the Standing Committee on Public Accounts and was well attended by representatives of reporting agencies involved in the preparation of statements and annual reporting process. This included Chairs of audit and review committees and Chairs of governing boards.

The webinar provided attendees with information on:

- Communication strategy/protocols for continuing COVID-19 circumstances;
- Matters that need early attention by agencies for a smooth auditing process;
- Sharing of experience and learnings from an agency on working in collaboration with the Audit Office;
- Overview of the audit close report and the audit of IT systems;

- Overview of the financial statements' assurance process at Shared Services;
- Responsibility for detection of Fraud;
- changes to the model financial statements and ACT Government accounting policies issued by the Chief Minister, Treasury and Economic Development Directorate;
- whole-of-Government reporting requirements and timetable; and
- key audit contacts.

Overall, attendees provided favourable feedback on the webinar.

### **B.2.14 Improving the quality of financial audit work**

Reviews of audit work are performed on all financial audits. These reviews provide assurance that audit work has been properly planned and performed which means that sufficient evidence has been obtained to support the opinions provided in auditor's reports on financial statements and limited assurance reports on statements of performance. These reviews are performed by experienced members of the assigned audit team and improve the skills of less experienced team members.

In addition to team based reviews, the Audit Office's Chief Operating Officer, Professional Services supervises the conduct of quality control reviews, performed by an experienced person independent of the audit team, in accordance with the Audit Office's *Quality Control and Assurance Policy*. These reviews comprise of engagement quality control reviews and quality assurance reviews.

#### *Engagement quality control reviews*

Financial audits assessed as high risk engagements are subject to an engagement quality control review (also known as a 'hot' review). The engagement quality control reviewer assesses if judgements made, and conclusions reached by the audit team are appropriate by reviewing key documentation and discussing relevant issues with the Engagement Leader. Any matters identified from these reviews are addressed prior to the completion of the financial audits.

#### *Quality assurance reviews*

The quality assurance review primarily focuses on whether the selected financial audits and limited assurance engagements on statements of performance were conducted in accordance with the Office's financial audit method and Australian Auditing Standards. The review also assesses the implementation of any matters identified from previous quality assurance reviews, including those from the Office's external reviews and engagement

quality control reviews. These reviews are undertaken and finalised after the audit has been completed.

In 2020-21, the reviewer concluded that there was sufficient and reliable audit evidence in the financial audit files reviewed to demonstrate compliance with the Office's financial audit method and Australian Auditing Standards. The reviewer noted some minor improvements that could be made to documentation in future audit files.

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

- provides guidance to staff in a financial audit method training on these matters;
- includes these matters in a checklist to be completed indicating that review findings have been addressed before auditor's reports and limited assurance reports are issued; and
- includes these matters in future quality assurance reviews to confirm that previous review findings were consistently addressed.

### **B.2.15 Comparison with other jurisdictions**

While a comparison with other jurisdictions is provided, it should be interpreted with caution as variations are likely due to jurisdictional differences such as legislative mandate and operational context. As a result, the costs and timeliness of audits will vary.

#### *Cost*

The Audit Office's average cost per opinion issued on financial statements and statements of performance in 2020-21 was \$67,184 compared to the average cost per opinion for all state and territory offices in Australia of \$84,024.

#### *Timeliness*

The Audit Office issued 93 percent of its auditor's reports on financial statements within three months of the end of the reporting period compared to the average of 52 percent for all state and territory audit offices in Australia.

#### **Further information can be obtained from:**

|                |   |                |                        |
|----------------|---|----------------|------------------------|
| Mr Ajay Sharma | Assistant Auditor-General,<br>Financial Audit | (02) 6207 0830 | ajay.sharma@act.gov.au |
|----------------|---|----------------|------------------------|

## B.3 Scrutiny

### B.3.1 ACT Legislative Assembly inquiries and reports

Mechanisms for scrutinising the Audit Office's performance are provided by the *Annual Reports (Government Agencies) Act 2004*, the *Auditor-General Act 1996* (A-G Act) and engagement with the Standing Committee on Public Accounts (PAC). The Audit Office's annual reports, which include the Audit Office's audited financial statements and statement of performance, are examined by the ACT Legislative Assembly's Estimates Committee and the PAC.

The Audit Office's financial statements and statements of performance are audited by an independent external auditor under the A-G Act, appointed by the Speaker of the ACT Legislative Assembly. Unmodified reports for the 2020-21 financial statements and statement of performance were issued by the external auditor, Charterpoint Pty Limited.

The Audit Office's work is also subject to scrutiny and commentary by auditees, the general community and the media. Performance audit reports are tabled in the ACT Legislative Assembly by the Speaker, thereby being made public; they are also referred to the PAC. The PAC examines audit reports and may hold public inquiries into them. The Audit Office offers to brief the PAC on all performance and financial audit reports and gives evidence to public inquiries at the request of the PAC.

The following Audit Office reports were referred to the PAC in 2020-21:

- *Management of care for people living with serious and continuing illness* (Report No. 7/2020)
- *2019-20 Financial Audits Overview* (Report No. 9/2020)
- *2019-20 Financial Audits – Financial Results and Audit Findings* (Report No. 10/2020)
- *Land Management Agreements* (Report No. 1/2021)
- *Total Facilities Management Contract Implementation* (Report No. 2/2021)
- *Court Transport Unit vehicle – Romeo 5* (Report No. 3/2021)
- *ACT Government's vehicle emissions reduction activities* (Report No. 4/2021)
- *Management of Closed-Circuit Television Systems* (Report No. 5/2021)
- *Teaching Quality in ACT Public Schools* (Report No. 6/2021)

- *Procurement Exemptions and Value for Money (Report No. 7/2021)*

PAC inquiries into the following performance audit reports were in progress as at 30 June 2021:

- Report No. 1/2020: *Shared Services Delivery of HR and Finance Services*
- Report No. 6/2020: *Transfer of workers' compensation arrangements from Comcare*
- Report No. 1/2021: *Land Management Agreements*
- Report No. 3/2021: *Court Transport Unit vehicle – Romeo 5*
- Report No. 5/2021: *Management of Closed-Circuit Television Systems*

The PAC also referred the following performance audit report to other ACT Legislative Assembly committees:

- Report No. 7/2019: *Referral processes for the support of vulnerable children.*  
Referred to the Health and Wellbeing Committee on 5 May 2021.

### B.3.2 Reports of the Ombudsman

The Audit Office is not a prescribed authority under the *Ombudsman Regulation 1989* made under the *Ombudsman Act 1989*. This means the Audit Office does not fall under the ACT Ombudsman's jurisdiction.

#### Further information can be obtained from:

|                    |  |                |                            |
|--------------------|--|----------------|----------------------------|
| Ms Erika Hudleston | Acting Chief Operating Officer,<br>Professional Services | (02) 6205 4075 | erika.hudleston@act.gov.au |
|--------------------|--|----------------|----------------------------|

## B.4 Risk management

### B.4.1 Risk management

The Audit Office's risk management framework complies with the risk management standard AS ISO 31000:2018, as required by the ACT Government *Risk Management Policy 2019*, and the requirements of the ACT Government *Protective Security Policy Framework (2017)*. The Audit Office's risk management framework includes a Risk Management Policy and Plan, Fraud and Corruption Prevention Plan and a Business Continuity Policy and Plan and is supported by a comprehensive suite of other policies and procedures.

The Audit Office is continually maturing its risk management approach and updated its risk management framework in March 2021 to accurately reflect the Office's approach to Risk Management. The risk management framework includes an Office Strategic Risk Register, Operational Risk Registers for the Office's three branches, a Fraud Risk Register, a Finance Risk Register and a Work Health and Safety Risk Register. The Business Continuity Plan was tested in December 2020, facilitated by an independent risk management consultant. The independent risk management consultant assessed how the Audit Office responded to a scenario-based exercise against five objectives. The Office was assessed as achieving all five objectives.

In previous years, most recently in August 2020, the Audit Office undertook the ACT Government's Protective Security Policy Framework self-assessment. The Audit Office is not required to submit an annual report to the ACT Government Security and Emergency Management Senior Officials Group on the Audit Office's capability to comply with the ACT Government's Protective Security Policy Framework mandatory requirements; however, the Audit Office chooses to conduct self-assessments for the Audit Office's Executive Committee's information and to uphold better practices. The Audit Office will undertake its next Protective Security Policy Framework self-assessment when the Audit Office relocates to its permanent accommodation.

The Audit Office's Risk Manager is responsible for monitoring and reporting on the Audit Office's risk management framework. The Risk Manager provides a bi-annual Risk Management Report to the Audit Office's Executive Committee and Audit and Review Committee.

The Executive Committee has overall responsibility for overseeing risk management in the Audit Office. This Committee is also the Audit Office's Security Committee and monitors the Office's register of risks including security risks and their mitigation.

**Further information can be obtained from:**

|                    |  |                |                            |
|--------------------|--|----------------|----------------------------|
| Ms Erika Hudleston | Acting Chief Operating Officer,<br>Professional Services | (02) 6205 4075 | erika.hudleston@act.gov.au |
|--------------------|--|----------------|----------------------------|

## B.5 Internal audit

### B.5.1 Audit and Review Committee

The Audit and Review Committee operates in accordance with its charter; it 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 his 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 in 2020-21 are provided in Table B-5.

**Table B-5: Audit and Review Committee**

| Name                  | Position          | External / Internal     | Duration                 | No. of meetings attended in 2020-21 |
|-----------------------|-------------------|-------------------------|--------------------------|-------------------------------------|
| Mr James Palmer       | Independent Chair | External                | March 2017 to March 2021 | 6                                   |
| Ms Sally Ramsey       | Member            | External                | May 2020 to May 2022     | 6                                   |
| Mr Saman Mahaarachchi | Member            | Audit Office (Internal) | March 2020 to March 2022 | 6                                   |

One member of the Committee is remunerated.

The Auditor-General and the Chief Audit Executive (Chief Operating Officer, Professional Services) have a standing invitation to attend all Audit and Review Committee Meetings as observers.

The main activities of the Committee in 2020-21 were:

- implementing an annual internal audit work program against a three-year Strategic Internal Audit Plan;
- overseeing internal audits and reviews of the Audit Office's compliance with key legislation, the Audit Office's implementation of recommendations from previous internal audits and other reviews;
- review the effectiveness of the systems for monitoring compliance with key legislative obligations;
- reviewing and endorsing the Audit Office's financial statements and statement of performance; and
- monitoring the Audit Office's risk management, fraud control and financial management activities through regular reports from the Audit Office's Risk Manager, Senior Executive Responsible for Business Integrity Risk (SERBIR) and Chief Finance Officer.



### B.5.1.1 Internal Audit

One Internal Audit was completed during 2020-21. Callida Consulting was engaged to conduct a review of the Audit Office's Cost Allocation and Recovery Policy to assess the accuracy and reasonableness of the Office's setting of charge-out rates for the recovery of financial audit fees from agencies and the calculation for the amount of appropriation that is required to deliver the performance audit program.

Callida Consulting concluded that:

*The basis for Financial Audit fees is reasonable and fair, however more can be done to ensure that the amount charged to each Financial Audit service recipient is aligned to the cost of delivering that service.*

*The appropriated element of the ACT Audit Office's budget, relating to the Performance Audit function, is currently not sufficient to meet the cost of delivering the number of performance audits required by the ACT Legislative Assembly.*

Three recommendations were made. All recommendations were completed by the due date in August 2021.

#### Further information can be obtained from:

|                    |  |                |                            |
|--------------------|--|----------------|----------------------------|
| Ms Erika Hudleston | Acting Chief Operating Officer,<br>Professional Services | (02) 6205 4075 | erika.hudleston@act.gov.au |
|--------------------|--|----------------|----------------------------|

## B.6 Fraud prevention

The Audit Office has a suite of policies and initiatives in place to minimise the risk of fraud and corruption, including the *Fraud and Corruption Prevention Plan*.

Other policies addressing fraud and corruption prevention include: the Audit Office's *Integrity Code; Positive Workplace Culture Policy and Procedures; Public Interest Disclosure Procedures; Complaint Handling Policy and Procedures; Protective Security – Physical Security Policy; 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 are introduced to them as part of induction training.

The Assistant Auditor-General, Performance Audit is the Senior Executive Responsible for Business Integrity Risk (SERBIR). The SERBIR gives presentations to Audit Office staff at All Staff Meetings and in doing so discusses Audit Office integrity and the role of the SERBIR.

Any revisions and updates to the Office's policies and procedures are also promoted and discussed at All Staff Meetings where appropriate.

The SERBIR also provides a half-yearly briefing to the Office's Audit and Review Committee which focuses on:

- the status of integrity and fraud-related policy and procedural guidance in the Audit Office - this guidance is an important means of control for business integrity risk;
- staff training and awareness raising activities that has been conducted;
- any incidents and/or investigations undertaken in the past six months;
- the Audit Office's Fraud Risk Register, identifying integrity and fraud-related risks and sources of assurance with respect to existing controls; and
- any integrity and fraud risks and challenges that have been identified for the next six months.

No fraudulent activity or lack of compliance with fraud prevention procedures and guidelines was identified during 2020-21.

**Further information can be obtained from:**

|                  |        |                |                          |
|------------------|--------|----------------|--------------------------|
| Mr Brett Stanton | SERBIR | (02) 6207 9534 | brett.stanton@act.gov.au |
|------------------|--------|----------------|--------------------------|

## **B.7 Freedom of information**

The ACT Freedom of Information (FOI) legislation provides a legal right of access by everybody to information in the possession of the ACT Government, subject only to exemptions to protect the public interest, and the interests of third parties who deal with the ACT Government.

### **B.7.1 Open access information**

During the period 1 July 2020 to 30 June 2021 the Audit Office:

- did not publish any documents on the Open Access website;
- did not make any decisions to withhold Open Access Information; and
- did not make any decisions not to publish a description of Open Access Information that was withheld.

### **B.7.2 FOI applications received and decision type**

During the period 1 July 2020 to 30 June 2021 the Audit Office:

- did not receive any access applications;
- did not receive any applications where access to all information requested was given;
- did not receive any applications where access to only some of the information requested was given (Partial release); and
- did not receive any applications where access to the information was refused.

### **B.7.3 FOI processing timeframe**

During the period 1 July 2020 to 30 June 2021 the Audit Office did not receive any applications.

### **B.7.4 Amendment to personal information**

During the period 1 July 2020 to 30 June 2021 the Audit Office did not receive any requests to amend personal information.

### **B.7.5 Reviews and fees**

During the period 1 July 2020 to 30 June 2021 there were:

- no applications made to the Ombudsman under section 74;
- no applications made to ACAT under section 84; and
- no charges or application fees were collected.

### **B.7.6 Process to lodge a request**

To lodge a request for access to documents under the *Freedom of Information Act 2016* (FOI Act), you must do so in writing, noting that you are seeking access under the FOI Act.

To lodge a Freedom of Information request, or for further information about FOI legislation and processes, contact the FOI Coordinator for the ACT Audit Office at: <https://www.audit.act.gov.au/contact-us>

The ACT Audit Office FOI Disclosure log can be accessed at: <https://www.audit.act.gov.au/about-us/freedom-of-information>

**Further information can be obtained from:**

|                    |                                    |                |                            |
|--------------------|------------------------------------|----------------|----------------------------|
| Ms Taylah Commisso | Freedom of Information Coordinator | (02) 6207 0833 | taylah.commisso@act.gov.au |
|--------------------|------------------------------------|----------------|----------------------------|

## **B.8 Community engagement and support**

### **B.8.1 Community engagement activities**

As described in Section B.2.3 'Performance audits', the Audit Office has robust planning, consultation and topic selection processes for the annual performance audit program. The consultation involves key community groups, the Standing Committee on Public Accounts (PAC), Members of the ACT Legislative Assembly (MLAs), the Head of Service and ACT Government directorates and other entities who may become auditees.

The performance audit program is flexible and responsive to new and emerging issues, including those from representations or public interest disclosures from the ACT Legislative Assembly or broader community. In 2020-21, the Audit Office received 17 representations. Information received from the community through representations is used to inform the development of the performance audit program and selection of topics.

### **B.8.2 Community support initiatives: Grants and sponsorship**

The Audit Office did not provide any grants, assistance or sponsorship programs during 2020-21.

## **B.9 Aboriginal and Torres Strait Islander reporting**

The *Aboriginal and Torres Strait Islander Procurement Policy (July 2019)* applies to all Territory entities covered by the *Government Procurement Act 2001*, and as such, applies to the Audit Office. The aim of the *Aboriginal and Torres Strait Islander Procurement Policy* is to support the advancement of Aboriginal and Torres Strait Islander Enterprises in the Canberra Region and the economic participation objectives of the *ACT Aboriginal and Torres Strait Islander Agreement 2019-28*.

Under the *Aboriginal and Torres Strait Islander Procurement Policy*, Territory entities are required to identify and act upon opportunities for Aboriginal and Torres Strait Islander Enterprises in their procurement activities and to encourage quotes from relevant Aboriginal and Torres Strait Islander enterprises, where possible. The Audit Office takes this policy into consideration in its procurement processes.

The Audit Office endeavours to report on issues affecting Aboriginal and Torres Strait Islander people through its performance audits.

In 2019-20, a performance audit commenced in relation to the implementation of the *Aboriginal and Torres Strait Islander Agreement 2019-2028* but was paused because of the COVID-19 pandemic as the Audit Office was unable to engage with the key stakeholders. The audit was to consider how ACT Government directorates and agencies were recognising commitments made through the Agreement and implementing these through agency-specific initiatives and activities. The Audit Office intends to resume this audit in 2021-22.

The *2020-21 Performance Audit Program* also included the audit on detainee mental health services at the Alexander Maconochie Centre, including interventions that address the mental health needs of Aboriginal and Torres Strait Islander detainees. This audit is anticipated to be tabled in 2021-22.

## **B.10 Work health and safety**

The Audit Office is committed to providing a safe and healthy work environment and encourages all staff to contribute to a safe and healthy workplace.

The Audit Office's Workplace Health and Safety Policy and Procedures and Positive Workplace Culture Policy and Procedures are readily accessible to all staff.

### **B.10.1 Workplace safety representatives**

In 2020-21, the Audit Office workplace safety representatives consisted of:

- two Health and Safety Representatives;
- two First Aid Officers;
- three Fire Wardens;
- two Respect, Equity and Diversity Officers;
- a Mental Health Champion; and
- a Designated Domestic and Family Violence Officer.

The workplace safety representatives play an active role in the Office to promote health, safety and welfare to all staff.

### **B.10.2 Health and well-being initiatives**

Health and well-being initiatives for the Audit Office include:

- the Employee Assistance Program;

- flexible working arrangements;
- free influenza vaccinations to all staff;
- mentoring/coaching program;
- open door policy;
- improving hygiene levels and reducing the risk of illness with provision of suitable cleaning products, hand sanitisers and facial tissues;
- regular updates from the Mental Health Champion at staff meetings and via email;
- optional training provided for all staff on Wellbeing, Resilience and Recharge; and
- supporting Social Committee events including office wide celebrations and fundraising activities.

The Audit Office's work programs and audit completion timeframes can place high demands on some staff at times. The Audit Office actively manages this by forward planning and sharing the workload amongst audit team to minimise excessive periods of long hours.

The Audit Office provides flexible working arrangements and enables staff to plan their recreational, study and other leave to support a healthy work/life balance.

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 improving posture and taking regular breaks from sitting and working at their computers. Workplace safety assessments are performed, including ergonomic assessments, on an as needed basis.

During 2020-21, most staff continued to work from home and were responsible for implementing healthy work practices at their home-work stations; staff responsibilities included seeking advice and support from their Supervisor and the Office's Professional Services team on any concerns about their ability to implement healthy work practices at home.

The results from the 2021 Audit Office Staff Survey demonstrate that 95 percent of staff feel that they are provided with flexibility to manage their work and personal commitments. The survey results also indicated that 84 percent of staff feel that the Office promotes and supports good mental health and wellbeing.

### B.10.3 Legislative compliance

In 2020-21, no enforceable undertaking and improvement, prohibition, or non-disturbance notices were issued to the Audit Office under the parts 10 or 11 of the *Work Health and Safety Act 2011*.

There were no accidents or dangerous occurrences in 2020-21 that required a notice under Part 3, section 38 of the *Work Health and Safety Act 2011*.

#### Further information can be obtained from:

|                    |  |                |                            |
|--------------------|--|----------------|----------------------------|
| Ms Erika Hudleston | Acting Chief Operating Officer,<br>Professional Services | (02) 6205 4075 | erika.hudleston@act.gov.au |
|--------------------|--|----------------|----------------------------|

## B.11 Human resources management

### B.11.1 Workforce planning

The Audit Office has a *Workforce Planning and Review Policy and Guidelines* (Workforce Plan). This plan assists the Audit Office to determine the mix of experience, knowledge, and skills required to meet its obligations by having the right people, in the right roles, with the right capabilities, at the right time.

The Workforce Plan assists the Audit Office in maintaining adequate staffing levels to complete its program of financial and performance audits and provides professional services support for its operations.

The Audit Office's challenge of continuing to maintain a workforce with the knowledge and experience required to deliver quality work is acknowledged in the Workforce Plan. In particular, the challenge of provision of sufficient career opportunities in a small agency remains, which leads to difficulty in retaining experienced staff.

The Workforce Plan provides a framework for the continuous development of staff. Some of the mechanisms used by the Audit Office to facilitate this include: maintaining a Performance Development Plan for each staff member; identifying learning and development needs; and providing regular feedback to staff on performance.

### B.11.2 Forward work and human resource planning

To meet audit timetables, including legislated timelines, the Audit Office plans the allocation of staff to audits and other tasks. The Audit Office uses a forward planning schedule to organise 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 considers the need for contracting staff or using consultants from the private sector or outsourcing all or part of an audit, particularly when the Audit Office does not have specialist skills required to complete the audit. The specialist skills often include information technology, actuarial and taxation expertise.

Financial and performance audit staff are assigned to assist in specific corporate tasks as needed. The Audit Office identifies opportunities for staff to undertake a variety of tasks, when possible.

**Further information can be obtained from:**

|                    |  |                |                            |
|--------------------|--|----------------|----------------------------|
| Ms Erika Hudleston | Acting Chief Operating Officer,<br>Professional Services | (02) 6205 4075 | erika.hudleston@act.gov.au |
|--------------------|--|----------------|----------------------------|

### B.11.3 Staffing profile

The Auditor-General is appointed as a full-time statutory office holder under the A-G Act. All other staff are employed under the *Public Sector Management Act 1994*.

There were 46 staff (headcount) in the Audit Office (including the Auditor-General) as of 30 June 2021 (45.2 full-time equivalent (FTE) staff). The small size of the Audit Office's workforce means that providing detailed information on some aspects of its workforce could infringe the privacy of individual staff. Therefore, the Audit Office has only provided general information on:

- the average length of service by gender and age group;
- the age profile of staff; and
- certain equity and diversity groups.

**Table B-6: Full-time equivalent and headcount by division/branch**

| Operational area      | FTE         | Headcount |
|-----------------------|-------------|-----------|
| Executive             | 5.0         | 5         |
| Financial Audit       | 25.0        | 25        |
| Performance Audit     | 11.2        | 12        |
| Professional Services | 4.0         | 4         |
| <b>Total</b>          | <b>45.2</b> | <b>46</b> |

Source: Shared Services Human Resources



**Table B-7: Full-time equivalent and head count by gender**

|  | Female | Male  | Total |
|--|--------|-------|-------|
| Full-time equivalent                         | 21.4   | 23.8  | 45.2  |
| Headcount                                    | 22     | 24    | 46    |
| Percentage of workforce (based on headcount) | 47.8%  | 52.2% | 100%  |

Source: Shared Services Human Resources

**Table B-8: Head count by classification and gender**

| Classification                           | Female    | Male      | Total          |
|--|-----------|-----------|----------------|
| Statutory office holder                  | 0         | 1         | 1              |
| Executives                               | 2         | 2         | 4 <sup>3</sup> |
| Professional and administrative officers | 20        | 21        | 41             |
| <b>Total</b>                             | <b>22</b> | <b>24</b> | <b>46</b>      |

Source: Shared Services Human Resources

**Table B-9: Head count by employment category and gender**

| Employment category | Female    | Male      | Total     |
|---------------------|-----------|-----------|-----------|
| Permanent full-time | 16        | 18        | 34        |
| Permanent part-time | 2         | 1         | 3         |
| Temporary full-time | 4         | 5         | 9         |
| Temporary part-time | 0         | 0         | 0         |
| Casual              | 0         | 0         | 0         |
| <b>Total</b>        | <b>22</b> | <b>24</b> | <b>46</b> |

Source: Shared Services Human Resources

#### B.11.4 Workplace diversity

Staff who have advised they are from culturally and linguistically diverse backgrounds represent 50 percent of the workforce. No staff member has advised that they are Aboriginal and/or Torres Strait Islander. No staff have advised they have a disability.

#### B.11.5 Age profile

Due to the small numbers in most categories, staff numbers by age group and gender are not reported in order to protect the privacy of individuals. The largest group, 72 percent of staff, are aged between under 25 to 44 years and 26 percent of staff are aged 45 or over.

<sup>3</sup> In 2020-21, the Office had three Executives. The additional Executive is due to acting arrangements.

**Table B-10: Average length of service (years) by gender**

| Gender                            | Female | Male | Average |
|-----------------------------------|--------|------|---------|
| Average length of service (years) | 3.7    | 7.2  | 5.5     |

Source: Shared Services Human Resources

**Table B-11: Recruitment and separation rates**

|              | Recruitment rate | Separation rate |
|--------------|------------------|-----------------|
| Audit Office | 2.6%             | 5.2%            |

Source: Shared Services Human Resources

### B.11.6 Learning and development

The Audit Office's Learning and Development approach aims to build and develop capabilities, knowledge and skills to support the Audit Office to meet its audit responsibilities in an effective and efficient manner and the professional growth of its staff.

The Audit Office supports learning and development activities in relation to technical and professional needs of the Audit Office and its staff in key areas such as audit, accounting, information technology, leadership, communication, public sector matters and management skills.

The Audit Office has supported the following learning and development activities in 2020-21:

- Formal training
- Mentoring
- Seminars/Conferences
- Education courses
- Study assistance
- Coaching
- On-the-job training
- Professional Memberships

In addition, technical training was provided on financial and performance audit methods and practices; and changes to accounting and auditing standards.

In 2020-21, the Audit Office also supported staff through study assistance which included providing study leave and financial assistance for course costs.

The Audit Office also encourages professional membership of relevant bodies, such as the Chartered Accountants Australia and New Zealand, Institute of Internal Auditors, CPA Australia or the Information Systems Audit and Control Association.

The results from the 2021 Audit Office Staff Survey demonstrate that 75 percent of staff feel that they are encouraged to pursue training and development opportunities.

**Further information can be obtained from:**

|                    |  |                |                            |
|--------------------|--|----------------|----------------------------|
| Ms Erika Hudleston | Acting Chief Operating Officer,<br>Professional Services | (02) 6205 4075 | erika.hudleston@act.gov.au |
|--------------------|--|----------------|----------------------------|

## B.12 Ecologically sustainable development

The Audit Office accords with, and contributes to, the principles of ecologically sustainable development (ESD) under the *Climate Change and Greenhouse Gas Reduction Act 2010* and the *Environment Protection Act 1997*.

Staff are encouraged to assist in reducing the Audit Office's ecological footprint by:

- minimising the number of printed documents, particularly those in colour, and using duplex printing;
- recycling paper using the appropriate bins;
- using electronic audit work papers;
- turning off lights and computer equipment and monitors when not in use; and
- using public transport and walking to audit locations.

The Audit Office also uses:

- carbon neutral printing paper;
- toner cartridges that can be recycled; and
- a waste disposal system that separately disposes recyclable material and other non-recyclable material.

Ecologically sustainable development issues may also be considered as part of performance audits that focus on the delivery of public services.

**Table B-12: Audit Office staff and floor area**

| Staff and area       | Unit                   | 2020-21 | 2019-20 | Percentage change |
|----------------------|------------------------|---------|---------|-------------------|
| Staff                | FTE                    | 45.2    | 44.4    | 1.8%              |
| Workplace floor area | Area (m <sup>2</sup> ) | 1 075   | 500     | 115%              |

Source: Data from Shared Services Human Resources, Audit Office records and advice from ACT Property Group

Table B-12 includes the workplace floor area occupied by full-time equivalent (FTE) staff employed at the end of each reporting period by the Audit Office.

The Audit Office had 45.2 FTE staff as of 30 June 2021 compared to 44.4 FTE staff as of 30 June 2020. From 1 July 2020 to 9 October 2020, the Audit Office occupied 500 square meters at 11 Moore Street, Canberra. The Office moved to temporary accommodation at 5 Constitution Avenue on 12 October 2020 and now occupies 1 075 square metres.

**Table B-13: Sustainable development performance: Current and Previous Financial Year**

| Indicator as at 30 June                 | Unit           | 2020-21 | 2019-20 | Percentage change |
|---|----------------|---------|---------|-------------------|
| <b>Stationary energy usage</b>          |                |         |         |                   |
| Electricity use                         | Kilowatt hours | 92 393  | 61 599  | 50%               |
| Natural Gas use                         | Megajoules     | 144 750 | 118 007 | 23%               |
| Diesel use (non-transport)              | Kilolitres     | 0       | 0       | 0%                |
| <b>Transport fuel usage</b>             |                |         |         |                   |
| Electric vehicles                       | Number         | 0       | 0       | 0%                |
| Hybrid vehicles                         | Number         | 0       | 0       | 0%                |
| Hydrogen vehicles                       | Number         | 0       | 0       | 0%                |
| Total number of vehicles                | Number         | 1       | 1       | 0%                |
| Fuel use – Petrol                       | Kilolitres     | 0.01    | 0.08    | (88%)             |
| Fuel use – Diesel                       | Kilolitres     | 0       | 0       | 0%                |
| Fuel use – Liquid Petroleum Gas (CNG)   | Kilolitres     | 0       | 0       | 0%                |
| Fuel use – Compressed Natural Gas (CNG) | Gigajoules     | 0       | 0       | 0%                |
| <b>Water usage</b>                      |                |         |         |                   |
| Water use                               | Kilolitres     | 67      | 176     | (62%)             |
| <b>Resource efficiency and waste</b>    |                |         |         |                   |
| Reams of paper purchased                | Reams          | 101     | 175     | (42%)             |
| Recycled content of paper purchased     | Percentage     | 100%    | 17%     | 488%              |

| Indicator as at 30 June                         | Unit                      | 2020-21 | 2019-20 | Percentage change |
|---|---------------------------|---------|---------|-------------------|
| Waste to landfill                               | Litres                    | 22 198  | 19 500  | 14%               |
| Co-mingled material recycled                    | Litres                    | 10 348  | 13 000  | (20%)             |
| Paper & Cardboard recycled (incl. secure paper) | Litres                    | 7 420   | 18 600  | (60%)             |
| Organic material recycled                       | Litres                    | 0       | 5 200   | (100%)            |
| <b>Greenhouse gas emissions</b>                 |                           |         |         |                   |
| Emissions from natural gas use (non-transport)  | Tonnes CO <sub>2</sub> -e | 7.46    | 6.08    | 23%               |
| Emissions diesel use (non-transport)            | Tonnes CO <sub>2</sub> -e | 0       | 0       | 0%                |
| Emissions from transport fuel use               | Tonnes CO <sub>2</sub> -e | 0.3     | 0.18    | 67%               |
| Total emissions                                 | Tonnes CO <sub>2</sub> -e | 7.76    | 9.59    | 24%               |

Source: Environment, Planning and Sustainable Development Directorate and Audit Office records

The Audit Office's electricity and natural gas usage for 2020-21 has increased significantly. The increase is due to the Office occupying a large floor area at its temporary accommodation at 5 Constitution Avenue. The Audit Office consumed 92,393 kilowatt hours of energy; 14,987 kilowatt hours at 11 Moore Street for the period 1 July 2020 to 9 October 2020 and 77,406 kilowatt hours at 5 Constitution Avenue for the period from 12 October 2020 to 30 June 2021. The consumption of natural gas for the Audit Office was 144,750 megajoules; 30,452 megajoules at 11 Moore Street for the period from 1 July 2020 to 9 October 2020 and 114,298 megajoules at 5 Constitution Avenue for the period from 12 October 2020 to 30 June 2021.

The Audit Office's water usage has reduced by 62 percent from 2019-20. The Audit Office was advised by the ESP Team in the Environment, Planning and Sustainable Development Directorate that no water consumption is to be reported for 5 Constitution Avenue as the property owner under the government leased building schedule is responsible for the building's water usage.

The Audit Office has one Executive Vehicle which is also used by staff for business related travel. Table B-13 represents the estimated fuel usage and greenhouse gas emissions for business purposes only. The transport fuel emissions reported in the Audit Office's 2019-20 Annual Report of 3.51 has been reduced to 0.18 to accurately represent emissions produced from business purposes only. This has also reduced the total emissions reported in the 2019-20 report from 9.59 to 6.26.

The Audit Office continues to promote the minimisation of paper usage by using electronic practices where possible. The Audit Offices paper consumption has reduced by 42 percent

for 2020-21. It was reported in the Audit Office's 2019-20 Annual Report that the Office would strive to purchase 100 percent recycled paper. This was achieved for 2020-21.

**Further information can be obtained from:**

|                    |  |                |                            |
|--------------------|--|----------------|----------------------------|
| Ms Erika Hudleston | Acting Chief Operating Officer,<br>Professional Services | (02) 6205 4075 | erika.hudleston@act.gov.au |
|--------------------|--|----------------|----------------------------|

## C FINANCIAL MANAGEMENT REPORTING

---

### C.1 Financial management analysis

This section discusses the ACT Audit Office's (Audit Office) financial results and presents estimates of amounts contained in the 2020-21 Budget Papers.

#### C.1.1 Operating results

The Audit Office made an *operating surplus* of \$662,000 in 2020-21 compared to the budgeted operating deficit of \$647,000 and an operating deficit of \$994,000 in 2019-20. The significantly better operating result is largely due to a higher amount of financial audit fees collected as a result of an increase in the financial audit fees charged and lower employee expenses from more annual and long service leave taken by staff in 2020-21.

The Audit Office is continually working on measures to improve its financial position. These measures include a combination of seeking additional appropriation, revisiting the costs to be recovered in financial audit fees from agencies and reviewing the Audit Office's overall operating costs.

#### C.1.2 Financial results

The Audit Office's income is mainly comprised of *financial audit fees* and *appropriation*. *Financial audit fees* are charged for auditing the financial statements and performing limited assurance engagement on the statements of performance of reporting agencies. Information on the setting of *financial audit fees* is provided in Appendix A 'Financial Audit Fees'. Other costs funded by *financial audit fees* and *appropriation* include reviewing whole of government technical accounting and reporting advice for reporting agencies; reporting on the results of the annual program of financial audits, a portion of learning and development programs for staff and other administrative expenses such as accommodation and information technology costs.

*Appropriation*, received from the ACT Government, mainly funds the costs of performance audits, briefing the Standing Committee on Public Accounts on reports tabled in the Assembly, responding to representations and public interest disclosures, production of the Audit Office's Annual Report and a portion of learning and development programs for staff and other administrative expenses such as accommodation and information technology costs.

Expenses are mainly comprised of employee expenses and supplies and services costs. Supplies and services costs include contractors and consultants, accommodation, information technology, recruitment, training, and printing costs.

**Table C-1: Financial results**

|   | 2018-19<br>Actual<br>\$ 000 | 2019-20<br>Actual<br>\$ 000 | 2020-21<br>Actual<br>\$ 000 | 2020-21<br>Budget<br>\$ 000 |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <b>INCOME</b>                                 |                             |                             |                             |                             |
| Financial audit fees                          | 4 036                       | 4 810                       | 5 737                       | 4 951                       |
| Appropriation – controlled recurrent payments | 2 927                       | 3 124                       | 3 546                       | 3 546                       |
| Other income                                  | 77                          | 106                         | 82                          | 41                          |
| <b>Total income</b>                           | <b>7 040</b>                | <b>8 040</b>                | <b>9 365</b>                | <b>8 538</b>                |
|   |                             |                             |                             |                             |
| <b>EXPENSES</b>                               |                             |                             |                             |                             |
| Employee expenses                             | 4 834                       | 6 392                       | 6 541                       | 7 025                       |
| Supplies and services                         | 2 190                       | 2 576                       | 2 121                       | 2 133                       |
| Depreciation                                  | 52                          | 66                          | 41                          | 27                          |
| <b>Total expenses</b>                         | <b>7 076</b>                | <b>9 034</b>                | <b>8 703</b>                | <b>9 185</b>                |
|   |                             |                             |                             |                             |
| <b>Operating (deficit)/surplus</b>            | <b>(36)</b>                 | <b>(994)</b>                | <b>662</b>                  | <b>(647)</b>                |
| Increase in the asset revaluation surplus     | -                           | -                           | -                           | -                           |
| <b>Total comprehensive (deficit)/surplus</b>  | <b>(36)</b>                 | <b>(994)</b>                | <b>662</b>                  | <b>(647)</b>                |
|   |                             |                             |                             |                             |

Source: Audit Office's audited 2018-19, 2019-20 and 2020-21 financial statements and 2020-21 budget papers.

### C.1.3 Income

#### C.1.3.1 Income compared to budget estimates

*Total income* (\$9.365 million) was higher than the budgeted amount (\$8.538 million) mainly due to *Financial audit fees* (\$5.737 million) being 16 percent higher than the budgeted amount of \$4.951 million.

Financial audit fees were higher mainly due to the increase in the charge-out rate.



### C.1.3.2 Income compared to previous year's income

*Total income* (\$9.365 million) was higher than the previous year's amount (\$8.040 million) mainly due to the increase in *Financial audit fees* and additional *Appropriation* for performance audits as a result of 2018-19 budget policy decision.

Financial audit fees were higher as result of an increase in the charge-out rate.

### C.1.3.3 Expenses compared to budget estimates

*Total expenses* (\$8.703 million) were around 5 percent lower than the budget estimate (\$9.185 million) largely due to lower *Employee expenses*.

*Employee expenses* were \$0.484 million (6.9 percent) lower than the budget mainly due to the higher than budgeted take up of annual and long service leave by the staff and adjustments to the present value factor of long service leave and annual leave.

### C.1.3.4 Expenses compared to previous year's expenses

*Total expenses* (\$8.703 million) in 2020-21 was lower than 2019-20 (\$9.034 million) mainly due to lower supplies and services expenses (\$0.455 million) which is partly offset by the increase in *Employee expenses*.

*Supplies and services* expenses decreased by \$0.455 million (18 percent) largely as a result of the lower usage of contractors and consultants.

*Employee expenses* increased by \$0.149 million (2 percent) from 2019-20 mainly due to salary increases of around 3 percent under the *Administrative and Related Classifications Enterprise Agreement 2018-2021*.

## C.1.4 Financial position

The Audit Office's ability to meet its liabilities are discussed below.

**Table C-2: Current financial position**

| At 30 June 2021                         | Actual<br>2019<br>\$ 000 | Actual<br>2020<br>\$ 000 | Actual<br>2021<br>\$ 000 | Budget<br>2021<br>\$ 000 |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| Current assets                          | 2 911                    | 2 570                    | 3 605                    | 2 304                    |
| Current liabilities                     | 1 395                    | 1 901                    | 2 304                    | 2 312                    |
| <b>Net current assets/(liabilities)</b> | <b>1 516</b>             | <b>669</b>               | <b>1 301</b>             | <b>(8)</b>               |
|   |                          |                          |                          |                          |
| <b>Current ratio</b>                    | <b>2.09</b>              | <b>1.35</b>              | <b>1.56</b>              | <b>0.99</b>              |

Source: Audit Office's audited 2018-19, 2019-20 and 2020-21 financial statements and 2020-21 budget papers.

The Audit Office has sufficient assets to meet its current liabilities as there was \$1.56 million in current assets available to meet each dollar of current liabilities at 30 June 2021. This position is better than the budget as the closing cash balance was higher than the anticipated cash balance as a result of better operating performance.

**Table C-3: Long-term financial position**

| <b>At 30 June 2021</b>                              | <b>Actual<br/>2019<br/>\$ 000</b> | <b>Actual<br/>2020<br/>\$ 000</b> | <b>Actual<br/>2021<br/>\$ 000</b> | <b>Budget<br/>2021<br/>\$ 000</b> |
|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Current assets                                      | 2 911                             | 2 570                             | 3 605                             | 2 304                             |
| Total liabilities                                   | 1 558                             | 2 174                             | 2 520                             | 2 532                             |
| <b>Net long-term financial position</b>             | <b>1 353</b>                      | <b>396</b>                        | <b>1 085</b>                      | <b>(228)</b>                      |
|   |                                   |                                   |                                   |                                   |
| <b>Ratio of current assets to total liabilities</b> | <b>1.87</b>                       | <b>1.18</b>                       | <b>1.43</b>                       | <b>0.91</b>                       |
|   |                                   |                                   |                                   |                                   |

Source: Audit Office's audited 2018-19, 2019-20 and 2020-21 financial statements and 2020-21 budget papers.

The long-term financial position at 30 June 2021 was stronger than the budget and prior year. The Office plans to further improve its financial position over the next three years using a combination of measures, including additional appropriation, revisiting the costs to be recovered in financial audit fees from agencies and reviewing the Audit Office's overall operating costs.

Further information can be obtained from:

|               |   |                |                       |
|---------------|---|----------------|-----------------------|
| Mr Basu Banka | Chief Finance Officer,<br>Professional Services | (02) 6207 0987 | basu.banka@act.gov.au |
|---------------|---|----------------|-----------------------|

## C.2 Financial statements

### ACT AUDIT OFFICE

### FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2021

### STATEMENT OF RESPONSIBILITY

In my opinion, the accompanying financial statements for the ACT Audit Office for the year ended 30 June 2021, consisting of the:

Operating Statement;

Balance Sheet;


Statement of Changes in Equity;

Statement of Cash Flows;

Statement of Appropriation; and

Notes to the Financial Statements;

are in agreement with the ACT Audit Office's accounts and records and fairly reflect the financial operations of the ACT Audit Office for the year ended 30 June 2021 and the financial position of the ACT Audit Office on that date.



Michael Harris  
Auditor-General

31 August 2021

**ACT AUDIT OFFICE**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2021**

**STATEMENT BY THE CHIEF OPERATING OFFICER**

In my opinion, the accompanying financial statements for the ACT Audit Office for the year ended 30 June 2021, consisting of the:

Operating Statement;

Balance Sheet;

Statement of Changes in Equity;

Statement of Cash Flows;

Statement of Appropriation; and

Notes to the Financial Statements;

have been prepared in accordance with the Australian Accounting Standards, are in agreement with the ACT Audit Office's accounts and records, and fairly reflect the financial operations of the ACT Audit Office for the year ended 30 June 2021 and financial position of the ACT Audit Office on that date.



Erika Hudleston  
Acting Chief Operating Officer, Professional Services

31 August 2021

## Auditor's Report



### INDEPENDENT AUDITOR'S REPORT ON THE ACT AUDIT OFFICE FOR THE YEAR ENDED 30 JUNE 2021

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

#### Opinion

I have audited the financial statements of the ACT Audit Office for the year ended 30 June 2021 which comprise the operating statement, balance sheet, statement of changes in equity, statement of cash flows, statement of appropriation, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements:

- (i) present fairly, in all material respects, the ACT Audit Office's financial position as at 30 June 2021, and its financial performance and cash flows for the year then ended; and
- (ii) are presented in accordance with the *Financial Management Act 1996* and comply with Australian Accounting Standards.

#### Basis for opinion

I conducted the audit in accordance with the Australian Auditing Standards. My responsibilities under the standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of this report.

I am independent of the ACT Audit Office in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code). I have also fulfilled my other ethical responsibilities in accordance with the Code.

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

#### Responsibilities for the financial statements

The Auditor-General is responsible for:

- preparing and fairly presenting the financial statements in accordance with the *Financial Management Act 1996* and relevant Australian Accounting Standards;
- determining the internal controls necessary for the preparation and fair presentation of financial statements so that they are free from material misstatements, whether due to error or fraud; and
- assessing the ability of the ACT Audit Office to continue as a going concern and disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting in preparing the financial statements.

#### Auditor's responsibilities for the audit of the financial statements

Under the *Financial Management Act 1996*, Charterpoint is responsible for issuing an audit report that includes an independent opinion on the financial statements of the ACT Audit Office.

## Auditor's Report (Continued)

charterpoint.

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the ACT Audit Office's internal controls;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the ACT Audit Office;
- conclude on the appropriateness of the ACT Audit Office's use of the going concern basis of accounting and, based on audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ACT Audit Office's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in this report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of this report. However, future events or conditions may cause the ACT Audit Office to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether they represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Auditor-General regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Adrian Kelly  
Registered Company Auditor

Dated this 31<sup>st</sup> day of August 2021

**ACT AUDIT OFFICE**

**OPERATING STATEMENT**

**YEAR ENDED 30 JUNE 2021**

|  | <b>Note<br/>No.</b> | <b>Actual<br/>2020-21<br/>\$ 000</b> | <b>Budget<br/>2020-21<br/>\$ 000</b> | <b>Actual<br/>2019-20<br/>\$ 000</b> |
|--|---------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| <b>INCOME</b>                                |                     |                                      |                                      |                                      |
| <b>Revenue</b>                               |                     |                                      |                                      |                                      |
| Financial audit fees                         | 2                   | 5 737                                | 4 951                                | 4 810                                |
| Appropriation                                |                     | 3 546                                | 3 546                                | 3 124                                |
| Other income                                 |                     | 82                                   | 41                                   | 106                                  |
| <b>Total revenue</b>                         |                     | <b>9 365</b>                         | <b>8 538</b>                         | <b>8 040</b>                         |
| <b>Total income</b>                          |                     | <b>9 365</b>                         | <b>8 538</b>                         | <b>8 040</b>                         |
| <b>EXPENSES</b>                              |                     |                                      |                                      |                                      |
| Employee expenses                            | 3                   | 6 541                                | 7 025                                | 6 392                                |
| Supplies and services                        | 4                   | 2 121                                | 2 133                                | 2 576                                |
| Depreciation                                 |                     | 41                                   | 27                                   | 66                                   |
| <b>Total expenses</b>                        |                     | <b>8 703</b>                         | <b>9 185</b>                         | <b>9 034</b>                         |
| <b>Operating surplus/(deficit)</b>           |                     | <b>662</b>                           | <b>(647)</b>                         | <b>(994)</b>                         |
| <b>Total comprehensive surplus/(deficit)</b> |                     | <b>662</b>                           | <b>(647)</b>                         | <b>(994)</b>                         |

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

## ACT AUDIT OFFICE

BALANCE SHEET  
AT 30 JUNE 2021

|                                      | Note<br>No. | Actual<br>2021<br>\$ 000 | Budget<br>2021<br>\$ 000 | Actual<br>2020<br>\$ 000 |
|--------------------------------------|-------------|--------------------------|--------------------------|--------------------------|
| <b>ASSETS</b>                        |             |                          |                          |                          |
| <b>Current assets</b>                |             |                          |                          |                          |
| Cash                                 | 7           | 1 693                    | 13                       | 597                      |
| Receivables                          | 6           | 1 866                    | 2 251                    | 1 930                    |
| Other assets                         |             | 46                       | 40                       | 43                       |
| <b>Total current assets</b>          |             | <b>3 605</b>             | <b>2 304</b>             | <b>2 570</b>             |
| <b>Non-current assets</b>            |             |                          |                          |                          |
| Office fit-out                       | 5           | -                        | -                        | 18                       |
| Right-of-use Motor Vehicle           |             | 10                       | 10                       | 19                       |
| <b>Total non-current assets</b>      |             | <b>10</b>                | <b>10</b>                | <b>37</b>                |
| <b>Total assets</b>                  |             | <b>3 615</b>             | <b>2 314</b>             | <b>2 607</b>             |
| <b>LIABILITIES</b>                   |             |                          |                          |                          |
| <b>Current liabilities</b>           |             |                          |                          |                          |
| Payables                             | 8           | 470                      | 159                      | 158                      |
| Employee benefits                    | 3           | 1 834                    | 2 153                    | 1 743                    |
| <b>Total current liabilities</b>     |             | <b>2 304</b>             | <b>2 312</b>             | <b>1 901</b>             |
| <b>Non-current liabilities</b>       |             |                          |                          |                          |
| Employee benefits                    | 3           | 206                      | 210                      | 168                      |
| Provision for make good              |             | -                        | 10                       | 86                       |
| Motor Vehicle Lease                  |             | 10                       | -                        | 19                       |
| <b>Total non-current liabilities</b> |             | <b>216</b>               | <b>220</b>               | <b>273</b>               |
| <b>Total liabilities</b>             |             | <b>2 520</b>             | <b>2 532</b>             | <b>2 174</b>             |
| <b>NET ASSETS</b>                    |             | <b>1 095</b>             | <b>(218)</b>             | <b>432</b>               |
| <b>EQUITY</b>                        |             |                          |                          |                          |
| Accumulated funds                    |             | 811                      | (502)                    | 148                      |
| Asset revaluation surplus            | 5           | 284                      | 284                      | 284                      |
| <b>TOTAL EQUITY</b>                  |             | <b>1 095</b>             | <b>(218)</b>             | <b>432</b>               |

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



## ACT AUDIT OFFICE

STATEMENT OF CHANGES IN EQUITY  
YEAR ENDED 30 JUNE 2021

| <b>Year ended 30 June 2021</b>               |   |  |   |   |
|--|---|--|---|---|
|  | Accumulated<br>Funds<br>Actual<br>2020-21<br>\$ 000 | Asset<br>Revaluation<br>Surplus<br>Actual<br>2020-21<br>\$ 000 | Total Equity<br>Actual<br>2020-21<br>\$ 000 | Total Equity<br>Budget<br>2020-21<br>\$ 000 |
| Balance at 1 July 2020                       | 148   | 284  | 432   | 429   |
| <i>Comprehensive surplus/(deficit)</i>       |   |  |   |   |
| Operating surplus/(deficit)                  | 662   | -  | 662   | ( 647)                                      |
| <b>Total comprehensive surplus/(deficit)</b> | <b>662</b>  | <b>-</b>   | <b>662</b>                                  | <b>( 647)</b>                               |
| Balance at 30 June 2021                      | 810   | 284  | 1 095                                       | ( 218)                                      |

| <b>Year ended 30 June 2020</b>               |   |  |   |   |
|--|---|--|---|---|
|  | Accumulated<br>Funds<br>Actual<br>2019-20<br>\$ 000 | Asset<br>Revaluation<br>Surplus<br>Actual<br>2019-20<br>\$ 000 | Total Equity<br>Actual<br>2019-20<br>\$ 000 | Total Equity<br>Budget<br>2019-20<br>\$ 000 |
| Balance at 1 July 2019                       | 1 142   | 284  | 1 426                                       | 1 365                                       |
| <i>Comprehensive surplus/(deficit)</i>       |   |  |   |   |
| Operating surplus/(deficit)                  | (994)   | -  | (994)                                       | (83)  |
| <b>Total comprehensive surplus/(deficit)</b> | <b>(994)</b>  | <b>-</b>   | <b>(994)</b>                                | <b>(83)</b>                                 |
| Balance at 30 June 2020                      | 148   | 284  | 432   | 1 282                                       |

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

## ACT AUDIT OFFICE

STATEMENT OF CASH FLOWS  
YEAR ENDED 30 JUNE 2021

|  | Note<br>No. | Actual<br>2020-21<br>\$ 000 | Budget<br>2020-21<br>\$ 000 | Actual<br>2019-20<br>\$ 000 |
|--|-------------|-----------------------------|-----------------------------|-----------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                  |             |                             |                             |                             |
| <b>RECEIPTS</b>  |             |                             |                             |                             |
| Financial audit fees   |             | 5 787                       | 4 753                       | 4 275                       |
| Appropriation  |             | 3 546                       | 3 546                       | 3 124                       |
| Other receipts   |             | 592                         | 502                         | 499                         |
| <b>Total receipts from operating activities</b>              |             | <b>9 925</b>                | <b>8 801</b>                | <b>7 898</b>                |
| <b>PAYMENTS</b>  |             |                             |                             |                             |
| Employee payments  |             | (6 421)                     | (6 569)                     | (5 777)                     |
| Payments for supplies and services                           |             | (1 924)                     | (2 553)                     | (2 557)                     |
| Other payments   |             | (485)                       | (263)                       | (477)                       |
| <b>Total payments from operating activities</b>              |             | <b>(8 830)</b>              | <b>(9 385)</b>              | <b>(8 810)</b>              |
| <b>Net cash inflows/(outflows) from operating activities</b> | <b>7</b>    | <b>1 095</b>                | <b>( 584)</b>               | <b>(912)</b>                |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                  |             |                             |                             |                             |
| <b>RECEIPTS</b>  |             |                             |                             |                             |
| Capital injections   |             | -                           | -                           | -                           |
| <b>Total receipts from investing activities</b>              |             | <b>-</b>                    | <b>-</b>                    | <b>-</b>                    |
| <b>Net cash inflows/(outflows) from financing activities</b> |             | <b>-</b>                    | <b>-</b>                    | <b>-</b>                    |
| <b>Net increase/(decrease) in cash</b>                       |             | <b>1 095</b>                | <b>( 584)</b>               | <b>(912)</b>                |
| Cash at the beginning of the reporting period                |             | 597                         | 597                         | 1 509                       |
| <b>Cash at the end of the reporting period</b>               | <b>7</b>    | <b>1 693</b>                | <b>13</b>                   | <b>597</b>                  |

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

## ACT AUDIT OFFICE

STATEMENT OF APPROPRIATION  
YEAR ENDED 30 JUNE 2021

|                               | Budget<br>Appropriation<br>2020-21<br>\$ 000 | Total<br>Appropriated<br>2020-21<br>\$ 000 | Appropriation<br>Drawn<br>2020-21<br>\$ 000 | Appropriation<br>Drawn<br>2019-20<br>\$ 000 |
|-------------------------------|--|--|---|---|
| Controlled recurrent payments | 3 546  | 3 546                                      | 3 546                                       | 3 124                                       |
| Capital injection             | -  | -  | -   | -   |
| <b>Total appropriation</b>    | <b>3 546</b>                                 | <b>3 546</b>                               | <b>3 546</b>                                | <b>3 124</b>                                |

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

**Notes**

Controlled recurrent payments is recognised as revenue on receipt.

## ACT AUDIT OFFICE

## Notes to the Financial Statements

Year Ended 30 June 2021

## Note Index

## Page No.

|     |  |    |
|-----|--|----|
| 1.  | About these financial statements .....             | 61 |
| 2.  | Funding for the delivery of audit services .....   | 63 |
| 3.  | The cost of delivering audit services .....        | 65 |
| 4.  | Supplies and services expenses .....               | 70 |
| 5.  | Assets available to support service delivery ..... | 72 |
| 6.  | Receivables .....                                  | 75 |
| 7.  | Cash .....   | 77 |
| 8.  | Payables .....                                     | 79 |
| 9.  | Financial instrument exposures .....               | 80 |
| 10. | Related parties .....                              | 82 |

**ACT AUDIT OFFICE****Notes to the Financial Statements****Year Ended 30 June 2021****Note 1. About these financial statements****Our objectives**

The ACT Audit Office (Audit Office) provides an independent view to the ACT Legislative Assembly and community on the accountability, efficiency, and effectiveness of the ACT Public Sector; fosters accountability in the public administration of the Territory; and promotes the efficiency and effectiveness in the delivery of public services and programs provided by the Territory.

**Basis of preparation**

The Audit Office is a not-for-profit reporting entity, established under the *Audit Act 1989*, that prepares general purpose financial statements intended to meet the needs of users who cannot require an entity to prepare reports tailored to their information needs.

These general-purpose financial statements have been prepared in accordance with applicable Australian Accounting Standards, which include interpretations issued by the Australian Accounting Standards Board, as required by the *Financial Management Act 1996*. These statements also comply with the ACT accounting and disclosure policies.

The financial statements comprise the following:

- an operating statement, which identifies revenues and expenses and financial results for the year as well as changes in revaluations;
- a balance sheet, which identifies the assets, liabilities, and residual equity as at balance date;
- a statement of changes in equity, identifying capital injection, accumulated surpluses and reserves and their changes;
- a statement of cash flows, which provides information about the historical changes in cash and cash equivalents and classifies cash flows from operating, investing and financing activities.

ACT AUDIT OFFICE

Notes to the Financial Statements

Year Ended 30 June 2021

**Note 1. About these financial statements (Continued)**

- a statement of appropriation which provides information on cash appropriations received, and
- notes providing descriptions of items and recognition.

The financial statements:

- apply the historical cost basis unless a different measurement basis is specifically disclosed in the note associated with the item measured;
- contain certain significant accounting estimates and assumptions and reflect the exercise of professional judgement based on historical experience and various other factors considered reasonable in the circumstances. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods that are affected by the revision;
- contains information that is material. Omitting or misstating information is material where the omission or misstatement could influence decisions that users of the financial statements make based on the financial information provided; and
- are in Australian dollars with all amounts rounded to the nearest \$1,000, unless otherwise stated.

The *Financial Management Act 1996* also requires the financial statements to include budget information to facilitate a comparison with the budget papers. Budget amounts disclosed in the financial statements are from the 2020-21 Budget Statements.

Material variances from the budget and prior year are explained in the relevant notes to the account balance.

There is no material impact of Australian Accounting Standards issued that apply to the future reporting periods.

## ACT AUDIT OFFICE

### Notes to the Financial Statements

Year Ended 30 June 2021

## Note 2. Funding for the delivery of audit services

To fund the objectives, the Audit Office has two primary sources of revenue – appropriation and financial audit fees.

### Appropriation (Controlled recurrent payments and Capital injection)

The Statement of Appropriation contains details of the controlled recurrent payments and capital injection.

### Financial audit fees

Fees are charged for auditing financial statements and undertaking limited assurance engagements on the statements of performance of ACT Public Sector auditees.

|                                   | Actual<br>2020-21<br>\$ 000 | Actual<br>2019-20<br>\$ 000 |
|-----------------------------------|-----------------------------|-----------------------------|
| General Government Sector         | 3 879                       | 3 206                       |
| Public Trading Enterprises        | 829                         | 759                         |
| Other                             | 1 029                       | 845                         |
| <b>Total financial audit fees</b> | <b>5 737</b>                | <b>4 810</b>                |

### Financial audit fee accounting policy

Revenue from the provision of financial audit services is recognised over time as the Audit Office satisfies its performance obligation completing the audit work. For audits performed by staff, the stage of completion of audit work for each financial audit is estimated by using an input method of 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 Audit Office by financial audit contractors, information technology consultants, tax experts, actuaries and other experts.

**ACT AUDIT OFFICE**

**Notes to the Financial Statements**

**Year Ended 30 June 2021**

**Note 2. Funding for the delivery of audit services (Continued)**

**Significant estimates and judgements**

The Audit Office had made a significant estimate that includes assumptions about when the future accrued financial audit income is recognised according to the estimated stage of completion of each audit. The estimation of each audit's stage of completion requires an estimate of total hours that will eventually be required to complete each audit.



## ACT AUDIT OFFICE

## Notes to the Financial Statements

Year Ended 30 June 2021

**Note 3. The cost of delivering audit services**

The costs of delivering audit services mainly include employee expenses and, supplies and services expenses (Note 4).

**Employee expenses**

|   | Actual<br>2020-21<br>\$ 000 | Actual<br>2019-20<br>\$ 000 |
|---|-----------------------------|-----------------------------|
| Salaries                                | 5 517                       | 5 006                       |
| Superannuation                          | 850                         | 761                         |
| Annual leave                            | 22                          | 257                         |
| Long service leave                      | 80                          | 296                         |
| Fringe benefits tax                     | 22                          | 23                          |
| Motor vehicle running costs             | (4)                         | 10                          |
| Workers' compensation insurance premium | 54                          | 39                          |
| <b>Total employee expenses</b>          | <b>6 541</b>                | <b>6 392</b>                |

**Variance explanation****Prior year**

Employee expenses increased by \$149,000 (2 percent) from 2019-20 mainly due to an increase in salaries by \$511,000 which is partially offset by the decrease in annual leave and long service leave as a result of higher take-up of these leave types.

## ACT AUDIT OFFICE

## Notes to the Financial Statements

Year Ended 30 June 2021

**Note 3. The cost of delivering audit services (Continued)****Nature and classification**

Employee benefits liabilities classified as current and non-current liabilities in the balance sheet were:

|  | Actual<br>2021<br>\$ 000 | Actual<br>2020<br>\$ 000 |
|--|--------------------------|--------------------------|
| <b>Current - due at the reporting date</b>         |                          |                          |
| Accrued salaries                                   | 124                      | 98                       |
| Accrued other employee benefits                    | 5                        | 5                        |
| Annual leave                                       | 723                      | 700                      |
| Long service leave                                 | 982                      | 940                      |
| <b>Sub-total</b>                                   | <b>1 834</b>             | <b>1 743</b>             |
| <b>Non-current - not due at the reporting date</b> |                          |                          |
| Long service leave                                 | 206                      | 168                      |
| <b>Sub-total</b>                                   | <b>206</b>               | <b>168</b>               |
| <b>Total employee benefits</b>                     | <b>2 040</b>             | <b>1 911</b>             |

**Variance explanation****Prior year**

Employee benefits (\$2,040,000) increased by \$129,000 (7 percent) from 2019-20 (\$1,911,000) due mainly to higher long service leave provision and adjustment of the present value factor of long service leave.

## ACT AUDIT OFFICE

## Notes to the Financial Statements

Year Ended 30 June 2021

**Note 3. The cost of delivering audit services (Continued)****Accrued salaries accounting policy**

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

**Annual and long service leave accounting policy**

Annual and long service leave that is not expected to be wholly settled within 12 months after the end of the reporting period in which employees render the related service are measured at the present value of estimated future payments to be made for the services provided by employees up to the end of reporting period.

Annual leave and long service leave liabilities include estimated on-costs.

**Assumptions**

Annual leave liabilities have been estimated on the assumption that they will be wholly settled within three years. The rate used to estimate the present value of future payments for annual leave was 100.2 percent at 30 June 2021 (100.9 percent at 30 June 2020).

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, the probability that employees will reach the required minimum period has been considered in estimating the liability for long service leave and applicable on-costs.

The rate used to estimate the present value of future payments for long-service leave was 108.7 percent at 30 June 2021 (113.6 percent at 30 June 2020).

As on-costs become payable only if an employee takes annual and long-service leave while in service, the probability of this occurring has been considered in estimating the liability for on-costs.

## ACT AUDIT OFFICE

## Notes to the Financial Statements

Year Ended 30 June 2021

**Note 3. The cost of delivering audit services (Continued)****Significant estimates and judgements**

The estimated liability for annual and long-service leave requires consideration of future wage and salary levels, experience of employee departures, probability that leave will be taken while in service and periods of service. The estimate also includes an assessment of the probability that employees will meet the minimum service period required to qualify for long service leave and on-costs will become payable.

The present value of future annual leave and long service leave payments is estimated using market yields on Commonwealth Government bonds with terms to maturity and currency that match, as closely as possible, the timing or the estimated future cash flows. The judgements and assumptions included in the estimation of annual and long service leave liabilities were determined by the Australian government actuary in April 2019. The next actuarial review is expected to be undertaken by early 2022.

This assessment is performed every three years. However, it may be performed more frequently if there is an indication that the judgements and assumptions used to estimate the liability are no longer appropriate.

**Classification as current and non-current liabilities**

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.

Conditional long service leave liabilities are classified as non-current as there is an unconditional right to defer the settlement of the liability until the employee has completed the required years of service.

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.

**ACT AUDIT OFFICE****Notes to the Financial Statements****Year Ended 30 June 2021****Note 3. The cost of delivering audit services (Continued)****Sick leave**

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.

**Superannuation**

Superannuation payments are made to the Territory Banking Account to cover the Audit Office's liability for commonwealth superannuation and public sector superannuation schemes. This payment covers the required employer contribution. A productivity component is paid directly to Comsuper.

The schemes 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. No liability for superannuation for employees in these schemes is recognised in the balance sheet as the total territory superannuation liability is recorded in the financial statements of the Superannuation Provision Account.

Superannuation payments are also made to other schemes. These include the Public Sector Superannuation Scheme Accumulation Plan and schemes chosen by employees. These are accumulation plans. No liability is recognised in the balance sheet for these schemes as the Audit Office's liability is extinguished once superannuation contributions have been paid.

## ACT AUDIT OFFICE

## Notes to the Financial Statements

Year Ended 30 June 2021

**Note 4. Supplies and services expenses**

Supplies and services expenses comprise of audit contractors' and consultants' fees and day to day running costs incurred in normal operations. They are recognised as an expense in the reporting period in which they are incurred.

**Nature and classification**

|                                    | <b>Actual<br/>2020-21<br/>\$ 000</b> | <b>Actual<br/>2019-20<br/>\$ 000</b> |
|------------------------------------|--------------------------------------|--------------------------------------|
| Contractors and consultants:       |                                      |                                      |
| Performance audit                  | 132                                  | 379                                  |
| Financial audit                    | 1 075                                | 1 146                                |
| Other                              | 139                                  | 203                                  |
| <b>Sub-total</b>                   | <b>1 346</b>                         | <b>1 728</b>                         |
| Accommodation lease                | 278                                  | 271                                  |
| Information technology             | 144                                  | 143                                  |
| Training                           | 34                                   | 49                                   |
| Printing                           | 17                                   | 19                                   |
| Human Resources                    | 3                                    | 3                                    |
| Recruitment and advertising costs  | 10                                   | 40                                   |
| Electricity, gas and cleaning      | 15                                   | 43                                   |
| Telephones                         | 26                                   | 21                                   |
| Travel                             | (1)                                  | 17                                   |
| Library journals and subscriptions | 36                                   | 29                                   |
| Security                           | 11                                   | 13                                   |
| Audit fees                         | 13                                   | 11                                   |
| Services received free of charge   | 50                                   | 76                                   |
| Other                              | 140                                  | 113                                  |
| <b>Sub-total</b>                   | <b>775</b>                           | <b>848</b>                           |
| <b>Total supplies and services</b> | <b>2 121</b>                         | <b>2 576</b>                         |

## ACT AUDIT OFFICE

## Notes to the Financial Statements

Year Ended 30 June 2021

**Note 4. Supplies and services expenses (Continued)****Variance explanation****Budget**

*Supplies and services expenses* (\$2,121,000) were slightly lower than the budget estimate (\$2,133,000).

**Prior year**

*Supplies and services expenses* decreased by \$455,000 (18 percent) largely as a result of the lower usage of contractors and consultants as a cost-savings measure.

**Commitments to contractors (inclusive of GST)**

|   | Actual<br>2021<br>\$ 000 | Actual<br>2020<br>\$ 000 |
|---|--------------------------|--------------------------|
| Not later than one year                           | 792                      | 837                      |
| Later than one year and not later than five years | 1 607                    | 149                      |
| <b>Total commitments to contractors</b>           | <b>2 399</b>             | <b>986</b>               |

**Variance explanation****Prior year**

The increase in commitments to contractors as at 30 June 2021 reflects new contracts committed in 2020-21.

## ACT AUDIT OFFICE

## Notes to the Financial Statements

Year Ended 30 June 2021

**Note 5. Assets available to support service delivery**

The Office's main asset is Right-of-use Motor Vehicle.

|   | <b>Actual<br/>2021<br/>\$ 000</b> | <b>Actual<br/>2020<br/>\$ 000</b> |
|---|-----------------------------------|-----------------------------------|
| Office fit-out (at fair value)                  | 176                               | 176                               |
| Less: Accumulated depreciation                  | (176)                             | (158)                             |
| <b>Total Office fit-out</b>                     | <b>-</b>                          | <b>18</b>                         |
| Right-of-use Motor Vehicle at cost              | 45                                | 30                                |
| Less: Accumulated depreciation                  | (35)                              | (11)                              |
| <b>Total Right-of-use Motor Vehicle at cost</b> | <b>10</b>                         | <b>19</b>                         |

**Office fit-out****Accounting policy**

Office fit-out is measured at fair value. Fair value is determined by an independent valuer once every three years using the estimated cost of replacing the service capacity (optimised depreciated replacement cost). The last valuation was undertaken on 30 June 2017.

Expenditure on plant and equipment is recognised as an asset when the expenditure exceeds \$2,000, otherwise it is expensed.

| <b>Reconciliation of the Asset Revaluation Surplus</b>   | <b>Actual<br/>2021<br/>\$ 000</b> | <b>Actual<br/>2020<br/>\$ 000</b> |
|--|-----------------------------------|-----------------------------------|
| Balance at the beginning of the reporting period   | 284                               | 284                               |
| Revaluation increment as a result of an increase in the estimated fair value of the Office fit-out | -                                 | -                                 |
| <b>Balance at the end of the reporting period</b>  | <b>284</b>                        | <b>284</b>                        |



**ACT AUDIT OFFICE****Notes to the Financial Statements****Year Ended 30 June 2021****Note 5. Assets available to support service delivery (Continued)****Depreciation accounting policy**

The Office fit-out is depreciated over its useful life or the unexpired period of the office accommodation lease, whichever is the shorter period. The useful life is three years.

**Impairment accounting policy**

At each reporting date, an assessment is made as to whether there is an indication that an asset may be impaired.

If there is an indication, then the carrying amount of the asset is reduced to its recoverable amount. The recoverable amount is the higher of its 'fair value less the cost to sell' and its 'value in use' (optimised depreciated replacement cost).

Impairment losses are the amount by which an asset's carrying amount exceeds its recoverable amount. The impairment loss is recognised against the asset revaluation reserve. Where there is a reserve, an impairment loss is recognised as an expense.

**Provision for make good accounting policy**

The Audit Office relocated to a temporary location on 12 October 2020 and will move to a new permanent location by the end of 2021. This move date is dependent on the new location's construction completion date. The Audit Office will recognise a liability for the provision for make-good as required for the new permanent location.

## ACT AUDIT OFFICE

## Notes to the Financial Statements

Year Ended 30 June 2021

**Note 5. Assets available to support service delivery (Continued)****Right-of-use Motor Vehicle****Accounting and depreciation policy**

The right-of-use motor vehicle is measured at cost and depreciated from the commencement date to its useful life or the end of the lease term, whichever is shorter period. The remaining lease term is 8 months.

**Impairment accounting policy**

The right-of-use motor vehicle is assessed for impairment at the end of each reporting date.

**Commitments**

Commitments for information technology equipment and accommodation (including GST) at 30 June 2021 are as follows.

|   | Actual<br>2021<br>\$ 000 | Actual<br>2020<br>\$ 000 |
|---|--------------------------|--------------------------|
| Not later than one year                           | 41                       | 36                       |
| Later than one year and not later than five years | 23                       | 53                       |
| Later than five years                             | 10                       | 10                       |
| <b>Total other commitments</b>                    | <b>74</b>                | <b>99</b>                |

**Variance explanation – prior year**

The decrease in the commitments reflect payments made during 2020-21.

## ACT AUDIT OFFICE

## Notes to the Financial Statements

Year Ended 30 June 2021

**Note 6. Receivables**

Receivables largely consist of billed and unbilled amounts owing to the Office for financial audits. Accrued financial audit income is unbilled amounts receivable for audit work performed until the end of the reporting period. It includes amounts recoverable from auditees for amounts billed to the Office by the financial audit contractors.

Receivables by class of debtors was as follows:

|   | <b>Actual<br/>2021<br/>\$ 000</b> | <b>Actual<br/>2020<br/>\$ 000</b> |
|---|-----------------------------------|-----------------------------------|
| Invoiced financial audit debtors        | 1 211                             | 39                                |
| Accrued financial audit income          | 655                               | 1 881                             |
| <b>Sub-total</b>                        | <b>1 866</b>                      | <b>1 920</b>                      |
| Goods and Services Tax - net receivable | -                                 | 10                                |
| <b>Sub-total</b>                        | <b>-</b>                          | <b>-</b>                          |
| <b>Total receivables</b>                | <b>1 866</b>                      | <b>1 930</b>                      |

**Variance explanation****Budget and Prior year**

Receivables of \$1,866,000 were lower than the budget estimate of \$2,251,000 by \$385,000 (17 percent) mainly due to change in the billing cycle of the auditees.

No allowance for impairment at 30 June 2021 was recorded because all amounts owed to the Audit Office for financial audit fees are expected to be collected.

Total receivables as at 30 June 21 was broadly in line with the prior year however, due to the change in the billing cycle to the auditees, there is a change in the split between the categories of the receivables.

**ACT AUDIT OFFICE**

**Notes to the Financial Statements**

**Year Ended 30 June 2021**

**Note 6. Receivables (Continued)**

**Receivables accounting policy**

Receivables are initially measured at fair value and subsequently measured at amortised cost, any adjustments to carrying amounts being recognised in the operating statement as an expense. Receivables are stated at amounts after any allowance for impairment.

The allowance for 'expected credit losses' is measured at the lifetime expected credit losses at each reporting date. The amount for any allowance for impairment of receivables is recorded as an expense in the operating statement.

In accordance with the ACT Policy Disclosure, inter-agency receivables between ACT Government agencies are expected to have low credit risks and therefore agencies are not required to measure any loss allowance for receivables collectible from other ACT Government agencies.

## ACT AUDIT OFFICE

## Notes to the Financial Statements

Year Ended 30 June 2021

**Note 7. Cash**

|  | Actual<br>2021<br>\$ 000 | Actual<br>2020<br>\$ 000 |
|--|--------------------------|--------------------------|
| Cash at bank   | 1 693                    | 597                      |
| <b>Cash as per Cash Flow Statement and Balance Sheet</b> | <b>1 693</b>             | <b>597</b>               |

'Bank' means cash held with Westpac that may be withdrawn upon request.

Cash at bank earned an average floating interest rate of 1.0 percent in 2020-21 (1.5 percent in 2019-20).

**Variance explanation****Budget**

Total cash was \$1,680,000 higher than the budget estimate of \$13,000. This was mainly due to the better operating performance and change in billing cycle of the auditees.

**Prior year**

Total cash at the end of 2020-21 was higher than prior year by \$1,096,000 (184 percent) mainly due to the better operating performance and increase in payables by \$322,000.

**Accounting policy**

Cash is stated at its nominal amount. For Statement of Cash Flows presentation purposes, it includes petty cash and cash in the bank.

## ACT AUDIT OFFICE

## Notes to the Financial Statements

Year Ended 30 June 2021

## Note 7. Cash (Continued)

Reconciliation of the operating surplus/(deficit) to net cash inflows/(outflows) from operating activities

|  | Actual<br>2020-21<br>\$ 000 | Actual<br>2019-20<br>\$ 000 |
|--|-----------------------------|-----------------------------|
| <b>Operating surplus/(deficit)</b>                           | <b>662</b>                  | <b>(994)</b>                |
| <b>Non-cash item</b>   |                             |                             |
| Office fit-out depreciation                                  | -                           | 55                          |
| Interest on MV Lease   | (0)                         | 1                           |
| <b>Changes in assets and liabilities</b>                     |                             |                             |
| (Increase)/decrease in receivables                           | 64                          | (535)                       |
| (Increase)/decrease in other assets                          | 15                          | (27)                        |
| Increase/(Decrease) in payables                              | 312                         | (26)                        |
| Increase/(Decrease) in employee benefits                     | 129                         | 614                         |
| Increase/(Decrease) in other liabilities                     | (86)                        | -                           |
| <b>Net cash inflows/(outflows) from operating activities</b> | <b>1 095</b>                | <b>(912)</b>                |

## ACT AUDIT OFFICE

## Notes to the Financial Statements

Year Ended 30 June 2021

**Note 8. Payables**

|                        | Actual<br>2021<br>\$ 000 | Actual<br>2020<br>\$ 000 |
|------------------------|--------------------------|--------------------------|
| Creditors and accruals | 470                      | 158                      |
| <b>Total payables</b>  | <b>470</b>               | <b>158</b>               |

**Accounting policy**

Creditors and accruals are amounts payable for goods and services provided to the Audit Office before the end of the reporting period. They 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 are non-interest bearing.

ACT Property Group rental charges invoices for the Office's temporary accommodation at 5 Constitution Avenue were overdue at 30 June 2021 because the Office disputes the charges and is awaiting a final decision on this matter.

## ACT AUDIT OFFICE

## Notes to the Financial Statements

Year Ended 30 June 2021

**Note 9. Financial instrument exposures**

Financial assets comprise of cash and receivables, and financial liabilities including payables. These balances are not exposed to price and currency risk.

The carrying amounts of each category of financial assets and liabilities approximate fair values and are as follows.

|                                    | Note<br>No. | Carrying<br>Amount<br>2021<br>\$ 000 | Fair<br>Value<br>2021<br>\$ 000 | Carrying<br>Amount<br>2020<br>\$ 000 | Fair<br>Value<br>2020<br>\$ 000 |
|------------------------------------|-------------|--------------------------------------|---------------------------------|--------------------------------------|---------------------------------|
| <b>Financial Assets</b>            |             |                                      |                                 |                                      |                                 |
| Cash                               | 7           | 1 693                                | 1 693                           | 597                                  | 597                             |
| Receivables                        | 6           | 1 866                                | 1 866                           | 1 930                                | 1 930                           |
| <b>Total financial assets</b>      |             | <b>3 558</b>                         | <b>3 558</b>                    | <b>2 527</b>                         | <b>2 527</b>                    |
| <b>Financial Liabilities</b>       |             |                                      |                                 |                                      |                                 |
| Payables                           | 8           | 470                                  | 470                             | 158                                  | 158                             |
| <b>Total financial liabilities</b> |             | <b>470</b>                           | <b>470</b>                      | <b>158</b>                           | <b>158</b>                      |
| <b>Net financial assets</b>        |             | <b>3 088</b>                         | <b>3 088</b>                    | <b>2 369</b>                         | <b>2 369</b>                    |

The Audit Office has sufficient financial assets to meet financial liabilities when they fall due.

**Interest rate risk exposure**

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 (floating interest rate).

The Audit Office is exposed to movements in the amounts of interest earned on cash. However, as operating cash flows are not significantly dependant on interest earned, there is no significant exposure. Weighted average interest rate at 30 June 2021 was 1.0 percent and 1.5 percent at 30 June 2020. As the rate has not moved significantly and did not vary during the year, a sensitivity analysis of the interest-rate risk has not been performed.



## ACT AUDIT OFFICE

## Notes to the Financial Statements

Year Ended 30 June 2021

**Note 9. Financial instrument exposures (Continued)**

As receivables and payables are held in non-interest-bearing accounts, there is no exposure to movements in interest rates.

**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 assets, net of any allowance made for impairment.

Cash is held with a high credit quality financial institution. Nearly all receivables consist of financial audit fees charged to ACT Government agencies and other entities with strong credit histories. These agencies are generally required by legislation to pay the fees. The Audit Office does not hold any financial assets that are past due or impaired.

Credit risk is considered to be low, and there are no significant concentrations of credit risk.

**Liquidity risk exposure**

Liquidity risk is the risk that the Audit Office will encounter difficulties in meeting financial obligations as they fall due.

The Audit Office holds sufficient cash in hand to meet immediate operating requirements. Appropriations received to fund performance audits and other activities are drawn down progressively throughout the year, and financial audit fees are invoiced progressively to ensure that the Audit Office meets risk obligations throughout the year.

## ACT AUDIT OFFICE

## Notes to the Financial Statements

Year Ended 30 June 2021

## Note 10. Related parties

## Key management personnel

Key management personnel plan, direct and control the Audit Office's activities. The Audit Office's key management personnel are members of the Executive Committee.

| 2020-21                  |   |                                 |
|--------------------------|---|---------------------------------|
| Key Management Personnel | Position  | Period in Position              |
| Michael Harris           | Auditor-General                                       | 1 July 2020 to 30 June 2021     |
| Ajay Sharma              | Assistant Auditor-General, Financial Audit            | 1 July 2020 to 30 June 2021     |
| Brett Stanton            | Assistant Auditor-General, Performance Audit          | 1 July 2020 to 30 June 2021     |
| Erika Hudleston          | Acting Senior Director, Professional Services         | 1 July 2020 to 1 December 2020  |
| Erika Hudleston          | Acting Chief Operating Officer, Professional Services | 2 December 2020 to 30 June 2021 |

## Key management personnel (Continued)

| 2019-20                  |   |                                       |
|--------------------------|---|---------------------------------------|
| Key Management Personnel | Position  | Period in Position                    |
| Michael Harris           | Auditor-General                                     | 1 July 2019 to 30 June 2020           |
| Ajay Sharma              | Assistant Auditor-General, Financial Audit          | 1 July 2019 to 30 June 2020           |
| Brett Stanton            | Assistant Auditor-General, Performance Audit        | 1 July 2019 to 30 June 2020           |
| Matthew Bowden           | Acting Assistant Auditor-General, Performance Audit | 23 September 2019 to 13 November 2019 |
| Caroline Smith           | Senior Director, Professional Services              | 1 July 2019 to 30 June 2020           |
| Erika Hudleston          | Acting Senior Director, Professional Services       | 9 June 2020 to 30 June 2020           |

## ACT AUDIT OFFICE

## Notes to the Financial Statements

Year Ended 30 June 2021

**Note 10. Related parties (Continued)****Remuneration**

Remuneration of the Audit Office's senior executive positions are determined by the ACT Remuneration Tribunal and tabled in the ACT Legislative Assembly.

|   | Actual<br>2020-21<br>\$ 000 | Actual<br>2019-20<br>\$ 000 |
|---|-----------------------------|-----------------------------|
| Short-term employee benefits                    | 979                         | 1 029                       |
| Post employment benefits                        | 194                         | 177                         |
| Other long-term benefits                        | 137                         | 105                         |
| Termination benefits                            | -                           | -                           |
| <b>Remuneration of key management personnel</b> | <b>1 310</b>                | <b>1 311</b>                |

Remuneration of non-executive positions (Senior Director or Principal) is determined under the *ACT Public Service Administrative and Related Classifications Enterprise Agreement 2018-2021*.

## C.3 Capital works

The Audit Office had no capital projects in 2020-21.

Further information can be obtained from:

|               |   |                |                       |
|---------------|---|----------------|-----------------------|
| Mr Basu Banka | Chief Finance Officer,<br>Professional Services | (02) 6207 0987 | basu.banka@act.gov.au |
|---------------|---|----------------|-----------------------|

## C.4 Asset management

### C.4.1 Assets managed

The Audit Office's plant and equipment assets are comprised of equipment and furniture such as audio-visual equipment, workstations, and chairs.

### C.4.2 Asset maintenance and upgrade

No major asset upgrades were undertaken during 2020-21.

As disclosed in the Audit Office's financial statements, the office fit-out is zero as the ACT Audit Office has been in a temporary location at 5 Constitution Avenue and is expected to move to the permanent location in late 2021.

### C.4.3 Accommodation

From 1 July 2020 to 9 October 2020, the Audit Office occupied 500 square metres at 11 Moore Street, in which up to 24 staff members could attend the Office at any given time, in line with COVID-19 pandemic physical distancing measures. The majority of Audit Office staff continued to work from home as per the ACT Government instructions to work from home if possible.

The Office moved to temporary accommodation at 5 Constitution Avenue on 12 October 2020, before the Office's lease for 11 Moore Street ended in November 2020. The Office occupies 1,075 square metres at 5 Constitution Avenue, with space for 64 workstations that comply with the COVID-19 physical distancing requirements. The Audit Office employed 46 staff (headcount) at 30 June 2021 and staff have been allocated an individual desk at 5 Constitution Avenue. Most staff continue to work from home for the majority of the working week.

The Office expects to move to permanent accommodation by the end of 2021.

**Further information can be obtained from:**

|                    |  |                |                            |
|--------------------|--|----------------|----------------------------|
| Ms Erika Hudleston | Acting Chief Operating Officer,<br>Professional Services | (02) 6205 4075 | erika.hudleston@act.gov.au |
|--------------------|--|----------------|----------------------------|

## C.5 Government contracting

Contracts entered by the Audit Office during 2020-21 with a value of \$25,000 and above are listed in the table below.

**Table C-4: Audit Office contracts 2020-21**

| Contract Number | Contract Title   | Contractor Name                  | Contract amount GST inclusive | Contract Execution Date | Contract Expiry Date |
|-----------------|--|----------------------------------|-------------------------------|-------------------------|----------------------|
| M18/10-4        | FA-Provision of IT audit services                                | Axiom Associates (Aus) Pty Ltd   | \$37,697.00                   | 23/09/2019              | 31/03/2022           |
| M18-10-1        | FA-Provision of IT audit services                                | Axiom Associates (Aus) Pty Ltd   | \$107,569.00                  | 02/03/2020              | 31/07/2020           |
| VP221498        | FA - Computer Information Systems Audit Services                 | Axiom Associates (Aus) Pty Ltd   | \$145,840.00                  | 17/03/2021              | 30/07/2021           |
| M21/13          | FA - Provision of actuarial services for financial audits        | Cumpston Sarjeant Pty Ltd        | \$160,000.00                  | 01/04/2021              | 30/09/2022           |
| M19/10-2        | FA-Management & Business Professionals & Administrative Services | Cumpston Sarjeant Pty Ltd        | \$35,300.00                   | 15/05/2019              | 08/05/2021           |
| 2020.89472.210  | FA- Icon Water and ActewAGL                                      | Ernst & Young                    | \$489,000.00                  | 01/12/2020              | 29/11/2023           |
| FA19/05         | Software, Support, Services and As-A-Services Agreement          | CaseWare Australia & New Zealand | \$35,970.00                   | 06/12/2019              | 05/12/2024           |
| M20/07-02       | FA-Provision of financial statement auditor                      | Vista Advisory Pty Ltd           | \$104,720.00                  | 13/03/2020              | 30/09/2020           |
| M20/03-01       | FA-Provision of financial statement auditor                      | KPMG                             | \$48,216.00                   | 07/04/2020              | 24/09/2021           |
| M20/20-04       | FA-Provision of financial statement auditor                      | Deloitte                         | \$199,012.00                  | 20/04/2020              | 24/07/2021           |

| Contract Number | Contract Title                                     | Contractor Name        | Contract amount GST inclusive | Contract Execution Date | Contract Expiry Date |
|-----------------|--|------------------------|-------------------------------|-------------------------|----------------------|
| M20/22-04       | FA-Provision of financial statement auditor        | BellchambersBarrett    | \$59,800.00                   | 22/04/2020              | 24/07/2021           |
| M20/07-05       | FA-Provision of financial statement auditor        | BellchambersBarrett    | \$130,000.00                  | 07/05/2020              | 24/07/2021           |
| VP232622        | FA-Provision of financial statement auditor        | BellchambersBarrett    | \$54,600.00                   | 23/04/2021              | 23/09/2021           |
| VP232622        | FA-Provision of financial statement auditor        | BellchambersBarrett    | \$41,600.00                   | 03/05/2021              | 23/09/2021           |
| PA20/05         | PA - Management of detainee mental health services | JRPO Associate Pty Ltd | \$94,710.00                   | 28/10/2020              | 26/02/2021           |
| PA19/09         | PA-Subject Matter Expertise                        | Douglas Economics      | \$42,350.00                   | 07/10/2020              | 18/12/2020           |
| M19/41          | FA - EQCR (six in total)                           | Justin Reid Consulting | \$26,400.00                   | 10/04/2020              | 30/11/2020           |

Source: ACT Government Contracts Register

Note: All contracts entered by the Audit Office during 2020-21 with a value of \$25,000 or above were procured via three quotes. There was no exemption from Quotation and Tender threshold requirements.

Secure local jobs code requirements were not applicable to any of the contracts the Audit Office entered in 2020-21.

## C.6 Statement of performance

### ACT AUDIT OFFICE

#### STATEMENT OF PERFORMANCE YEAR ENDED 30 JUNE 2021

#### STATEMENT OF RESPONSIBILITY

In my opinion, the Statement of Performance is in agreement with the ACT Audit Office's records and fairly reflects the operational performance of the ACT Audit Office for the year ended 30 June 2021.

A handwritten signature in black ink, appearing to read 'M. L. Harris', with a long horizontal flourish underneath.

Michael Harris  
Auditor-General

31 August 2021

**ACT AUDIT OFFICE**

**STATEMENT OF PERFORMANCE  
YEAR ENDED 30 JUNE 2021**

**STATEMENT BY THE CHIEF OPERATING OFFICER**

In my opinion, the Statement of Performance is in agreement with the ACT Audit Office's records and fairly reflects the operational performance of the ACT Audit Office for the year ended 30 June 2021.

A handwritten signature in black ink, appearing to read 'E. Hudleston', is written over a light blue rectangular background.

Erika Hudleston  
Acting Chief Operating Officer, Professional Services

31 August 2021



## Limited Assurance Report



### INDEPENDENT LIMITED ASSURANCE REPORT ON THE ACT AUDIT OFFICE FOR THE YEAR ENDED 30 JUNE 2021

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

#### Conclusion

I have undertaken a limited assurance engagement on the statement of performance of the ACT Audit Office for the year ended 30 June 2021.

Based on the procedures performed and evidence obtained, nothing has come to my attention to indicate the results of the accountability indicators reported in the statement of performance for the year ended 30 June 2021 are not in agreement with the ACT Audit Office's records or do not fairly reflect, in all material respects, the performance of the ACT Audit Office, in accordance with the *Financial Management Act 1996*.

#### *Basis for conclusion*

I have conducted the engagement in accordance with the Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. My responsibilities under the standard and legislation are described below.

I have complied with the independence and other relevant ethical requirements relating to assurance engagements, and the ACT Audit Office applies Australian Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements*.

I believe that sufficient and appropriate evidence was obtained to provide a basis for my conclusion.

#### *Responsibility for preparing and fairly presenting the statement of performance*

The Auditor-General is responsible for:

- preparing and fairly presenting the statement of performance in accordance with the *Financial Management Act 1996* and *Financial Management (Statement of Performance Scrutiny) Guidelines 2019*; and
- determining the internal controls necessary for the preparation and fair presentation of the statement of performance so that the results of accountability indicators and accompanying information are free from material misstatements, whether due to error or fraud.

#### *Responsibility for the limited assurance engagement of the statement of performance*

Under the *Financial Management Act 1996* and *Financial Management (Statement of Performance Scrutiny) Guidelines 2019*, Charterpoint is responsible for issuing a limited assurance report on the statement of performance of the ACT Audit Office.

My objective is to provide limited assurance on whether anything has come to my attention that indicates the results of the accountability indicators reported in the statement of performance are not in agreement with the ACT Audit Office's records or do not fairly reflect, in all material respects, the performance of the ACT Audit Office, in accordance with the *Financial Management Act 1996*.

In a limited assurance engagement, I perform procedures such as making inquiries with representatives of the ACT Audit Office, performing analytical review procedures and examining selected evidence supporting the results of accountability indicators. The procedures used depend on my judgement, including the assessment of the risks of material misstatement of the results reported for the accountability indicators.

## Limited Assurance Report (Continued)

charterpoint.

### Limitations on the scope

The procedures performed in a limited assurance engagement are less in extent than those required in a reasonable assurance engagement and consequently the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, I do not express a reasonable assurance opinion on the statement of performance.

This limited assurance engagement does not provide assurance on the:

- relevance or appropriateness of the accountability indicators reported in the statement of performance or the related performance targets;
- accuracy of explanations provided for variations between actual and targeted performance due to the often subjective nature of such explanations; or
- adequacy of controls implemented by the ACT Audit Office.



Adrian Kelly  
Registered Company Auditor

Dated this 31<sup>st</sup> day of August 2021

## ACT AUDIT OFFICE

### STATEMENT OF PERFORMANCE YEAR ENDED 30 JUNE 2021

The ACT Audit Office (Audit Office) provides an independent view to the ACT Legislative Assembly and community on the accountability, efficiency and effectiveness of the ACT Public Sector; fosters accountability in the public administration of the Territory; and promotes the efficiency and effectiveness in the delivery of public services and programs provided by the Territory.

The Audit Office meets its objectives largely by auditing the financial statements of the Territory and its agencies and conducting performance audits.

The accountability indicators provide information on the quantity and timeliness of reports and the quality and effectiveness of audit work.

| Accountability indicators  | Note No. | 2020-21 Target | 2020-21 Actual | Variance from target |
|--|----------|----------------|----------------|----------------------|
| <b>Costs</b>   |          |                |                |                      |
| Audit cost per hour excluding audit contractor costs                                       | 1        | \$176          | \$179          | 2%                   |
| <b>Quantity</b>  |          |                |                |                      |
| Number of auditor's reports issued on financial statements and compliance auditor's report | 2        | 63             | 60             | (5%)                 |
| Number of limited assurance reports issued on statements of performance                    | 3        | 30             | 30             | 0%                   |
| Number of performance audit reports presented to the ACT Legislative Assembly              | 5        | 9              | 8              | (11%)                |

This Statement of Performance should be read in conjunction with the accompanying explanations.

## ACT AUDIT OFFICE

STATEMENT OF PERFORMANCE  
YEAR ENDED 30 JUNE 2021

| Accountability indicators  | Note No. | 2020-21 Target | 2020-21 Actual | Variance from target |
|--|----------|----------------|----------------|----------------------|
| <b>Quality and effectiveness</b>   |          |                |                |                      |
| Percentage of agencies satisfied with financial and compliance audits  | 6        | 95%            | 100%           | 5%                   |
| Percentage of agencies satisfied with performance audits   | 7        | 95%            | 94%            | (1%)                 |
| Percentage of recommendations accepted in financial audits   | 8        | 95%            | 90%            | (5%)                 |
| Percentage of agencies agreeing that the performance audit will help their organisation improve administration of the audited activity | 9        | 80%            | 89%            | 11%                  |
| <b>Timeliness</b>  |          |                |                |                      |
| Percentage of financial audits completed within the required timetable   | 10       | 100%           | 100%           | 0%                   |
| Average period of completion of performance audits   | 11       | 7 months       | 10.3 months    | (47%)                |
| Presentation of summary reports on financial audits to the ACT Legislative Assembly  |          |                |                |                      |
| 1. Financial Audits – Overview   |          | Nov 2020       | Nov 2020       | 0%                   |
| 2. Financial Audits – Financial Results and Audit Findings   |          | Dec 2020       | Dec 2020       | 0%                   |

This Statement of Performance should be read in conjunction with the accompanying explanations.

## ACT AUDIT OFFICE

## Explanations Accompanying the Statement of Performance Year Ended 30 June 2021

**Note 1. Audit cost per hour excluding audit contractor costs**

This accountability indicator represents the *internal cost per hour* for financial audit and performance audit functions.

Internal costs are calculated by subtracting audit contractor costs and resources received free of charge from total expenses incurred by the Audit Office. *Internal cost per hour* is calculated by dividing internal costs by the number of hours spent by the staff on audits.

The 2020-21 target of \$176 was calculated as budgeted total expenses minus budgeted audit contractor costs for 2020-21 (i.e., \$9,193,610 minus \$1,083,693 equals \$8,109,917) divided by the estimated number of hours to be charged to audits and related activities in 2019-20 (45,980 hours).

Actual audit costs per hour excluding audit contractor costs and resources received free of charge of \$179 is calculated as the actual cost of \$7,751,431 (i.e., actual total expenses of \$8,690,143 minus audit contractor costs of \$888,476 and resources received free of charge of \$50,236) divided by the actual number of hours charged to audits for 2020-21 of 43,291 hours.

The audit cost per hour excluding audit contractor costs and resources received free of charge is \$179 which is 2% higher than the targeted cost of \$176.

Actual cost per hour exceeded target cost per hour mainly because the actual number of hours charged to audits (43,291 hours) is slightly lower than the estimated 45,980 hours when the target was calculated.

**ACT AUDIT OFFICE**

**Explanations Accompanying the Statement of Performance  
Year Ended 30 June 2021**

**Note 2. Number of auditor's reports issued on financial statements and compliance auditor's report**

This accountability indicator represents the number of auditor's reports issued on financial statements and compliance auditor's reports in 2020-21.

The Audit Office met its reporting obligations by issuing an auditor's report on financial statements or a compliance report whenever a report was required.

The number of auditor's reports issued on financial statements and compliance auditor's report in 2020-21 (60) was slightly less than the 2020-21 target (63) due to some small acquittal audits no longer required.

A listing of the auditor's reports issued on financial statements and compliance report during 2020-21 is provided in Note 4.

**Note 3. Number of limited assurance reports issued on statements of performance**

This accountability indicator represents the number of limited assurance reports issued on statements of performance of agencies in 2020-21.

The number of limited assurance reports issued on statements of performance of agencies in 2020-21 (30) was as per the 2020-21 target (30).

A listing of the limited assurance reports issued on statements of performance during 2020-21 is provided in Note 4.

## ACT AUDIT OFFICE

**Explanations Accompanying the Statement of Performance  
Year Ended 30 June 2021**

**Note 4. Number of auditor's reports and limited assurance reports issued in 2020-21**

This table represents the auditor's reports and limited assurance reports that were issued in the period from 1 July 2020 to 30 June 2021.

| No. |   | Auditor's Reports | No. | Limited Assurance Reports |
|-----|---|-------------------|-----|---------------------------|
|     | <b>Territory financial statements</b>                         |                   |     |                           |
| 1   | Consolidated Annual Financial Statements                      | Unqualified       | -   | Not applicable            |
|     | <b>Directorates</b>   |                   |     |                           |
| 2   | ACT Electoral Commission                                      | Unqualified       | -   | Not applicable            |
| 3   | ACT Executive   | Unqualified       | -   | Not applicable            |
| 4   | ACT Health Directorate  | Unqualified       | 1   | Unqualified               |
| 5   | ACT Integrity Commission                                      | Unqualified       | -   | Not applicable            |
| 6   | ACT Local Hospital Network Directorate                        | Unqualified       | 2   | Unqualified               |
| 7   | Canberra Health Services                                      | Unqualified       | 3   | Unqualified               |
| 8   | Chief Minister, Treasury and Economic Development Directorate | Unqualified       | 4   | Unqualified               |
| 9   | Community Services Directorate                                | Unqualified       | 5   | Unqualified               |
| 10  | Education Directorate   | Unqualified       | 6   | Unqualified               |
| 11  | Environment, Planning and Sustainable Development Directorate | Unqualified       | 7   | Unqualified               |
| 12  | Housing ACT   | Unqualified       | 8   | Unqualified               |
| 13  | Justice and Community Safety Directorate                      | Unqualified       | 9   | Unqualified               |
| 14  | Lifetime Care and Support Fund                                | Unqualified       | -   | Not applicable            |
| 15  | Major Projects Canberra                                       | Unqualified       | 10  | Unqualified               |
| 16  | Office of the Legislative Assembly                            | Unqualified       | 11  | Unqualified               |
| 17  | Public Sector Workers Compensation Fund                       | Unqualified       | 12  | Unqualified               |
| 18  | Superannuation Provision Account                              | Unqualified       | 13  | Unqualified               |
| 19  | Territory Banking Account                                     | Unqualified       | 14  | Unqualified               |
| 20  | Transport Canberra and City Services Directorate              | Unqualified       | 15  | Unqualified               |
| 21  | Transport Canberra Operations                                 | Unqualified       | 16  | Unqualified               |

## ACT AUDIT OFFICE

**Explanations Accompanying the Statement of Performance  
Year Ended 30 June 2021**

**Note 4. Number of auditor's reports and limited assurance reports issued in 2020-21  
(continued)**

| No. |  | Auditor's Reports | No. | Limited Assurance Reports |
|-----|--|-------------------|-----|---------------------------|
|     | <b>Authorities</b>   |                   |     |                           |
| 22  | ACT Building and Construction Industry Training Fund Authority | Unqualified       | 17  | Unqualified               |
| 23  | ACT Compulsory Third-Party Insurance Regulator                 | Unqualified       | 18  | Unqualified               |
| 24  | ACT Gambling and Racing Commission                             | Unqualified       | 19  | Unqualified               |
| 25  | ACT Insurance Authority  | Unqualified       | 20  | Unqualified               |
| 26  | ACT Public Cemeteries Authority                                | Unqualified       | 21  | Unqualified               |
| 27  | Canberra Institute of Technology                               | Unqualified       | 22  | Unqualified               |
| 28  | City Renewal Authority   | Unqualified       | 23  | Unqualified               |
| 29  | Cultural Facilities Corporation                                | Unqualified       | 24  | Unqualified               |
| 30  | Independent Competition and Regulatory Commission              | Unqualified       | 25  | Unqualified               |
| 31  | Legal Aid Commission (ACT)                                     | Unqualified       | 26  | Unqualified               |
| 32  | Long Service Leave Authority                                   | Unqualified       | 27  | Unqualified               |
| 33  | Motor Accident Injuries Commission                             | Unqualified       | 28  | Unqualified               |
| 34  | Public Trustee and Guardian                                    | Unqualified       | 29  | Unqualified               |
| 35  | Suburban Land Agency   | Unqualified       | 30  | Unqualified               |
| 36  | University of Canberra   | Unqualified       | -   | Not applicable            |
|     | <b>Territory-owned corporations and other companies</b>        |                   |     |                           |
| 37  | CIT Solutions Pty Limited                                      | Unqualified       | -   | Not applicable            |
| 38  | Community Housing Canberra Limited                             | Unqualified       | -   | Not applicable            |
| 39  | Icon Distribution Investments Limited                          | Unqualified       | -   | Not applicable            |
| 40  | Icon Retail Investments Limited                                | Unqualified       | -   | Not applicable            |
| 41  | Icon Water Limited   | Unqualified       | -   | Not applicable            |
| 42  | UCX Ltd  | Unqualified       | -   | Not applicable            |
|     | <b>Joint ventures and partnerships</b>                         |                   |     |                           |
| 43  | ActewAGL Distribution Partnership                              | Unqualified       | -   | Not applicable            |
| 44  | ActewAGL Joint Venture Special Purpose Financial Report        | Unqualified       | -   | Not applicable            |
| 45  | ActewAGL Joint Venture Summary Financial Report                | Unqualified       | -   | Not applicable            |
| 46  | ActewAGL Retail Partnership                                    | Unqualified       | -   | Not applicable            |



## ACT AUDIT OFFICE

**Explanations Accompanying the Statement of Performance  
Year Ended 30 June 2021**

**Note 4. Number of audit reports and limited assurance reports issued in 2020-21  
(continued)**

| No. |   | Audit Reports | No. | Limited Assurance Reports |
|-----|---|---------------|-----|---------------------------|
| 47  | West Belconnen Joint Venture  | Unqualified   | -   | Not applicable            |
|     | <b>Other audits</b>   |               |     |                           |
| 48  | Capital Region Community Foundation Gift Fund   | Unqualified   | -   | Not applicable            |
| 49  | Capital Region Community Foundation Open Fund   | Unqualified   | -   | Not applicable            |
| 50  | Commonwealth funding under the <i>National Land Transport Act 2014</i> - Black Spot Projects      | Unqualified   | -   | Not applicable            |
| 51  | Commonwealth funding under the <i>National Land Transport Act 2014</i> - National Projects        | Unqualified   | -   | Not applicable            |
| 52  | Commonwealth funding under the <i>National Land Transport Act 2014</i> - Roads to Recovery        | Unqualified   | -   | Not applicable            |
| 53  | Default Insurance Fund  | Unqualified   | -   | Not applicable            |
| 54  | Gungahlin Cemetery, Woden Cemetery, Woden Mausoleum, and Hall Cemetery Perpetual Care Trusts      | Unqualified   | -   | Not applicable            |
| 55  | National Health Funding Pool Account for the ACT  | Unqualified   | -   | Not applicable            |
| 56  | Office of the Nominal Defendant of the ACT  | Unqualified   | -   | Not applicable            |
| 57  | Public Trustee and Guardian - Trust Account   | Unqualified   | -   | Not applicable            |
| 58  | University of Canberra Research Income Return   | Unqualified   | -   | Not applicable            |
| 59  | Canberra Business Development Fund  | Unqualified   | -   | Not applicable            |
|     | <b>Compliance audit</b>   |               |     |                           |
| 60  | Public Trustee and Guardian - Compliance with the <i>Public Trustee Ancillary Guidelines 2011</i> | Unqualified   | -   | Not applicable            |

## ACT AUDIT OFFICE

## Explanations Accompanying the Statement of Performance Year Ended 30 June 2021

### Note 5. Number of performance audit reports presented to the ACT Legislative Assembly

This accountability indicator represents the number of performance audit reports presented in the ACT Legislative Assembly in 2020-21.

The following eight performance audit reports were presented to the ACT Legislative Assembly in 2020-21.

1. *Management of care for people living with serious and continuing illness* (Report No.7/2020)
2. *Land Management Agreements* (Report No. 1/2021)
3. *Total Facilities Management contract implementation* (Report No. 2/2021)
4. *Court Transport Unit vehicle – Romeo 5* (Report No. 3/2021)
5. *ACT Government's vehicle emissions reductions activities* (Report No. 4/2021)
6. *Management of closed-circuit television systems* (Report No. 5/2021)
7. *Teaching quality in ACT public schools* (Report No. 6/2021)
8. *Procurement exemptions and value for money* (Report No. 7/2021)

The Audit Office expected to table other audits in 2020-21, including audits in relation to Light Rail Stage 2a economic analysis, the provision of mental health services to detainees in the Alexander Maconochie Centre and the ACT Government's digital record-keeping initiatives. The delivery of these audits was impacted by Covid-19 related issues and delays in finalising the audit reports. These audits are expected to be tabled in 2021-22.

## ACT AUDIT OFFICE

## Explanations Accompanying the Statement of Performance Year Ended 30 June 2021

### Note 6. Percentage of agencies satisfied with financial and compliance audits

This accountability indicator provides information on reporting agencies' level of satisfaction with financial audits conducted by the Audit Office.

A survey of reporting agencies is conducted to rate their satisfaction with financial audits completed in 2020-21. This percentage is calculated as the number of reporting agencies that provide a satisfactory or better rating in relation to financial audits completed in 2020-21 divided by the number of agencies that responded to the survey.

While 60 audits were completed in 2020-21, 40 satisfaction surveys were issued as some satisfaction surveys cover multiple audits (e.g., the Icon Water group, ActewAGL Joint Venture, Public Trustee for the ACT and ACT Public Cemeteries Authority). No surveys are sent in relation to the several small Commonwealth grant acquittal audits.

The Audit Office received survey responses from 39 (97 percent) of the 40 reporting agencies surveyed. One agency did not provide a response to the survey.

| Satisfaction rating         | Number of responses | %          |
|-----------------------------|---------------------|------------|
| <b><u>Satisfied</u></b>     |                     |            |
| Very good                   | 18                  | 46         |
| Good                        | 17                  | 44         |
| Satisfactory                | 4                   | 10         |
| <b>Sub-total</b>            | <b>39</b>           | <b>100</b> |
| <b><u>Not satisfied</u></b> |                     |            |
| Poor                        | 0                   | 0          |
| Very poor                   | 0                   | 0          |
| <b>Sub-total</b>            | <b>0</b>            | <b>0</b>   |
| <b>Total</b>                | <b>40</b>           | <b>100</b> |
|                             |                     |            |

Source: Agency satisfaction surveys

**ACT AUDIT OFFICE**

**Explanations Accompanying the Statement of Performance  
Year Ended 30 June 2021**

**Note 6. Percentage of agencies satisfied with financial and compliance audits  
(continued)**

The percentage of reporting agencies satisfied with financial audits and a compliance audit (100 percent) exceeded the target (95 percent) with 90 percent (35 of 39) of respondents to the survey rating the Audit Office's performance as 'good' or 'very good'. Comments provided by respondents were generally positive and indicated high levels of satisfaction with the professional and constructive way in which audits were conducted.

Feedback provided by reporting agencies is considered by the Audit Office and, where appropriate, discussed with agency representatives to improve agency understanding of the audit process and identify ways of improving audit methods and practices.

## ACT AUDIT OFFICE

## Explanations Accompanying the Statement of Performance Year Ended 30 June 2021

### Note 7. 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 agencies subjected to a performance audit is undertaken to rate their satisfaction with performance audits completed during 2020-21.

This percentage is calculated as the number of agencies that provide a satisfactory or better than satisfactory rating for performance audits completed during 2020-21 divided by the number of audited agencies that responded to the survey.

The Audit Office received responses for 18 (86 percent) of the 21 surveys sent.

| Satisfaction rating         | Number of responses | %          |
|-----------------------------|---------------------|------------|
| <b><u>Satisfied</u></b>     |                     |            |
| Very good                   | 6                   | 33         |
| Good                        | 9                   | 50         |
| Satisfactory                | 2                   | 11         |
| <b>Sub-total</b>            | <b>17</b>           | <b>94</b>  |
| <b><u>Not satisfied</u></b> |                     |            |
| Poor                        | 1                   | 6          |
| Very poor                   | 0                   | 0          |
| <b>Sub-total</b>            | <b>1</b>            | <b>6</b>   |
| <b>Total</b>                | <b>18</b>           | <b>100</b> |
|                             |                     |            |

Source: Agency satisfaction surveys

## ACT AUDIT OFFICE

## Explanations Accompanying the Statement of Performance Year Ended 30 June 2021

### Note 7. Percentage of agencies satisfied with performance audits (continued)

The percentage of agencies satisfied with performance audits (94 percent) was slightly less than the target (95 percent). All but one of the survey responses indicated satisfaction with the conduct of the audits, with 83 percent of respondents to the survey rating the Audit Office's performance as 'good' or 'very good'.

The Audit Office received a number of positive comments in the survey responses from audited agencies, some of which indicated satisfaction with, and endorsement of, Audit Office processes associated with the preparation of reports for tabling and the quality of performance reports:

Excellent verbal communication from the Audit Office both formally and informally and very collaborative approach. The [Directorate] found the audit was well run by Audit Office staff and will prove beneficial to mitigating business risk.

The audit was conducted in a professional manner. The final report was a comprehensive review of the program and strategy. [The Directorate] welcomes the continued strong engagement of the Audit Office.

During the audit process, your staff demonstrated professional audit skills and knowledge. Auditors were polite, diligent, receptive of feedback and provided clarification and advice to [Directorate] officers throughout the audit process.

We appreciate the professional approach adopted by the auditors throughout all stages of the audit process.

I wish to reiterate prior verbal feedback regarding appreciation of your strong consultation approach. Care was taken to ensure [the agency] had an opportunity to present, unpack and reinforce concepts relevant to this audit. Thank you for the approach taken.

One survey response indicated the auditee's dissatisfaction with the audit process and the report that was produced. Feedback was provided on a range of issues with the audit including its timing and conduct (including communication). Feedback was also provided on the Audit Office's understanding of the subject matter and the usefulness of the report.

Feedback was also received in relation to another audit, which highlighted a need for better definition of the audit objective and scope:

Early discussion between the Directorate and the audit team to clearly define the scope and nature of the audit would greatly improve the value of audits in areas of high complexity.

## ACT AUDIT OFFICE

## Explanations Accompanying the Statement of Performance Year Ended 30 June 2021

### Note 7. Percentage of agencies satisfied with performance audits (continued)

Feedback provided by audited agencies is considered by the Audit Office and where appropriate, discussed with agency representatives to improve agency understanding of the audit process and identify ways of improving audit methods and practices.

### Note 8. 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 reporting agencies in audit management reports issued in 2020-21, divided by the number of recommendations made in these reports.

In measuring a result for this accountability indicator, 'noted', 'partial agreements' and 'agreed-in-principle' responses provided by reporting agencies to audit recommendations are excluded from the count of 'accepted' recommendations.

Reporting agencies accepted 90 percent (75 of 83) of recommendations made by the Audit Office in 2020-21. The lower-than-expected result is due to six percent (5 of 83) of the audit recommendations being 'agreed-in-principle' and four percent (3 of 83) being 'noted'.

### Note 9. Percentage of agencies agreeing that the performance audit will help their organisation improve administration of the audited activity

This accountability indicator provides information on whether the performance audit will help improve administration of the audited activity. A survey of audited agencies subjected to a performance audit was performed to rate their satisfaction with performance audits completed in 2020-21.

Audited agencies were asked whether **'the audit will help your organisation to improve administration of the audited activity.'** The percentage is calculated as the number of audited agencies that provide an 'agree' or 'strongly agree' to this question divided by the number of agencies that responded to the survey.

## ACT AUDIT OFFICE

### Explanations Accompanying the Statement of Performance Year Ended 30 June 2021

#### Note 9: Percentage of agencies agreeing that the performance audit will help their organisation improve administration of the audited activity (continued)

The Audit Office received responses for 18 (86 percent) of the 21 surveys sent.

| Agency rating              | Number of responses | %          |
|----------------------------|---------------------|------------|
| <b><u>Ratings</u></b>      |                     |            |
| Strongly agree             | 6                   | 33         |
| Agree                      | 10                  | 56         |
| <b>Sub-total</b>           | <b>16</b>           | <b>89</b>  |
| Strongly disagree          | -                   | -          |
| Disagree                   | -                   | -          |
| <b>Sub-total</b>           | <b>-</b>            | <b>-</b>   |
| Neither agree nor disagree | 2                   | 11         |
| Unsure                     | -                   | -          |
| <b>Sub- total</b>          | <b>2</b>            | <b>11</b>  |
| <b>Total</b>               | <b>18</b>           | <b>100</b> |
|                            |                     |            |

Source: Agency satisfaction surveys

The percentage of agencies that indicated that they 'agree' or 'strongly agree' that 'the audit will help their organisation improve administration of the audited activity' (89 percent) is higher than the target (80 percent).



## ACT AUDIT OFFICE

### Explanations Accompanying the Statement of Performance Year Ended 30 June 2021

#### **Note 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, Treasury and Economic Development 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.

The Audit Office plans to complete all financial audits within the 'required timetable'. Meeting this timetable is challenging and depends on many factors which are outside the control of the Audit Office. For example, for audits to be completed by the required date, reporting agencies need to:

- provide satisfactory financial statements and supporting work papers to the Audit Office by the planned date; and
- respond in a timely manner to requests from the audit team for information.

In 2020-21, the Audit Office completed 100 percent (60 of 60) of the financial audits within the required timetable.

## ACT AUDIT OFFICE

### Explanations Accompanying the Statement of Performance Year Ended 30 June 2021

**Note 11. 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 ACT Legislative Assembly for tabling.

The indicator 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.

| Report   | Months      |
|--|-------------|
| 1. Management of care for people living with serious and continuing illness (Report No.7/2020) | 13.8        |
| 2. Land Management Agreements (Report No.1/2021)   | 11.4        |
| 3. Total Facilities Management contract implementation (Report No.2/2021)                      | 9.1         |
| 4. Court Transport Unit vehicle – Romeo 5 (Report No.3/2021)                                   | 7.8         |
| 5. ACT Government's vehicle emissions reductions activities (Report No.4/2021)                 | 10.4        |
| 6. Management of closed-circuit television systems (Report No.5/2021)                          | 12.5        |
| 7. Teaching quality in ACT public schools (Report No.6/2021)                                   | 9.6         |
| 8. Procurement exemptions and value for money (Report No.7/2021)                               | 7.8         |
| <b>Average period of completion of performance audits</b>                                      | <b>10.3</b> |
|  |             |

## ACT AUDIT OFFICE

**Explanations Accompanying the Statement of Performance  
Year Ended 30 June 2021**

**Note 11. Average period of completion of performance audits (continued)**

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. The average period of completion of performance audits in 2020-21 was 10.3 months compared to the target of 7.0 months.

Reasons for exceeding the target time varied according to the audit. A key factor influencing the length of time of the audit is the complexity of the audit topic and subject matter. This was particularly the case for 'ACT Government's vehicle emissions reductions activities' (Report No.4/2021) and 'Teaching quality in ACT public schools' (Report No.6/2021).

Another factor influencing the tabling of audits was the impact of the COVID-19 pandemic from March 2020, which resulted in some delays as alternative audit processes and ways of information and evidence-gathering were developed and implemented. Both the 'Management of care for people living with serious and continuing illness' audit (Report No.7/2020) and the 'Management of closed-circuit television systems' audit (Report No. 5/2021) were impacted in this way as were other audits such as 'Land Management Agreements' (Report No.1/2021).



## APPENDIX A: FINANCIAL AUDIT FEES

---

Subsection 11A(5) of the A-G Act requires the Audit Office to disclose the basis on which the Auditor-General decided fees for audits conducted during the reporting period.

Financial audit fees are based on an estimate of the time and cost of completing each audit. This estimate is prepared before the audit is performed and communicated to reporting agencies during the planning phase of the audit.

Estimates of financial audit fees are mainly based on information on the time taken and costs incurred in completing financial statements audit and limited assurance engagement of statement of performance (where applicable) in recent years while taking into account known factors that would cause significant changes to the cost of audits. These include changes to:

- accounting, reporting and audit requirements;
- information and other systems used to prepare the financial statements;
- the cost of using information technology, accounting and actuarial experts;
- the number and type of accountability indicators;
- administrative arrangements; and
- Audit Office staff salaries and overhead costs.

Where an audit is being undertaken primarily by contractors, audit fees are based on the expected contract cost of the contractors plus an estimate of the time and cost of work by staff from the Audit Office on the audit.

The Audit Office attempts to minimise fee variations between years to provide budget consistency and certainty, especially for small reporting agencies. This practice means that the Audit Office:

- will, in nearly all cases, charge the estimated audit fees communicated to reporting agencies during the planning phase regardless of actual costs that are subsequently incurred on the audit. This practice results in surpluses and deficits occurring on individual audits; and
- may change fees on the basis of the time and costs incurred on an audit over a number of years particularly where significant surpluses or deficits are generated, rather than amending fees whenever a surplus or deficit is recorded.

When estimating fees for audits, the Audit Office seeks to recover the costs of completing the annual program of financial audits. A small surplus or deficit is estimated when setting fees for the entire annual financial audit program.

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

**Table 1: Summary of financial audit fees**

|  | <b>2019-20<br/>Actual<br/>Audit Fees<br/>\$</b> | <b>2020-21<br/>Estimated<br/>Audit Fees<br/>\$</b> |
|--|---|--|
| Territory's financial statements (refer Table 2)           | 156 327   | 180 000  |
| Directorates (refer Table 2)                               | 2 414 594                                       | 2 720 972  |
| Statutory authorities (refer Table 3)                      | 1 081 263                                       | 1 259 390  |
| Territory-owned corporations and companies (refer Table 4) | 397 748   | 426 046  |
| Joint ventures and partnerships (refer Table 5)            | 372 499   | 343 125  |
| Other audits (refer Table 6)                               | 146 103   | 180 892  |
| <b>Total financial audit fees</b>                          | <b>4 568 534</b>                                | <b>5 110 425</b>                                   |
|  |   |  |

Source: Audit Office records

Table 1 shows that audit fees are estimated to increase by \$541,891 (12 percent) from \$4,568,534 in 2019-20 to \$5,110,425 in 2020-21. The increase in audit fees is consistent with the increase in Office costs as discussed in Section C Financial Management Reporting.

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

Explanations for significant fee variations on individual audits other than the increase mentioned above are provided after Table 6.

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

**Further information can be obtained from:**

|                |   |                |                        |
|----------------|---|----------------|------------------------|
| Mr Ajay Sharma | Assistant Auditor-General,<br>Financial Audit | (02) 6207 0830 | ajay.sharma@act.gov.au |
|----------------|---|----------------|------------------------|

**Table 2: Financial audit fees – The Territory and directorates**

|   | <b>Note<br/>No.</b> | <b>2019-20<br/>Actual<br/>Audit Fees<br/>\$</b> | <b>2019-20<br/>Estimated<br/>Audit Fees<br/>\$</b> |
|---|---------------------|---|--|
| <b>Territory's financial statements</b>                       |                     |   |  |
| Territory's consolidated annual financial statements          |                     | 156 327   | 180 000  |
| <b>Total</b>  |                     | <b>156 327</b>                                  | <b>180 000</b>                                     |
|   |                     |   |  |
| <b>Directorates</b>   |                     |   |  |
| ACT Electoral Commission                                      |                     | 35 093  | 36 050   |
| ACT Executive   |                     | 29 622  | 35 000   |
| ACT Health Directorate  |                     | 112,826   | 130 387  |
| ACT Integrity Commission                                      |                     | 32 560  | 39 375   |
| ACT Local Hospital Network Directorate                        |                     | 57 053  | 61 500   |
| Canberra Health Services                                      |                     | 152 288   | 182 887  |
| Chief Minister, Treasury and Economic Development Directorate |                     | 448 444   | 472 124  |
| Community Services Directorate                                |                     | 117 516   | 133 500  |
| Education Directorate   |                     | 147 538   | 168 500  |
| Environment, Planning and Sustainable Development Directorate |                     | 175 511   | 200 387  |
| Housing ACT   | 1                   | 114 613   | 145 137  |
| Justice and Community Safety Directorate                      |                     | 243 903   | 273 500  |
| Lifetime Care and Support Fund                                |                     | 48 000  | 54 612   |
| Major Projects Canberra                                       | 2                   | 85 368  | 112 887  |
| Office of the Legislative Assembly                            |                     | 45 751  | 52 500   |
| Public Sector Workers Compensation Fund                       |                     | 54 993  | 56 464   |
| Superannuation Provision Account                              |                     | 52 996  | 65 500   |
| Transport Canberra and City Services Directorate              |                     | 266 711   | 303 500  |
| Transport Canberra Operations                                 | 3                   | 149 699   | 149 000  |
| Territory Banking Account                                     |                     | 44 162  | 48 162   |
| <b>Total</b>  |                     | <b>2 414 594</b>                                | <b>2 720 972</b>                                   |
|   |                     |   |  |

Explanatory notes are provided after Table 6 in this Appendix.

**Table 3: Financial audit fees –Territory authorities**

|  | <b>Note<br/>No.</b> | <b>2019-20<br/>Actual<br/>Audit Fees<br/>\$</b> | <b>2020-21<br/>Estimated<br/>Audit Fees<br/>\$</b> |
|--|---------------------|---|--|
| <b>Territory authorities</b>                               |                     |   |  |
| ACT Gambling and Racing Commission                         |                     | 46 709  | 46 709   |
| ACT Insurance Authority                                    |                     | 56 831  | 60 171   |
| Building and Construction Industry Training Fund Authority |                     | 27 848  | 30 000   |
| Canberra Institute of Technology                           |                     | 142 389   | 166 250  |
| Cemeteries and Crematoria Authority                        |                     | 81 216  | 87 250   |
| City Renewal Authority                                     |                     | 50 891  | 60 707   |
| Cultural Facilities Corporation                            |                     | 54 922  | 62 000   |
| Independent Competition and Regulatory Commission          |                     | 28 717  | 33 500   |
| Legal Aid Commission (ACT)                                 |                     | 52 586  | 59 500   |
| Long Service Leave Authority                               |                     | 57 250  | 65 427   |
| Motor Accident Injuries Commission                         |                     | 23 748  | 23 748   |
| Office of the Work Health and Safety Commissioner          | 4                   | -   | 35 000   |
| Public Trustee and Guardian                                |                     | 42 813  | 45 750   |
| Suburban Land Agency                                       |                     | 152 097   | 183 378  |
| University of Canberra                                     |                     | 263 246   | 300 000  |
| <b>Total</b>   |                     | <b>1 081 263</b>                                | <b>1 259 390</b>                                   |
|  |                     |   |  |

Explanatory notes are provided after Table 6 in this Appendix.

**Table 4: Financial audit fees – Territory-owned corporations and companies**

|   | <b>Note<br/>No.</b> | <b>2019-20<br/>Actual<br/>Audit Fees<br/>\$</b> | <b>2020-21<br/>Estimated<br/>Audit Fees<br/>\$</b> |
|---|---------------------|---|--|
| <b>Territory-owned corporations and companies</b> |                     |   |  |
| CIT Solutions Pty Limited                         |                     | 35 391  | 40 000   |
| Community Housing Canberra Limited                |                     | 52 348  | 60 000   |
| Icon Water Limited                                |                     | 235 176   | 242 000  |
| Icon Water Distribution Investments Limited       |                     | 15 560  | 16 023   |
| Icon Water Retail Investments Limited             |                     | 15 560  | 16 023   |
| UCX Ltd   |                     | 43 713  | 52 000   |
| <b>Total</b>                                      |                     | <b>397 748</b>                                  | <b>426 046</b>                                     |
|   |                     |   |  |

Explanatory notes are provided after Table 6 in this Appendix.



**Table 5: Financial audit fees – joint ventures and partnerships**

|  | Note No. | 2019-20<br>Actual<br>Audit Fees<br>\$ | 2020-21<br>Estimated<br>Audit Fees<br>\$ |
|--|----------|---------------------------------------|--|
|  |          |                                       |  |
| <b>Joint ventures and partnerships</b> |          |                                       |  |
| ActewAGL Joint Venture                 | 5        | 331 599                               | 295 000                                  |
| West Belconnen Joint Venture           |          | 40 900                                | 48 125                                   |
| <b>Total</b>                           |          | <b>372 499</b>                        | <b>343 125</b>                           |
|  |          |                                       |  |

Explanatory notes are provided after Table 6 in this Appendix.

**Table 6: Financial audit fees – other audits**

|  | Note No. | 2019-20<br>Actual<br>Audit Fees<br>\$ | 2020-21<br>Estimated<br>Audit Fees<br>\$ |
|--|----------|---------------------------------------|--|
| <b>Other audits</b>  |          |                                       |  |
| ACT Veterinary Surgeons Board  | 6        | -                                     | 6 000                                    |
| Capital Region Community Foundation Gift Fund  |          | 3 479                                 | 3 650                                    |
| Capital Region Community Foundation Open Fund  |          | 3 479                                 | 3 650                                    |
| Commonwealth Funding for Roads Program (several small grant acquittal audits)                  | 7        | 14 625                                | 19 500                                   |
| Default Insurance Fund   |          | 30 314                                | 32 500                                   |
| Disaster Funding Arrangement   | 8        | -                                     | 8 750                                    |
| National Health Funding Pool – ACT State Pool Account  |          | 22 836                                | 22 836                                   |
| Office of the Nominal Defendant of the ACT   |          | 30 085                                | 32 500                                   |
| Public Trustee and Guardian - compliance with the <i>Public Ancillary Fund Guidelines 2011</i> |          | 5 506                                 | 5 506                                    |
| Public Trustee and Guardian - Trust Account  |          | 31 236                                | 33 500                                   |
| Teacher Quality Institute  | 9        | -                                     | 7 500                                    |
| University of Canberra Research Income Return  |          | 4 542                                 | 5 000                                    |
| <b>Total</b>   |          | <b>146 103</b>                        | <b>180 892</b>                           |
|  |          |                                       |  |

### Explanatory notes

Note 1: The increase in audit fees also includes the contractor costs to be recovered for the review of IT controls over the Homenet system. These controls are required to be comprehensively reviewed every three years.

Note 2: The increase in audit fees also includes the contractor costs to be recovered for technical accounting advice on the accounting treatment of project expenses.

Note 3: The increase in audit fees was offset by the reduction in contractor costs to be recovered for the review the IT controls over the MyWay system. These controls are required to be comprehensively reviewed every three years.

Note 4: The Office of the Work Health and Safety Commissioner commenced operations on 1 July 2020.

Note 5: The decrease in audit fees was due to additional work being performed in 2019-20 to review the controls over a new IT system used for financial reporting purposes.

Note 6: This audit is only performed every three years at the request of the Veterinary Surgeons Board.

Note 7: Audit fees were increased due to an additional acquittal audit required in 2020-21.

Note 8: This audit is a one-off audit required to acquit disaster funding received from the Commonwealth.

Note 9: This audit was performed at the request of the Teacher Quality Institute.

## APPENDIX B: COMPLIANCE INDEX

---

| Section    | Contents  | Page No. |
|------------|---|----------|
|            | Contents  | i        |
|            | List of abbreviations and glossary              | v        |
| A          | Transmittal certificate                         | 1        |
| B          | Organisational overview and performance         | 3        |
| B.1        | Organisational overview                         | 3        |
| B.2        | Performance analysis                            | 13       |
| B.3        | Scrutiny  | 29       |
| B.4        | Risk management                                 | 30       |
| B.5        | Internal audit                                  | 31       |
| B.6        | Fraud prevention                                | 33       |
| B.7        | Freedom of information                          | 34       |
| B.8        | Community engagement and support                | 36       |
| B.9        | Aboriginal and Torres Strait Islander reporting | 36       |
| B.10       | Work health and safety                          | 37       |
| B.11       | Human resources management                      | 39       |
| B.12       | Ecologically sustainable development            | 43       |
| C          | Financial management reporting                  | 47       |
| C.1        | Financial management analysis                   | 47       |
| C.2        | Financial statements                            | 51       |
| C.3        | Capital works                                   | 84       |
| C.4        | Asset management                                | 84       |
| C.5        | Government contracting                          | 85       |
| C.6        | Statement of performance                        | 87       |
| Appendix A | Financial audit fees                            | 109      |
| Appendix B | Compliance index                                | 115      |
| Appendix C | Audit Office reports                            | 117      |



## APPENDIX C: AUDIT OFFICE REPORTS

| Reports Published in 2020-21 |  |
|------------------------------|--|
| Report No. 07 – 2021         | Procurement Exemptions and Value for Money   |
| Report No. 06 – 2021         | Teaching Quality in ACT Public Schools   |
| Report No. 05 – 2021         | Management of Closed-Circuit Television Systems                                      |
| Report No. 04 – 2021         | ACT Government's vehicle emissions reduction activities                              |
| Report No. 03 – 2021         | Court Transport Unit Vehicle – Romeo 5   |
| Report No. 02 – 2021         | Total Facilities Management Contract Implementation                                  |
| Report No. 01 – 2021         | Land Management Agreements   |
| Report No. 10 – 2020         | 2019-20 Financial Audit – Financial Results and Audit Findings                       |
| Report No. 09 – 2020         | 2019-20 Financial Audits Overview  |
| Report No. 08 – 2020         | Annual Report 2019-20  |
| Report No. 07 – 2020         | Management of care of people living with serious and continuing illness              |
| Reports Published in 2019-20 |  |
| Report No.6 – 2020           | Transfer of workers' compensation arrangements from Comcare                          |
| Report No.5 - 2020           | Management of household waste services   |
| Report No.4 - 2020           | Residential land supply and release  |
| Report No.3 – 2020           | Data Security  |
| Report No.2 – 2020           | 2018-19 Financial Audits – Computer Information Systems                              |
| Report No.1 – 2020           | Shared Services delivery of HR and Finance services                                  |
| Report No.11 – 2019          | Maintenance of ACT Government school infrastructure                                  |
| Report No.10 – 2019          | 2018-19 Financial Audits – Financial Results and Audit Findings                      |
| Report No.9 – 2019           | 2018-19 Financial Audits Overview  |
| Report No.8 – 2019           | Annual Report 2018-19  |
| Reports Published in 2018-19 |  |
| Report No.07 – 2019          | Referral processes for the support of vulnerable children                            |
| Report No.06 – 2019          | ICT strategic planning   |
| Report No.05 – 2019          | Management of the System-Wide Data Review implementation program                     |
| Report No.04 – 2019          | 2017-18 Financial Audits Computer Information Systems                                |
| Report No.03 – 2019          | Access Canberra business planning and monitoring                                     |
| Report No.02 – 2019          | Recognition and implementation of obligations under the <i>Human Rights Act 2004</i> |
| Report No.01 – 2019          | Total Facilities Management procurement  |
| Report No. 12 – 2018         | 2017-18 Financial Audits – Financial Results and Audit Findings                      |
| Report No.11 - 2018          | 2017-18 Financial Audits – Overview  |
| Report No.10 – 2018          | Annual Report 2017-18  |